



# Towards a Smart Staff Retention Policy *for the Sustainable EU Integration of Serbia*



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## List of Acronyms

EU	European Union
EU/IPA-related jobs/work	Jobs/work concerning European integration, including the EU and international assistance fund management
IPA	Instrument for Pre-Accession Assistance
SEIO	Serbian European Integration Office
MPALSG	Ministry of Public Administration and Local Self-Government
PAR	Public administration reform
HRMS	Human Resource Management Service
HRM	Human resource management

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# Executive summary

## Why a staff retention policy?

The past few years have witnessed a significant outflow of top-quality civil servants responsible for EU integration-related work, including the management of EU and other development funds (EU/IPA-related jobs/work). Although the turnover exceeds 30% in some units and departments, there are currently no official measures or a policy to retain civil servants who are essential for the sustainability and success of Serbia's EU integration process. In the Serbian public administration they are the main source of knowledge of EU policies, its law and funds and are therefore the ones who enable the creation, coordination and implementation of policies consistent with those of the EU.

The excellent knowledge base, skills and experience of these civil servants and the complexity of the work they perform make them attractive candidates for employers. However, the current human resource management system does not provide adequate work conditions for these civil servants, which explains their job dissatisfaction and tendency to leave the civil service. The problems caused by the departure of quality staff are numerous, and the following stood out in the research: work delays within units, the decreasing quality of work, the inability to absorb available funds, deteriorating institutional memory, the loss of contacts made in the EU and domestic institutions, etc.

To prevent the outflow of key civil servants and eliminate the problems this creates for Serbia's EU integration process, an evidence-based staff retention policy needs to be developed. Such a policy would improve the career advancement, reward and professional development systems and other aspects of work that are currently affecting employee motivation and job satisfaction. Generally speaking, a more modern approach to human resource management is needed, one that recognizes and appreciates top-quality civil servants and is able to compete with the offers on the job market outside the public administration. Although this research focuses on civil servants doing EU/IPA-related work, it is necessary to acknowledge the importance of improving the entire human resource management system in the public administration.

## Job dissatisfaction: Why do employees leave?

This research was conducted with the aim of assessing and understanding the intensity and the causes of turnover, i.e. motivating and demotivating factors concerning work and overall job (dis)satisfaction among civil servants doing EU/IPA-related work. The results were obtained by means of a questionnaire completed by 195 respondents currently in EU/IPA-related jobs, two focus groups of former civil servants (staff members and senior civil servants) who used to be involved in this type of work, and 16 interviews conducted with current managers in relevant government bodies.

Civil servants in EU/IPA-related jobs are most satisfied with a good working environment, work content and a sense of contribution to the common good. However, they are not satisfied with their salaries, with the lack of recognition of their work achievements, and with the absence of a merit-based reward system and advancement opportunities. In fact, only 20% of the respondents are either very satisfied or partly satisfied with their salaries, while 80% are dissatisfied. In addition, 57% believe that the lack of recognition of work achievements and of merit-based rewards affects their work motivation. Only 14.5% of civil servants are satisfied with their career advancement, which they claim is not frequent enough and brings only nominal benefits. However, not all employee profiles are affected by the same motivating factors in the same way. For example, the importance of salary as a motivating factor increases with work experience and developments in one's personal life, such as starting a family.

Civil servants are also dissatisfied with overtime compensation. Overtime work is often required as EU/IPA-related jobs often involve meetings with institutions and individuals whose office hours do not coincide with those of the Serbian public administration. Almost 32% of civil servants put in over 6 hours of overtime work per week, only 9% of overtime work is paid and just about 4% of respondents receive non-monetary compensation, usually in the form of days off work, which they rarely have the opportunity to use.

In addition to civil servants being dissatisfied with their jobs, human resource management lacks flexibility. The entire burden of human resource management falls on managers, who do not have appropriate support from the units that should be in charge. The managers interviewed for the study are frustrated by the absence of mechanisms they could use to recognize and reward the work of their subordinates, which often forces them to resort to informal measures to circumvent the rigidity of the system (e.g. flexible work hours, motivational talks). In addition, managers point out that performance appraisal (one of the few measures available) does not help recognize or eliminate the weaknesses in employees' work because it is not used properly, i.e. a great majority of employees get the highest grades.

The research also indicates that management skills are lacking, which is most evident in the civil servants' dissatisfaction with the distribution of work and the managers' inability to recognize the affinities and abilities of their subordinates. In fact, nearly 57% of respondents believe that the workload is not divided equally, while over 60% claim that they do not get the opportunity to do what they do best on a daily basis.

However, the research also shows that the civil servants holding EU/IPA-related jobs are committed to their work and to their colleagues, which indicates that it is possible to have a successful staff retention policy. In fact, while only around 13% of respondents are very satisfied with their jobs, over 60% are satisfied to some extent. Also, 86% of respondents either partially or fully identify with their work objectives and values, and the same percentage of civil servants feel that they get the support they need from their colleagues. These results show that the observed civil servants generally like their jobs and that appropriate measures to retain them could prevent further outflow of quality staff.

### Options for introducing a staff retention policy

Options for introducing a staff retention policy have been identified taking into consideration the characteristics of the current system in Serbia, the context of the wider public administration reform and some of the identified comparative practices. Apart from the **status quo option**, which means keeping the status quo by not devising staff retention measures centrally but relying on the skills and creativity of individual managers instead, the research has recognized three options for introducing a staff retention policy (shown in the Table). Based on consultations with relevant stakeholders, **option 2 has been chosen as the best one for effective and quick resolution of the turnover issue and for putting in place a sustainable staff retention policy in the long term.**

Option No	Description	Main Weaknesses
1	Option 1 means <b>separating EU/IPA-related jobs from the wider system using special measures intended exclusively for this category of civil servants</b> (not taking into account any likely needs to retain other priority staff).	This option might be perceived as unfair by other categories of civil servants. Hence, it could potentially create resistance in cooperation and harm coordination within systems and institutions.
2	This option requires <b>integrating the EU/IPA staff retention policy in a wider HRM reform</b> . It also envisages <b>pilot testing specific staff retention measures</b> on civil servants holding EU/IPA-related jobs and then applying only the most successful measures to other prioritized categories of staff.	The weakness of this option is that the policy implementation requires more time (compared with Option 1), which can be overcome by introducing urgent measures recommended below. Pilot testing is not common practice in Serbia and could cause resistance during preparation and implementation.
3	<b>Systemic approach to creating and implementing a retention policy for prioritized staff categories</b> in the public administration, without pilot testing them on the civil servants in EU/IPA-related jobs.	Requires a longer implementation period. Does not prevent the departure of quality staff in the meantime but might increase the cost of policy implementation.

## Recommendations

Taking into consideration the current outflow of quality staff and job dissatisfaction, the recommendations have been grouped as follows: **Group I** includes urgent, short-term recommendations that do not require legal interventions and can be implemented quickly. **Group II** includes systemic recommendations, while **Group III** includes smart staff retention policy measures that should be first pilot tested on the civil servants involved in the EU/IPA-work. The measures proposed need to be combined with the improved employee recruitment and selection policies, with professional selection and development policies and with effective procedures concerning introduction to and handover of work to prevent further deterioration of the institutional memory and enable continuity in work.

### I Urgent measures to prevent employee turnover

(1) **Enabling compensation for engagement in negotiating groups and sector groups** for programming and monitoring committees within the EU funds management system. Monthly remuneration for participation in a working group should depend on the attendance at the working group meetings, while cumulative remuneration for participating in multiple working groups should not be allowed. In addition, one-off bonuses may be devised for units whose projects are ready for realization.

(2) Make a recommendation that all managers should make sure that civil servants in EU/IPA-related jobs are **paid regularly for their overtime work** while complying with legal constraints and taking into consideration the actual number of overtime hours. In addition, ensure funds for such payments.

(3) Amend the government decision establishing the **daily allowances for business travellers** by increasing the allowances for business trips to Brussels (or, exceptionally, to other destinations) and for business trips made for on-the-spot checks in the country. Also consider increasing daily allowances for study trips.

(4) Make a recommendation that all managers should, in accordance with current legislation, **promote to higher pay grades those civil servants** who meet legal conditions for this type of promotion. Promotion recommendations should be given by heads of relevant departments.

(5) Make a recommendation that all government bodies and agencies should amend their rulebooks on internal organisation and job systematization to **describe EU/IPA-related jobs more clearly, more precisely and more comprehensively**, with support and advice from the Serbian European Integration Office and the Human Resource Management Service. Where relevant positions are missing from the rulebooks, they should be introduced based on existing workload analyses.

(6) Once the rulebooks have been amended, lift the employment ban and start **recruitment** for jobs relating to EU/IPA-work. It is important that Recommendations 5 and 6 are made in this order to reduce the margin for malpractice before relaxing the employment regime.

(7) Continue and intensify the implementation of projects (potentially financed from available EU funds) focusing on referring new recruits involved in EU/IPA-work to **internships and top-quality training in EU Member States** (with the appropriate scholarships provided). These programmes could be made available especially to civil servants who have held EU/IPA-related jobs for a specific number of years and need additional motivation and specialised professional development.

(8) Make a recommendation that all heads of state administration authorities and government offices should allow **flexible office hours** for civil servants in EU/IPA-related jobs so that their office hours are aligned with those of the European Commission and other relevant partners.

(9) **Set up a database of experts on EU and IPA matters working in public authorities**, proposed by the heads of relevant units, primarily departments. Engagements outside their regular work may be paid additionally. Also, even if some of these experts were to leave the civil service, their departure would potentially be less costly for the state because they would remain available on a project (contractual) basis.

### II Systemic reforms in human resource management

As some issues arise from systemic deficiencies of the HRM system in the Serbian public administration, this study offers a number of recommendations addressing general reform of the civil service system

and responding to the issues recognized in the research. In particular, the study recommends that the position and capacities of HR units should be improved, that managers should hone their management skills, that a system of competencies should be introduced, that the performance appraisal system should be reformed, etc.

### III Smart staff retention measures

This group of recommendations aims to provide a framework for a smart and sustainable staff retention policy that can be successfully integrated in the general HRM policy, and it consists of five categories: (i) financial measures; (ii) measures concerning advancement and rewards; (iii) measures concerning professional development and training; (iv) measures to build a community of practitioners and enhance the sense of belonging to a community/organisation; (v) measures to improve managers' skills.

**A general recommendation concerning the implementation of staff retention policy** is to introduce a special body (working group) to monitor the implementation of the policy to prevent malpractice. The body should be fully transparent in its work. In addition to the experts on EU/IPA matters employed in the public administration, it should include external members (e.g. representatives of the expert community, civil society, etc.).

# 1 | Staff retention in the context of Serbia's accession to the EU

An appropriate administrative capacity that enables the creation, coordination and implementation of policies and regulations in compliance with those of the EU is an essential condition for successful integration and sustainable membership of the EU and for making use of all the advantages stemming from it. In its definition of administrative capacity, the European Commission includes “structures and systems, human resources and management skills necessary for the application of the *acquis communautaire*.”<sup>1</sup> It is therefore clear that administrative capacity directly depends on the quality of human resources in the public administration, which in turn requires a modern approach to human resource management. Such an approach should also include measures to ensure that top-quality staff remain in the public administration and provide sustainability of the system (priority staff retention policy). In the pre-accession period the staff working on European integration are particularly important, including the management of EU and other international funds (below: EU/IPA-related work/jobs), whose specific knowledge of EU policies, law and funds considerably helps Serbia's integration process and consequently the overall reform process.<sup>2</sup>

Because they do very complex work, the appeal of trained and experienced staff with this particular knowledge on the labour market outside the public administration is growing, as is their dissatisfaction with the opportunities for professional development, advancement and education currently available to them.<sup>3</sup> An increasing number of civil servants in this particular group have therefore been leaving their jobs in recent years. The problems caused by their leaving the civil service are numerous and primarily concern work delays, the decreasing quality of work, the loss of institutional memory, the loss of contacts made in the EU and in domestic institutions, and in the case of the IPA system – the government's loss of income through available grants, etc.

This research was conducted with the aim of assessing and understanding the intensity and the causes of turnover, factors related to (de)motivation and overall job (dis)satisfaction of civil servants in EU/IPA-related jobs, and proposing evidence-based options and measures for their retention in the civil service. The results of the research that combined qualitative and quantitative methods indicate not only the current issue of employee turnover (in some units over 30%) but also a potentially high future turnover. The research has also confirmed the lack of qualified staff and the managers' inability to respond to the challenges of employee turnover and inadequate capacities.

This chapter provides a general understanding of human resource management in the Serbian public administration, the problem of employee turnover and the importance of having a staff retention policy in the context of EU integration. In addition, it provides an overview of the analytical framework of the study, its methodology and subsequent limitation of its results.

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<sup>1</sup> Dimitrova A. Enlargement, Institution-Building and the EU's Administrative Capacity Requirement, *West European Politics*, 25(4), 2002; p. 179

<sup>2</sup> See for example: Everdeen S, de Groot H. and Nahuis R. Fertile soil for structural funds? A panel data analysis of the conditional effectiveness of European cohesion policy, CPB Discussion Paper 10, 2002.

<sup>3</sup> The findings of the research conducted in April-July 2016 in Belgrade. For further information, please see 1.4 Research methodology.



## 1.1 Human resource management in the public administration of the Republic of Serbia – legal and institutional context

Generally speaking, human resource management (HRM) is a group of activities aimed at providing, developing, motivating and retaining human resources in an organisation with the aim of realizing organizational goals while achieving maximum efficiency and meeting employees' needs.<sup>4</sup> In the context of the Serbian public administration, HRM is regulated under an array of documents concerning primarily general legal regulation of the civil servant system in Serbia. The legal framework for HRM includes various pieces of legislation, from **laws** (Law on Civil Servants, Law on Public Administration, Law on Salaries of Civil Servants and Other Employees in State Administration, etc.), to (mostly) **regulations** addressing various issues such as internal organisation and job systematization in public authorities, human resource planning, opening job competitions to fill vacancies and performance appraisal, to various **rulebooks, codes and internal acts** of individual public authorities.<sup>5</sup> In addition, due to the absence of a specific strategic or other type of public policy document, human resource management in the Serbian public administration is founded on the current Public Administration Reform Strategy (PARS) and its Action Plan for 2015-2017. Professional development, as an element of HRM, was addressed separately in the Serbian Civil Servant Professional Development Strategy (2011), which is formally no longer valid. However, while the strategic approach to civil servant training is commendable, a more recent analysis of HRM in the ministries, special government organisations and agencies has shown that a more comprehensive strategic planning of the management and development of human resources in public administration is lacking.<sup>6</sup>

As regards the institutional organisation of human resource management, the Ministry of Public Administration and Local Self-Government (MPALSG) is responsible for public administration affairs in areas which make one component of human resource management (labour relations and salaries in public authorities, capacity building and professional development of civil servants), both for state administration bodies and for the wider public administration system, including policy development in this field.<sup>7</sup> In addition, the Serbian European Integration Office (SEIO) has been indispensable as it provides civil servant training on matters concerning European integration, which was recognized in the Law on Civil Servants and the above strategic documents governing the professional development of civil servants. Besides MPALSG and SEIO, the Human Resource Management Service (HRMS) has a key role in the implementation of HRM policy. It answers directly to the Secretariat General of the Government, whose role is to provide the ministries, special organisations, government agencies and administrative district services with expert support in human resource management. The advantage of having HRMS lies in the fact that it is a special body at the centre of government that is responsible for civil servants and their professional development, job competitions, keeping the Central HR Registry and the Internal Labour Market Registry, and for a number of other important activities supporting authorities individually and the public administration system as a whole. However, according to the analyses conducted so far HRMS, being a government service, has limited powers when it comes to decision making or influencing the authorities on issues concerning HRM policy making, development, improvement and oversight<sup>8</sup>, which creates the risk of marginalizing its abundant experience and knowledge in this area and undermining the overall quality of human resource management in the public administration. In fact, some authorities often fail to adhere to the HRMS guidelines or fulfil their own statutory responsibilities such as the timely provision of information for the Central HR Registry.<sup>9</sup> Thus, the absence of reliable data on the number of civil servants and state employees and of other important information for HRM such as employee turnover data and their reasons for leaving, considerably undermines the proper planning and monitoring of HRM policy.<sup>10</sup> Finally, although HRM outside the centre is in principle the

<sup>4</sup> Alistar V. Human Resources Management in the Civil Service, *AUDŒ* 8.6 (2012), p. 47-55.

<sup>5</sup> A thorough list of documents comprising the legal framework for human resource management in the Serbian public administration is available on the website of the Human Resource Management Service: <http://suk.gov.rs/>

<sup>6</sup> Bajić D, Jovetić O, Panovski A, Tadić K. Analysis of Human Resource Management in the Serbian Public Administration, an unpublished analysis conducted under the project "Towards Towards a Central Training Institution for Public Servants", Belgrade, April 2016.

<sup>7</sup> Article 10 of the Law on Ministries, Official Gazette of RS 44/2014, 14/2015, 54/2015 and 96/2015 - st. law. Available at: [http://www.paragraf.rs/propisi/zakon\\_o\\_ministarstvima.html](http://www.paragraf.rs/propisi/zakon_o_ministarstvima.html).

<sup>8</sup> Bajić D. et al. p. 10.

<sup>9</sup> Baseline Report: The Principles of Public Administration (Serbia 2015), SIGMA, p. 47. Available at: <http://www.sigmaweb.org/publications/Baseline-Measurement-2015-Serbia.pdf>. (5.8.2016)

<sup>10</sup> European Commission, Commission Staff Working Document Serbia 2015 Report, Brussels; 2015. p. 9. [http://ec.europa.eu/enlargement/pdf/key\\_documents/2015/20151110\\_report\\_serbia.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2015/20151110_report_serbia.pdf). (2.8.2016)

responsibility of special organizational units within individual authorities, it has been found that these units mostly do formal legal HR work and are not sufficiently committed to the development of human resources. This is also highlighted in the annual reports of the European Commission claiming that these units are weak<sup>11</sup>, while SIGMA-OECD points out that the “capacity of most HR units and professionals is quantitatively adequate”, but that “HR specialists who are capable of going beyond the traditional compliance orientation and the routine tasks of personnel administration are lacking”.<sup>12</sup>

As regards individual HRM elements, another challenge for the public administration is career guidance and counselling as a means of attracting and retaining top-quality staff through a one-on-one approach and recognition of the needs of each individual.<sup>13</sup> Although the Serbian Public Administration Reform Strategy covers this area to some extent (albeit not comprehensively or thoroughly), a well thought-out policy direction concerning human resource management that would deal with this important aspect in detail is still pending. And while the activities envisaged under the Action Plan for the Implementation of PARS “follow the idea of introducing career development for civil servants, [...] the deadlines for their implementation have been missed”.<sup>14</sup> However, an HRM policy paper that will also address this issue should be adopted by the end of 2016. Furthermore, a good practice is being developed in the Human Resource Management Service, whose Centre for the Development of Basic Competences provides talent management for civil servants on an individual basis. Civil servants are offered, inter alia, free career development and individual development planning.<sup>15</sup> However, the Centre relies on civil servants applying for its services voluntarily, its capacity is very limited, and the extent to which it is being used and its actual influence are yet to be assessed.

Finally, as human resource management is a skill acquired by constant learning, experience and commitment, its importance to those directly managing teams of people on a daily basis should not be ignored. In this regard, the analyses indicate that there is no gradual development of HRM skills among line managers or a framework for competencies of management posts that would include HRM competencies.<sup>16</sup> Manager training that focuses on the development of these skills is part of the HRMS’ training programme. However, “the number of civil servants receiving training, through HRMS remains low, including those in senior management posts”, as pointed out by the European Commission in its reports on Serbia.<sup>17</sup>

## 1.2 The outflow of staff doing European integration-related work and the importance of staff retention policy

The European Commission keeps stressing the need for a staff retention policy and a better approach to HRM in its annual reports. On the subject of administrative capacity, it points out that “further efforts are needed to put in place a staff retention policy to cope with the anticipated workload and employee turnover<sup>18</sup>”. The start of negotiations with the EU and preparations for the forthcoming opening of Chapter 22 – Regional policy and coordination of structural instruments, add to the urgency of addressing this issue. What is more, considering that the Instrument for Pre-Accession Assistance (IPA II)<sup>19</sup> plays an important part in Serbia’s reform aspirations, retaining trained and experienced staff is one of the first priorities in negotiating Chapter 22, which requires that adequate administrative capacity be ensured in “all relevant structures”, including “recruiting and training qualified and experienced staff and establishing measures to retain such staff”.<sup>20</sup> These shortcomings are emphasized even more

<sup>11</sup> Ibid.

<sup>12</sup> Public Administration Reform Assessment of Serbia; April 2014. SIGMA, p. 16. Available at: <http://www.sigmaweb.org/publications/Serbia-Assessment-2014.pdf>. (5.8.2016)

<sup>13</sup> Cedefop, *Career development at work: A review of career guidance to support people in employment*, Cedefop Panorama series, 151 Luxembourg: Office for Official Publications of the European Communities; 2008. p. 12.

<sup>14</sup> Bajić D. et al. p. 11.

<sup>15</sup> Further information on the Centre is available on the HRMS website: <http://suk.gov.rs/srntar-za-razvoj-bazicnih-kompetencija/naslovna.dot>. (13.7.2016)

<sup>16</sup> Bajić D. et al. p. 17.

<sup>17</sup> European Commission, Commission Staff Working Document Serbia 2015 Report, Brussels; 2015. p. 9. [http://ec.europa.eu/enlargement/pdf/key\\_documents/2015/20151110\\_report\\_serbia.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2015/20151110_report_serbia.pdf). (2.8.2016)

<sup>18</sup> Ibid, p. 48.

<sup>19</sup> For further information on IPA II: Pejović A. et al. Guide through the Instrument for Pre-Accession Assistance 2014-2020, European Movement in Serbia, Belgrade, 2014. Available at: <http://www.emins.org/uploads/useruploads/knjige/Vodic-kroz-IPA-II-2014-2020-za-web.pdf>. (13.7.2016)

<sup>20</sup> Serbia 2015 Report, op. cit.

considering the recent transition to the Decentralized Implementation System (DIS)<sup>21</sup>, which relies largely on domestic administrative capacity, and which is a way of preparing to manage the European structural and investment funds (ESIFs) after EU accession.<sup>22</sup> In fact, Serbia's absorption capacity<sup>23</sup> after accession will largely depend on the administrative capacity built before the ESIFs were available. In this regard, the measures to retain staff in EU/IPA-related jobs during the accession process can also be used as a model and a basis for future human resource management in this domain once Serbia has become an EU Member State.

However, according to the Screening Report for Chapter 22, which provides the analytical overview of the harmonization of the Serbian legislation with the *acquis communautaire*, the problems identified include not only an insufficient number but also an insufficiently sustainable number of trained civil servants "to meet the increasing IPA needs"<sup>24</sup>. In addition, according to the European Commission's 2015 Serbia Report, high employee turnover is seriously affecting IPA management expertise, especially in terms of preparations for the European Social Fund. The report stresses that Serbia will need to put efforts in strengthening capacity, "both in terms of numbers and expertise of the relevant IPA authorities".<sup>25</sup> While the Screening Report states that the largest percentage of employee turnover takes place at senior level positions, the analysis of the questionnaires filled in by 195 currently employed civil servants show that there are similar tendencies among staff members and managers to leave the civil service in the next year. As a result of current turnover, indicated both in the Screening Report and in the employee turnover forms collected for the purposes of this study<sup>26</sup>, there are difficulties in taking responsibilities under the decentralized management, which can potentially lead to a reduced use of funds.<sup>27</sup> Consequently, this may lead to having to return EU grants because the projects funded from the grants have either not been realized to a satisfactory degree or it is not possible to ensure the sustainability of the results of such projects.

The administration is aware of the problem, which was evident during the screening process. In fact, the Screening Report points out that "it is the Government's priority to develop [such policy] by the end of 2016".<sup>28</sup> However, the problem of high employee turnover in the public administration has not been analysed systematically with the aim of getting to the root of the problem and understanding its severity and scope, nor has a sound staff retention policy been developed.<sup>29</sup> This is why the European Commission emphasizes that it is necessary for Serbia to develop a reliable and efficient staff retention policy and an attractive career and salary planning policy, and to ensure the continuity and stability of human resources in all IPA bodies, especially of those civil servants "who have or will progressively gain expertise in the management and implementation of EU funds".<sup>30</sup>

As continuous turnover of quality personnel may undermine the benefits of performance management instruments, as good as they may be<sup>31</sup>, it is clear that limited human resources and a significant outflow

<sup>21</sup> Serbia obtained its DIS accreditation in April 2014.

<sup>22</sup> The link between DIS and the future ESIF system is most evident in the DIS application, as it implies the existence of structures and procedures similar to those required to use ESIFs (e.g. the institutional structure, appointment of bodies responsible for fund management, etc.). This is a good exercise for the country as it strengthens its post-accession capacity to absorb the funds, which are much more comprehensive than the pre-accession funds.

<sup>23</sup> The extent to which a state is able to spend financial assistance from the EU's structural funds in an effective and efficient way, expressed in the percentages of the total allocated funds. (Source: Katsarova I. The (low) absorption of EU Structural Funds, Library Briefing, Library of the European Parliament; October 2013; p. 2. <http://www.europarl.europa.eu/eplibrary/The-low-absorption-of-EU-Structural-Funds.pdf> [2.8.2016]).

<sup>24</sup> European Commission, Screening Report Serbia, Chapter 22 – Regional policy and coordination of structural instruments, 2015; p. 6. [http://www.seio.gov.rs/upload/documents/skrining/izvestaj\\_skrining\\_22\\_16.pdf](http://www.seio.gov.rs/upload/documents/skrining/izvestaj_skrining_22_16.pdf) (13.7.2016)

<sup>25</sup> Serbia 2015 Report, *op. cit.*

<sup>26</sup> The forms suggest that employee turnover exceeds 30% in some units. This is confirmed in the data on employee turnover in IPA units collected by the Department for Contracting and Financing of European Union Funded Programmes, which identified a unit where the turnover exceeded 35% in 2015. However, it should be pointed out that this was the only formal example of information gathered on employee turnover in the public administration, that was limited to the IPA structures

<sup>27</sup> It is likely that the re-allocation of available funds will be performed based on the mid-term review in 2017.

<sup>28</sup> Screening Report, *op. cit.*

<sup>29</sup> An inter-ministerial group responsible for the issues concerning the outflow of quality staff and creating a sound retention policy has been established. However, since the working group was not particularly active and there was no available information on its work when this research was conducted, it was not possible to assess the potential of the working group or its likely results.

<sup>30</sup> Screening Report, *op. cit.*

<sup>31</sup> Ketelaar A, Manning N, Turkisch E. Performance-based Arrangements for Senior Civil Servants OECD and other Country Experiences, *OECD Working Papers on Public Governance*, 5, OECD Publishing, 2007; p. 17. <http://dx.doi.org/10.1787/160726630750>



of civil servants threaten to jeopardize not only the current accession process but also the ability to reach the required level of preparedness to use the ESIFs. Therefore, in the light of the result-oriented use of IPA II (financial framework for 2014-2020)<sup>32</sup>, it is imperative for Serbia to commit itself to quality human resource management under the current IPA funds management system.

Accordingly, the urgent need to motivate and retain quality personnel in the public administration requires a detailed analysis and evidence-based measures, combined with constant awareness-raising among the stakeholders at political and management levels. After a period of fiscal consolidation, the government elected on 11 August 2016 adopted a work programme that recognizes the importance of investing in a better public administration, professional and motivated staff and in the modernization of human resource management. The programme gives hope that it is possible to develop and implement a policy to retain priority personnel in the administration, including civil servants in the EU/IPA-related jobs. This study therefore offers concrete options and recommendations concerning a sustainable staff retention policy, based on a proper understanding of the current situation and the reasons for increased turnover in the units observed and on the analysis of the experience of some EU Member States. The aim of this research is to improve the ability of the Serbian public administration to secure Serbia's membership of the EU, to absorb the funds available through pre-accession assistance, and to prepare Serbia for functional EU membership, which means using every opportunity it offers, including high absorption of the ESIFs through which the majority of public investment will be funded after accession to the EU.

### 1.3 Employee turnover in literature

The categorization of employee turnover can be based on various factors, and each category impacts an organisation or institution in different ways.<sup>33</sup> First, there is a distinction between turnover initiated by the organisation/institution (involuntary turnover) and turnover initiated by the employee (voluntary turnover). Then, there is functional and dysfunctional voluntary turnover, depending on the quality of employees leaving. Dysfunctional turnover is harmful to the organisation and can take many forms, e.g. the departure of high performers and employees with hard-to-replace skills, while functional turnover is not harmful to the organisation. Furthermore, there is a distinction between unavoidable and avoidable turnover. The latter means avoiding turnover by putting in place staff retention measures. No organisation can prevent some level of turnover. What is more, research shows that some level of turnover is desirable because it brings new skills and expertise to the organisation.<sup>34</sup> To answer the question of turnover implications on the organization's performance it is important to know who is leaving: highly qualified and experienced members of staff such as key experts and senior managers, or less important and easier to replace (in terms of training) categories of employees.<sup>35</sup>

While some degree of dysfunctional turnover cannot be avoided due to factors that the organisation cannot control (e.g. employees leaving because of health problems or because they want to return to education), it can be circumvented by changing factors that can be controlled, such as motivating employees through professional development programmes. The distinction between avoidable and unavoidable turnover is crucial because organisations can perform analyses to identify dissatisfaction and demotivation factors that they can control, thus avoiding investment in trying to prevent turnover they cannot do anything about.<sup>36</sup> High dysfunctional turnover is particularly important because: 1) it is very costly; 2) it affects performance; 3) it may become difficult to manage.<sup>37</sup> In addition, it affects institutional memory and motivation of the employees who stay.

<sup>32</sup> Regulation (EU) No 231/2014 of the European Parliament and of the Council establishing an Instrument for Pre-accession Assistance (IPA II).

<sup>33</sup> Griffeth R.W. & Hom P.W. 2001. Retaining Valued Employees. Sage. In: Retaining Talent: A Guide to Analyzing and Managing Employee Turnover, Allen D. G., editor. USA: SHRM Foundation's Effective Practice Guidelines Series, 2008; p. 2.

<sup>34</sup> See for example: Hicklin A. Employee Turnover and Organizational Performance: Testing a Hypothesis from Classical Public Administration, *Journal of Public Administration Research and Theory* 18.4 (2008): 573-590, DOI: 10.1093/jopart/mum028. (16.8.2016)

<sup>35</sup> Smith B. and Rutigliano T. The Truth About Turnover, Gallup Business Journal; 4 February 2002. <http://www.gallup.com/businessjournal/316/truth-about-turnover.aspx>. (17.6.2016)

<sup>36</sup> Allen G. Retaining Talent: A Guide to analyzing and managing employee turnover, USA: SHRM Foundation's Effective Practice Guidelines Series, 2008; p. 2.

<sup>37</sup> Ibid.

The starting point of this study was to identify the problem of dysfunctional turnover, i.e. the problem of turnover of quality staff involved in work concerning European integration, including the management of EU funds and other international assistance. The employee turnover forms, the qualitative data collected for the purposes of this study and the anecdotal evidence obtained during the preliminary research all indicate a high turnover in the units observed, and the lack of qualified staff. However, retaining quality civil servants is not a problem specific to Serbia. It is a challenge that the public sector started facing when working conditions in the private sector started improving, and when the priorities of new generations of civil servants started changing: job stability has become less important and because of that they tend to change jobs more often.<sup>38</sup> To understand the problem of staff retention in the public administration the study has used not only findings limited to the effects of turnover and staff retention measures but also research that covers a wider HRM framework in the context of the public administration or public sector. In addition, this study has taken into consideration the changed motivators and priorities of new generations of civil servants that have led to changed attitudes towards job security, opportunities for career advancement, mentorship and guidance, working environment, etc.<sup>39</sup>

The study has also combined findings about HRM in both the public and the private sectors (they are referred to or quoted in the study). The relevance of the private sector was taken into consideration primarily because most civil servants are leaving the units observed for the private sector because, they claim, it offers better salaries and working conditions. Also, civil servants working on European integration are in demand because of their education, skills and work experience. Therefore, any staff retention policy analysis must consider whether the public administration can compete with the private sector when it comes to attracting and keeping quality staff. Furthermore, considering that HRM in the private sector is more flexible and adapts faster to the latest research, findings concerning the private sector offer better insight into new tendencies in human resource management and the evaluation of existing staff retention measures that, with some changes, can be adapted for the public administration.<sup>40</sup>

## 1.4 Research methodology and limitations

Governed by the fact that the turnover of civil servants involved in the work concerning European integration and funds management (EU/IPA-related work) needs to be analysed comprehensively, our research methodology combined gathering and processing the data obtained through both a quantitative and qualitative approach from an estimated population of 400-500 civil servants in the units observed.<sup>41</sup> The quantitative method was used to establish current trends, patterns and perceptions and to make conclusions based on the findings, while the qualitative method was used to obtain an in-depth knowledge of the problem, to better understand the phenomenon itself and to gather additional, anecdotal findings. Finally, the interviews were also used to analyse the comparative experiences of neighbouring EU Member States (Hungary, Croatia and Slovenia) concerning employee turnover in the context of EU accession and developing a staff retention policy. All methodological steps were first agreed on with the research beneficiaries to find the best possible approach and obtain the most representative and valid results. It should be pointed out that all the respondents' statements (based on field research and quoted in the study) express the mood, personal opinions and feelings of this category of civil servants. As the study primarily relies on the results of field research, respondents' quotes are not referenced in the footnotes, while the sources from the literature are. The list of institutions where interviews were conducted, including the dates, are given in Appendices.

### Secondary research

Secondary research (desk research) was conducted to create an analytical basis for the field research and this included the analysis of primary and secondary sources of data. Primary sources included the Serbian

<sup>38</sup> Acquiring Capacity in Public employment and management, OECD, <http://www.oecd.org/gov/pem/acquiringcapacity.htm>. (10.8.2016)

<sup>39</sup> See for example: Millenials at Work: Reshaping the Workplace, PwC, <http://www.pwc.com/gx/en/issues/talent/future-of-work/download.html>. (10.8.2016)

<sup>40</sup> The latest research in the private sector suggests that the year-end performance appraisal (current practice in the Serbian public administration) is a bad approach to motivating and evaluating employees. See for example: Ewenstein B, Hancock B. and Komm B. Ahead of the curve: The future of performance management, *McKinsey Quarterly*, May 2016. <http://www.mckinsey.com/business-functions/organization/our-insights/ahead-of-the-curve-the-future-of-performance-management>. (16.8.2016)

<sup>41</sup> Estimate of the Serbian European Integration Office, April 2016.

legislation that governs the civil service<sup>42</sup>, while secondary sources consisted of the relevant documents of international institutions such as the World Bank and SIGMA-OECD, and in particular reports on human resource management in the public sector. In addition, over twenty renowned academic and technical magazines were used, such as the *Journal of Public Administration Research and Theory*, the *Journal of European Public Policy* and the *Review of Public Personnel Administration*. The reports served as a theoretical framework and a basis for devising a tailor-made questionnaire and topics for focus groups and interviews which were primary data gathering techniques in this research.

### Primary field research

Field research was based on the preliminary findings of the secondary research. To perform quantitative analysis of the existing practice in HRM and related factors influencing employee turnover, an anonymous online questionnaire was created for the staff of the units observed. The questionnaire included three relevant areas: 1) working conditions and job satisfaction, 2) motivating and demotivating factors in the workplace, and 3) estimated potential employee turnover based on current conditions (the complete questionnaire form is provided in *Appendix 1*). The questionnaire was filled in by 195 respondents in total, or 39-49% of the total number of civil servants.<sup>43</sup> The results of the questionnaire were processed using statistical analysis that combined descriptive and inferential statistics. Of the total number of respondents who completed the online questionnaire, 72.5% primarily work on the programming and implementation of programmes and projects funded from EU and other development assistance, while 27.5% do other work related to European integration (participation in negotiating groups, harmonization of legislation with the *acquis communautaire*, etc.), which has to be taken into consideration in the analysis of statistical results.

The qualitative data were gathered using focus groups and interviews. In both cases the interviewees were selected by intentional sampling, according to the relevance of their experience and job positions and, in the case of interviews, in consultation with the research beneficiaries. To find the main reasons for employee turnover, two focus groups were held. They consisted of civil servants who had voluntarily left their EU/IPA-related jobs in the past few years. One focus group consisted of seven former staff members, while the other one contained five former managers (assistant ministers, directors, deputies and assistant directors). Quantitative analysis of the questionnaire and qualitative insights obtained through the focus groups were used to prepare interview topics focusing on the most pronounced problems and potential recommendations to solve these problems. There were 16 half-structured, in-depth, face-to-face interviews with senior managers in relevant institutions (in particular those in the Serbian European Integration Office and in the Ministry of Finance, and with assistant ministers in six ministries). Interview topics are provided in *Appendix 2*. When analyzing qualitative data obtained from focus groups and interviews the opinions of all respondents were taken into account. The added value of this research lies in the parallel processing and analysis of data. The data obtained from focus groups were supported with those obtained through the questionnaire, lending it a qualitative dimension, while the interviews were primarily used to identify options for the future staff retention policy and as an addition to the quantitative analysis.

The last methodological step before writing the study was a Stakeholder Workshop, held on 8 July 2016, where the preliminary findings of the research were presented, followed by a discussion and an evaluation of preliminary options and recommendations for the future staff retention policy. To achieve the highest level of application of research results, twenty key actors in policy making in Serbia took part in the workshop. The objective of the workshop was to (re)define the recommendations offered by deliberation, to decide whether they were feasible and realistic, and to provide consensus among the actors with the greatest influence on the implementation of the future public administration staff retention policy.

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<sup>42</sup> The following laws were used for the purposes of the study: Law on the Method of Determining the Maximum Number of Employees in the Public Sector (Official Gazette of RS 68/2015), Law on Salaries of Civil Servants and Other Employees in State Administration (Official Gazette of RS 62/2006, 63/2006 - corr., 115/2006 - corr., 101/2007, 99/2010, 108/2013 i 99/2014), Law on Civil Servants (Official Gazette of RS 79/2005, 81/2005 - corr., 83/2005 - corr., 64/2007, 67/2007 - corr., 116/2008, 104/2009 and 99/2014), Law on the Public Sector Salary System (Official Gazette of RS 18/2016).

<sup>43</sup> Informal assessment of the Serbian European Integration Office performed in April 2016.

## Methodological limitations

To determine the employee turnover rate in the observed sample using a pre-defined formula<sup>44</sup>, requests for statistical administrative data were sent to 26 targeted authorities that have units that focus on the EU/IPA. A similar request was simultaneously sent to the Serbian Human Resource Management Service to find out if such information is available centrally. The HRMS informed us that it did not have the information required (*Appendix 4*), which was also confirmed in the Stakeholder Workshop, while 30 organizational units in the targeted authorities gave positive responses to the request. However, a subsequent telephone check of the data and anecdotal evidence have shown frequent discrepancies between the submitted and confirmed data, raising a question of validity of the gathered data, which has to be taken into account when analyzing the results of this methodological step.

To encourage greater response and as objective and truthful answers as possible, special care was taken that the wording of the questions in the questionnaire was such that it protected respondents' anonymity. Consequently, one of the limitations of the research methodology was that it was not possible to link the findings from online questionnaires to individual institutions and treat separately those with the greatest HRM problems and employee turnover. This is why only the overall results for the observed sample can be shown.

## 1.5 The structure of the study

The study is divided into eight thematic chapters. The first chapter after the *Introduction* provides an overview of the main motivating and demotivating factors in the surveyed sample, focusing on formal and informal solutions in human resource management used by managers and on the rigidity of the HRM system in the Serbian public administration in general. The next three chapters deal with the three segments of HRM that are the main reasons for employee dissatisfaction, demotivation and leaving: chapter three focuses on salaries and other financial compensation, chapter four on career advancement, rewards and professional development, while chapter five deals with the art and importance of human resource management. Taking these problematic areas into account, chapter six provides an overview of the overall dissatisfaction of civil servants and the widespread intent to leave the civil service, and discusses potential employee turnover in the future. Chapter seven looks into employee turnover, inadequate HRM in the public administration, public administration reform in general and some comparative experiences and offers four options for developing and putting in place a staff retention policy. Finally, chapter eight contains the main conclusions of the research and recommendations for the introduction of a staff retention policy.

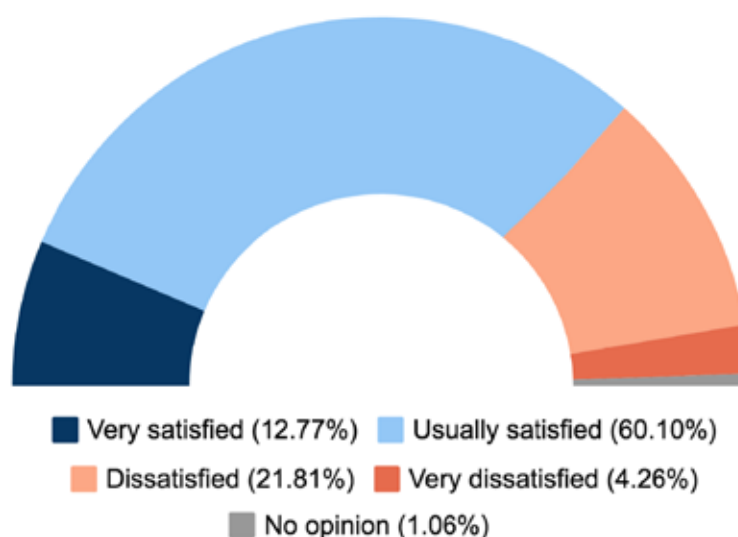
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<sup>44</sup> The following formula was used to calculate annual employee turnover:  $\text{Employee turnover (\%)} = \text{NELY} / ((\text{NEBY} + \text{NEEY}) / 2) * 100$ . Where: NELY = The number of employees who left during the year; NEBY = The number of employees at the beginning of the year; NEEY = The number of employees at the end of the year. To find out more about the formula for calculating employee turnover, please see: <http://www.payscale.com/compensation-today/2012/09/turnover>.

## 2 | Motivating and demotivating factors: Formal and informal solutions used by managers

Considering the significant turnover of quality civil servants responsible for European integration and development assistance, individual (de)motivating factors causing the turnover, the general state of HRM and the role of managers who are expected to reduce the turnover should be examined. Although the units observed have turnover problems, when asked how satisfied they were with their jobs, some 13% of respondents answered “very satisfied” while around 60% were “mostly satisfied”. Less than 22% of respondents said that they were dissatisfied with their jobs, while less than 5% were extremely dissatisfied. Although this can be seen as a positive result when it comes to satisfaction of civil servants doing EU/IPA-related work, cross-referencing with other answers provided a deeper understanding of these results. Using inferential statistics<sup>45</sup>, we can say with 95% reliability that the respondents who had been working in their current positions for a shorter period of time were more satisfied. For example, out of 13% of respondents (24 people) who are very satisfied with their job, 16 people have been working in their current positions for less than a year. Bearing this in mind, the primary objective of this chapter is to look into the motivating and demotivating factors especially among those civil servants with more years of service in the public administration.

Question 14: Are you satisfied with your job?



Studies on staff retention in public administrations in various countries have shown the importance of analyzing the employees' motivation and offering adequate responses to the following questions: *What motivates people to seek employment in the public administration? What motivates them to stay? Why*

<sup>45</sup> Inferential statistics is used to draw conclusions about a certain population – in this case civil servants involved in the work concerning European integration, including the management of EU funds and other international assistance – based on the data obtained from a sample of this population. For the purposes of this study, the following methods of inferential statistics were used: the t-test, factor analysis and the Chi-square test.



do they leave? Bearing in mind the weight of these questions, this chapter uses existing research and literature and combines it with the results obtained from the questionnaire, focus groups and interviews to give an overview of the main motivating and demotivating factors among civil servants. However, since HRM trends change frequently (which was touched upon in the *Introduction*), and managers are required to constantly learn and adjust to ensure fast and appropriate training of new employees and to keep existing ones, this chapter takes into account the current state and flexibility of the managerial system in the Serbian public administration, particularly in the units observed.

## 2.1 What motivates employees?

*If personnel departments are to engage in setting incentives to attract and retain capable personnel, they need to know what motivates people to enter the public administration, and what motivates them to stay.*<sup>46</sup>

Recent research on what motivates East Europeans to seek employment in the public administration and to keep it shows that the main motivator is long-term professional development.<sup>47</sup> While focus groups held for the purposes of this study showed that professional development, together with job content, was one of the main motivators to accept a job in the civil service, interviews and focus groups suggested that motivating factors tend to change gradually after landing such a job, depending on the individual's professional development and personal circumstances such as family, age, financial situation, etc. This corresponds to the findings of the relevant empirical literature.<sup>48</sup> However, factor analysis<sup>49</sup> of

**Question 17: What are the advantages of your job/department/unit?**

1. Good working environment
2. Work content
3. Sense of contribution to the common good
4. Opportunities for professional development
5. Opportunities for career advancement
6. Job security
7. Merit-based rewarding
8. Other
9. Good salary

questionnaire responses shows that civil servants working in the units observed cannot be grouped into definitive categories by what motivates them to work or stay in the civil service. The questionnaire only indicates general trends in employee motivation in the units responsible for EU/IPA-related work. Yet, although the questionnaire can help identify general trends, these trends are only temporary. Motivators change with the departure of old and arrival of new generations and they also change for each individual over time. For example, recent research on what motivates employees shows differences among those born between 1980 and 2000 (millennials) concerning their business expectations, professional goals, readiness to change jobs, etc.<sup>50</sup>

As regards current motivation, respondents gave the most indicative answers when asked to rate the advantages (e.g. job security, opportunities for career advancement) of working in their current position or particular department/unit. The top three advantages (good working environment, work

content and a sense of contribution to the common good), which are also the only three advantages that were given the highest rating by 50% of respondents, are actually connected with the nature of the job and collegiality. In the following sections we look into each of these advantages as a unique motivating factor.

<sup>46</sup> King R. M. Conversations with Civil Servants: East European Public Administration Reform in Search of Socioeconomic Development. In *European Socio-Economic Integration*, Carayannis E. G. and Korres G. M., editors. New York: Springer US, 2012; p. 7.

<sup>47</sup> Ibid, p. 6.

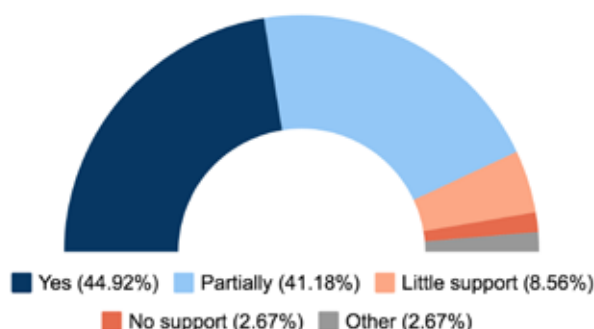
<sup>48</sup> See for example: Hall, D. T. and Nougaim K. E. An examination of Maslow's need hierarchy in an organizational setting, *Organizational Behavior and Human Performance* 3.1 (1968): 12-35.

<sup>49</sup> Factor analysis is a multivariate technique that helps identify common characteristics between variables and recognise correlations between different variables indicating similar meanings or behaviours.

<sup>50</sup> PricewaterhouseCoopers. Millennials at work: Reshaping the workplace, Report, 2013. <https://www.pwc.com/m1/en/services/consulting/documents/millennials-at-work.pdf>. (8.8.2016)

### 2.1.1 Working environment

Question 27: Do you have the support you need from your colleagues?



The working environment was the highest scoring motivator in the questionnaire and one of the most positive results of the analysis of motivation in the observed units. The literature suggests that job embeddedness, which depends on the employee's compatibility with the team and good relations at work, is an important factor that influences employee retention.<sup>51</sup> According to a recent article, research on employee turnover fails to include social aspects as much as it should, "ignoring the fact that individuals are inevitably part of social networks that will influence their

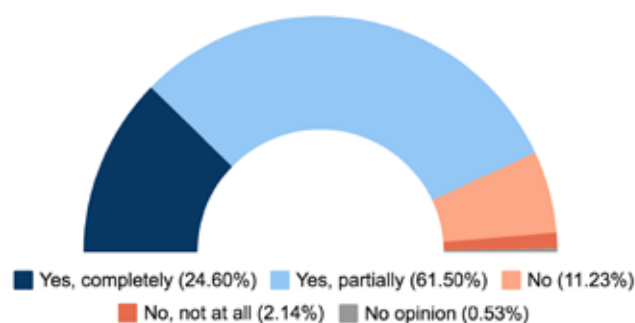
behaviour".<sup>52</sup> Focus groups show that most respondents were satisfied with their work environment. One respondent said that he had had the opportunity to be part of "a fantastic team of people who worked with great enthusiasm", and other respondents identified good team work, common vocabulary, similar education and the system of values as well as support within the team as important factors that contributed to a good working environment and motivation. Interviews with managers show that they are aware of the importance of the working environment as a motivator and a factor that contributes to job satisfaction, and they do their best to create an open, constructive and positive atmosphere in their teams. One interviewee said that he tried to make his staff feel "integrated" and be aware of their importance to the team.

Two questions in the questionnaire directly addressed support at work. Most respondents get the support they need from their colleagues and from their superiors. Nearly 45% of respondents get the support they need from their colleagues, while over 41% gets this kind of support to some extent. As regards support from superiors, the numbers are somewhat lower but still encouraging: some 39.5% of respondents can always count on the support of their superiors, and the same number can count on it to some extent.

### 2.1.2 Work content

While a high rating of work content provides a quantitative indication of the importance of this motivating factor, focus groups and interviews indicate why the European integration process is interesting and important to civil servants working in these units, how the work content fits with their education, experience, professional plans and goals, as well as the general course of domestic politics. Most participants in focus groups said that they wanted to be in a job concerned with European integration because of their education.

Question 21: To what extent do you identify with your job and the goals and values it represents?



One of them said that he felt that working in the civil service in an EU integration unit complemented his academic interests and practical objectives. He added that he "had found" himself in his job because he felt that he had arrived "at the start of developing a very specialised state policy". Another participant explained that he saw this process as the country's only constructive direction, and thought that the ideas and processes that prevailed in the 2000s, when he started work in the public administration, were destructive and inapplicable.

<sup>51</sup> Jiang K, Liu D, McKay P. F, Lee T. W. and Mitchell T. R. When and how is job embeddedness predictive of turnover? A meta-analytic investigation, *Journal of Applied Psychology* 97.5 (2012): 1077-1096, DOI: 10.1037/a0028610. (18.12.2015)

<sup>52</sup> Sanjay P. K. and Moynihan D. P. The Ties that Bind: Testing a Hypothesis from Classical Public Administration, *Journal of Public Administration Research and Theory* 18.2 (2008): 205-227, DOI: 10.1093/jopart/mum013. (20.5.2016)

This information is relevant not only because it helps understand the importance of job content as a motivating factor, but also because it shows the specificity of the motivating factors in these units. In this context, it is important to say to what extent civil servants identify with the key values and objectives of the European integration process. According to the questionnaire, 24.6% of respondents fully identify with their job values and objectives and 61.5% identify to some extent. This means that over 86% of respondents believe in what they do. These findings are very important as they suggest that a well thought-out staff retention policy can give results since it is founded on the fact that the majority of civil servants identify with their job and believe in what they do.

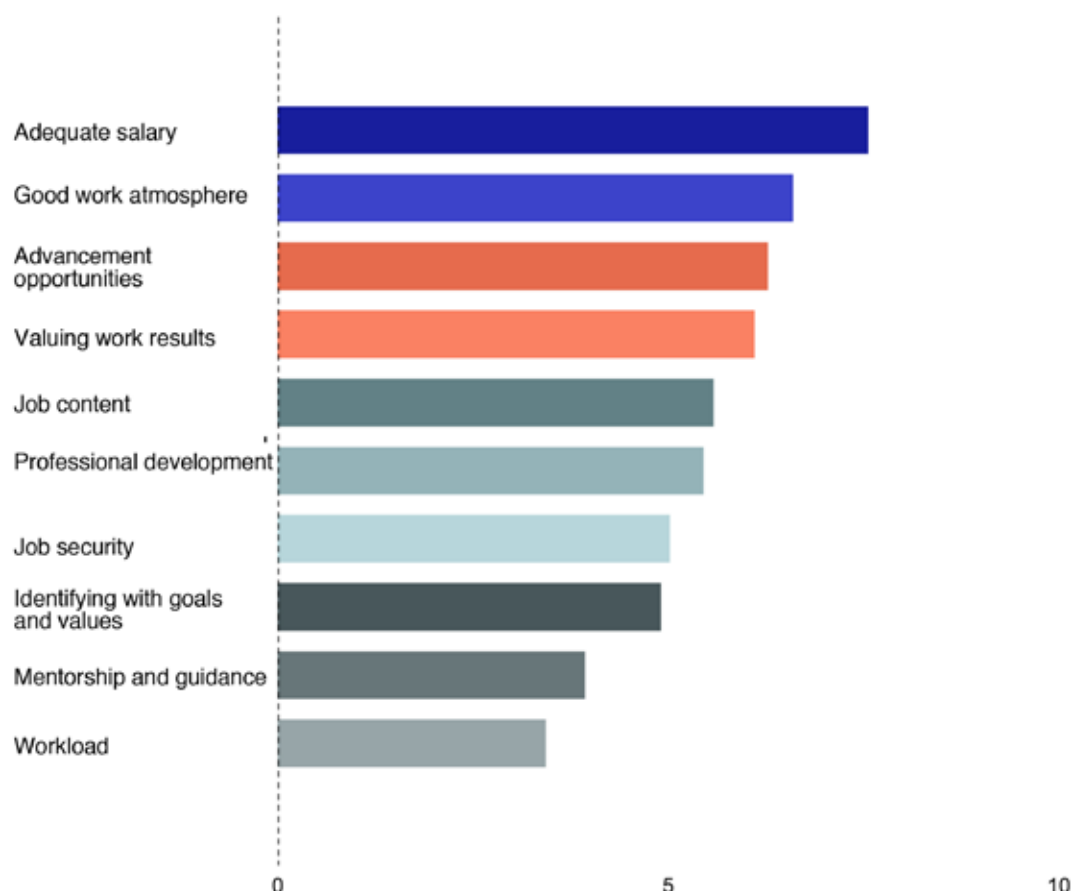
### **2.1.3 The sense of contribution to the common good**

Work content and job values and objectives are closely connected with the sense of contribution to the common good, which was ranked as the third most important job advantage (over 51.5% of respondents). In addition, many participants in focus groups and interviewees stressed that the sense of contribution to their country and the common good was an important motivating factor. As a participant in one of the focus groups explains, while he was working in the civil service he was driven by the “desire to be part of something bigger”. Other participants explained the feeling through the prism of their own contribution to the progress of the country and society. This was also confirmed in interviews with managers, who reiterated that their teams were motivated by “a higher goal” of European integration and taking part in a unique process. However, one must take into account that the sense of contribution to the common good and its connection with the European integration process is not always a positive motivating factor. According to one manager, employee motivation fluctuates as the progress of the process changes. When the European integration process slows down and the purpose of both the process and the EU integration units is challenged, motivation among his subordinates visibly drops. Therefore, it can be concluded that the present moment, when membership negotiations have started and chapters are gradually being opened, is a good time to start developing a staff retention policy as it will help create experienced, qualified and motivated teams of civil servants capable of carrying the process through to its completion, with all the challenges that may come along the way.

Three job advantages (good working environment, work content and sense of contribution to the common good) were selected by more than a half of respondents, while each of other advantages were selected by less than a half of them. For instance, while 43.75% of respondents selected the opportunity for professional development, for 42.19% it was job security. Opportunity for career advancement was marked by 10.42%, merit-based rewarding by 9.9%, and good pay by only 3.13% (or 6 respondents in total). It is positive that two of the three most relevant motivating factors – good working environment and opportunity for advancement – are at the same time the highest ranking advantages of the respondents' current jobs. However, some factors are highly rated by respondents as being usually motivating, but on the other hand they are not sufficiently present in the respondents' current job: the opportunity for advancement (only 10.42% of respondents see it as a current job advantage), merit-based reward system (9.9%) and salary (3.13%). The next section provides a detailed overview of the highest ranked demotivating factors.



**Question 19: Which factors are the most important for your work motivation? Please rank the factors from 1, which is the most important, to 10, which is the least important for you.**



## 2.2 What demotivates employees?

The previous section raised the question of work motivation, indicating the divergence between factors that respondents regarded as important motivators and those they considered advantages of their current jobs. This section will present a number of demotivating factors for employees in the observed units, while the most relevant demotivating factors will be analysed in detail in other chapters (Chapter 3 Salaries and Financial Conditions; Chapter 4 Career Advancement, Rewards and Professional Development; Chapter 5 The Art and Importance of Human Resource Management). The reference point for identifying what demotivates civil servants in EU/IPA-related jobs will be the questionnaire as it identifies critical demotivating factors and those that affect them to a great extent.

At the end of the questionnaire the respondents were asked to rank the demotivating factors that existed in their current jobs. Unlike Question 19, which provided an understanding of the importance of motivating factors at work in general, regardless of current job, Question 32 was deliberately asked at the end of the questionnaire so that respondents, having answered the questions concerning specific working conditions (e.g. overtime work, opportunities for professional development, career advancement), could put all the factors into perspective and think about the negative aspects of their current jobs. In addition to their dissatisfaction with salaries, which is particularly highlighted in the questionnaire, over 50% of respondents claim that their work motivation is either critically or significantly affected by the lack of recognition, merit-based reward system and opportunities for advancement. It is interesting that, according to over 50% of respondents, the only listed factor that does not exist in their units is the lack of integration in the team, while all other demotivating factors are present to a quite important degree.

**Question 32: *What affects your work motivation most at your current job?***

- |   |  |
|---|--|
| 1. I am dissatisfied with my salary.  | 6. I am not motivated by the work content.                         |
| 2. My work is not recognized and my performance is not rewarded.                    | 7. I don't get the mentorship or guidance that I need for my work. |
| 3. There are no career advancement opportunities.                                   | 8. I am not motivated by my work objectives or values.             |
| 4. There are no opportunities for professional development or additional education. | 9. Unwanted political pressure/ influence.                         |
| 5. The volume of work is inappropriate.   | 10. My superiors and colleagues do not treat me appropriately.     |
|   | 11. I do not feel as if I am a part of the team.                   |

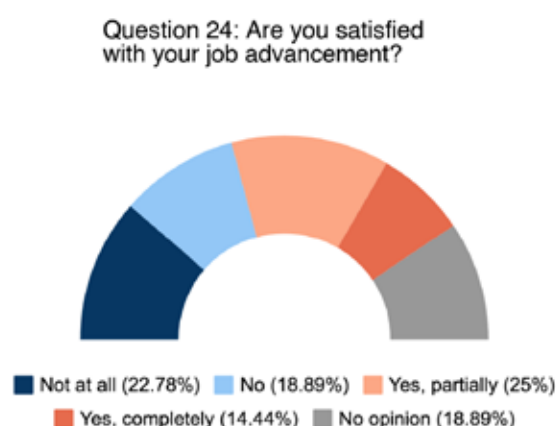
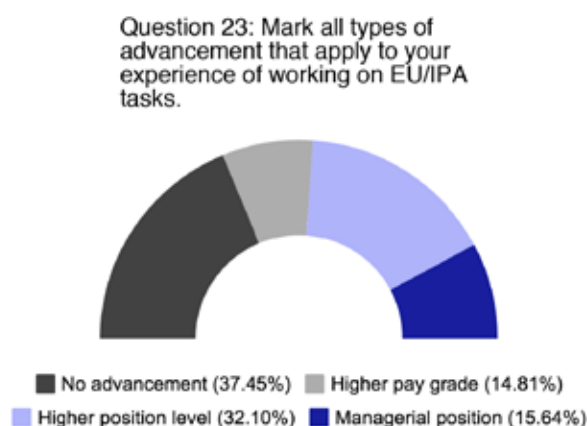
Contrary to the findings of existing studies and research<sup>53</sup>, the highest ranked motivating factor for our target group is salary. In fact, 43.5% of respondents said that their dissatisfaction with salary was critical to their work motivation. The problem was recognized in focus groups and interviews where managers often mentioned salary as a crucial demotivating factor, and also a factor that they, as superiors, have the least control of. All this points to the obvious effects of the current fiscal consolidation: salary cuts and hindered career advancement in the civil service. However, it can be expected that there will be improvement in the next four years as the government elected on 11 August 2016 has adopted a programme that shows a positive trend in fiscal indicators.<sup>54</sup>

However, a third of the respondents find poor management structure and managers lacking the skills, knowledge and understanding required for good HRM more important than pay. This argument corresponds to the demotivating factor that was ranked second by respondents – the lack of recognition of their work and the absence of a merit-based reward system. As rewards and recognition may take both monetary and non-monetary forms, it should be pointed out that the interviewed managers responded that their “hands [were] tied” when it comes to financial measures and that existing non-monetary rewards were not attractive enough to motivate people (e.g. days off, training). In addition to managers lacking management skills, human resource management lacks constructive instruments and the system is too rigid to respond to ever-emerging staff retention challenges.

Lack of opportunities to climb the career ladder was one of the least demotivating factors, which was corroborated by the data gathered using all three methods: questionnaire, focus groups and interviews. The results of the questionnaire show that although 52.4% of respondents have been promoted since they started working in EU/IPA-related jobs, only 14.4% are satisfied with it while 25% were somewhat satisfied. This dissatisfaction takes another dimension when combined with the respondents' optional comments and the data obtained from focus groups and interviews, which show that civil servants think that they gained nothing or next to nothing from their promotions. In fact, they do not see promotion as a motivator because the pay rise is insignificant, they remain in the same job despite formal promotion, etc. In addition, while focus groups indicate that the lack of advancement opportunities, i.e. status quo, is one of the main reasons why civil servants are leaving their jobs in the public administration, the managers we interviewed are clearly frustrated by their inability to promote the best employees as quickly as they would like to because the system does not allow it. According to one of them, the current system follows rigid job systematizations and is not flexible enough to keep up with the professional development of employees.

<sup>53</sup> An analysis of all the relevant research conducted to date on the importance of salary in work motivation shows that the association between salary and job satisfaction is very weak. See: Chamorro-Premuzic T. Does Money Really Affect Motivation? A Review of the Research, *Harvard Business Review*, 10 April 2013; <https://hbr.org/2013/04/does-money-really-affect-motiv>. (21.5.2016)

<sup>54</sup> The Serbian Government Programme, presented by Aleksandar Vučić (candidate for Prime Minister at the time), at the first special session of the 11th composition of the National Assembly of the Republic of Serbia, Belgrade, 9 August 2016; p. 24-26. Available at: <http://www.media.srbija.gov.rs/medsrp/dokumenti/ekspoze090816cyr.docx>



Other questions revealed that nearly 57% of respondents thought the work was not distributed equally within the unit. Furthermore, although work content is highly ranked as a job advantage, over 60% of respondents claim that they do not get the opportunity to do what they professionally do best every day. Although these two factors should be looked into separately, they can be linked to the inadequate competencies of managers, who are often incapable of delegating tasks in their departments/units and fail to recognize their subordinates' capabilities and affinities.

In addition to these demotivating factors, it should also be pointed out that the results of the research indicate that motivating factors such as opportunities for professional development or a sense of contribution to the common good may become demotivating factors if external processes conditioned by the entire public administration system are at play. As a focus group participant relates, the first year of his civil service was a positive experience. However, after that year, the absence of political continuity and stability made him lose the sense that he was doing something useful and constructive for the country and society and professional development was reduced to personal satisfaction. Other participants mentioned a similar problem – lack of systemic and continuous support for professional and personal development, which should be provided by higher political instances within European integration. For example, one participant explains that professional development abroad does not get sufficient support. It is seen as personal satisfaction rather than investing in staff to improve the quality of their work and increase their contribution to their department/unit. In addition, due to the absence of political continuity the respondents often have superiors who do not understand the importance of European integration, leaving them to feel as if they do it “by ourselves, for ourselves”. As one of the respondents concluded, the lack of systemic support undermines the entire system.

Another demotivating factor is the image of civil servants, which many interviewees and participants in focus groups complained about. According to some of the interviewed managers, the public image of civil servants is very negative at the moment, making it difficult for them as superiors to motivate and retain their staff. The attitude of the general public about the public administration and civil servants is, as one manager puts it, “disparaging”.

## 2.3 The (in)flexibility of the HRM system

In addition to (de)motivating factors, we should look into the current framework of the HRM system as a basis for analyzing the main causes of dissatisfaction and employee turnover. To quote one of respondents: “We would be happy if we had a system where institutions looked after their employees”. The key word here is *institution* because, as the respondent continues to explain, maintaining job satisfaction and retaining staff is now reduced to isolated actions taken by managers rather than systemic solutions. One of the focus group participants claims that “in essence, there is no human resource management in the proper sense of the word”. Many of the interviewed managers stressed that the system was so rigid that they had to resort to “creative”, “ad hoc”, “incognito” or “soft” measures. Participants also reiterate that personnel departments are one of the key problems because instead of managing human resources all they do is paperwork. Since managers are left to their own devices when it comes to human resource management and thinking how to attract and retain staff, it is important to understand what aspects of managers’ work are affected by this rigidity and inadequacy of the human resource management system. It also has to be pointed out that not all managers are in the same position when it comes to flexibility in human resource management. Interviews and focus groups suggest that the heads of units in SEIO feel more independent in their work and less affected by political changes, and that they have more room for employee promotion.

One of the formal instruments that they have at their disposal is performance appraisal. Yet focus groups and interviews also reveal a general dissatisfaction with the performance appraisal system. While some respondents think that the system is good but its application is poor, others claim that the system as such does not stimulate anyone and that performance appraisal should show where employees can improve, which is not the case at the moment. A respondent added that even if the application of the current performance appraisal system “where everybody gets As” changed, this would lead to general dissatisfaction, conflicts with superiors, and even legal disputes over alleged mobbing. Another problem is that performance is not properly linked to organizational objectives, hindering objective and precise performance evaluation. According to a recent analysis of HRM in the Serbian public administration, “it rarely happens that objectives coincide with planned targets of organizational units or organisations as a whole”. In other words, planning documents (strategic documents, Government Work Programme, etc.) are rarely used when identifying work objectives.<sup>55</sup> Relevant research on civil servants in the public sector indicates that civil servants tend to be less eager to leave their job where organizational objectives are clearly defined and linked to their work objectives.<sup>56</sup>

Managers also point out other major issues such as the lack of flexibility in recruitment due to lengthy and complicated recruitment procedures. There are restrictions on hiring temporary staff and yet the volume of work is growing as many civil servants are leaving, so their jobs have to be done by permanent staff until their replacements are hired. As an interviewee puts it, the current system is too rigid to respond to challenges and quickly deal with new situations. Many focus group participants blame understaffing for the inability to respond constructively to new challenges. To quote one of them: “Letting civil servants go is nice for populist reasons”. However, current capacities do not match the results of workload analyses and hinder the work of some departments and units. Another manager raised a question of importance for his current position: “How can I persuade someone to stay if they have to do the work that should be done by six people we don’t have?”

In addition to understaffing, managers also mention issues concerning fixed-term contracts and temporary service agreements. On one hand, due to heavy reliance on temporary staff, temporary hires are often the ones who carry out the European integration process. On the other hand, managers notice growing frustration with job insecurity among temporary staff. The questionnaire results indicate that people hired under fixed-term contracts or temporary service agreements are less satisfied than those in permanent jobs. Some respondents have been working on these contracts longer than the legal maximum, which adds to their job dissatisfaction. Because of their relevance, and considering their dissatisfaction, it is as important to retain this category of the workforce as it is to retain permanent staff. Finally, the

<sup>55</sup> Bajić, D. *et al.* Analysis of Human Resource Management in the Serbian Public Administration, an unpublished analysis conducted under the project “Towards a Central Training Institution for Public Servants”, Belgrade, April 2016.

<sup>56</sup> Jung C. S., 2015. Why Are Goals Important in the Public Sector? Exploring the Benefits of Goal Clarity for Reducing Turnover Intention, Testing a Hypothesis from Classical Public Administration, *Journal of Public Administration Research and Theory* 24.1 (2013): 209-234, DOI: 10.1093/jopart/mus058. (20.6.2016)

system is also rigid concerning taking on interns and unemployed persons for vocational training. Although these forms of temporary work are prescribed under the Law on Civil Servants (Articles 103-106a)<sup>57</sup> our research shows that they are not used often enough, although they could potentially reduce work overload and help overworked staff in some organizational units.

The rigid human resource management system cannot keep up with new trends in HRM, nor with the latest research and recommendations for managers. Recent research conducted by the OECD shows that there is a need for strong measures to introduce a work-life balance policies and give more freedom to managers to allow work from home, flexible office hours, etc.<sup>58</sup> This research shows that flexible instruments for managers lead to greater efficiency and more motivated staff.<sup>59</sup> Although interviews indicate that managers manage to manoeuvre the human resource management system and unofficially allow some of these measures (e.g. flexible office hours), the measures they use are improvised and restricted, and only a very limited number of civil servants in the observed units can count on them.

However, it should be taken into account that the challenges faced by these units are not specific to the Serbian civil service but are part of a wider European trend of people leaving the public sector for the private sector. According to one study:

*Salaries and work conditions in the public sector have dropped considerably in comparison with the private sector. The private sector can offer more attractive jobs and conditions, while the public sector struggles with the challenge of attracting and retaining quality staff capable of doing their jobs. In the absence of solid central institutional capacity to follow and respond to wider employment trends, government institutions are left to identify and solve these problems on their own.*<sup>60</sup>

In this context, it is important to stress that existing human resource management systems are still unadjusted to the new workforce, whose priorities and motivators are different. Private sector practices are becoming norms in HRM. They are often completely different than the human resource management system that remains unchanged in the observed units. The HRM system in the Serbian public sector is too rigid to allow managers to manage their staff in the proper sense of the word, to give them more freedom to reward and promote top performers, to allow them to make adjustments to their subordinates' personal circumstances, introduce new measures to retain their staff, etc., while the private sector quickly adjusts its management rules to new challenges by creating flexible human resource management systems that are better at retaining quality staff.

Overall, the importance of managers and the flexibility and adequacy of the human resource management system may not have been as conspicuous in the questionnaire results (which were used mostly for statistical analysis) as they were in focus groups and interviews. In the relevant literature, this factor is deemed most important in motivating and retaining quality staff. For example, according to the analysis of all relevant research conducted to date on work motivation and employee engagement, the biggest trigger of disengagement is incompetent leadership.<sup>61</sup> Therefore, although they focus on issues of salary, overtime compensation and promotion, the following chapters will analyse managers' ability to respond to certain problems and challenges.

<sup>57</sup> The Law on Civil Servants, Official Gazette of RS 79/2005, 81/2005 - corr., 83/2005 - corr., 64/2007, 67/2007 - corr., 116/2008, 104/2009 and 99/2014.

<sup>58</sup> OECD, *Public Servants as Partners for Growth: Toward a Stronger, Leaner and More Equitable Workforce*, OECD Publishing, 2011; <http://dx.doi.org/10.1787/9789264166707-en>. (20.12.2015)

<sup>59</sup> Ibid, 48.

<sup>60</sup> McCourt W, Colley L, McCourt W, Waterhouse J. Hybrids and Contradictions: Human Resource Management in the Contemporary Public Sector, *International Journal of Public Administration* 35.3 (2012): 507-512, DOI: 10.1080/01900692.2012.687958. (17.12.2015)

<sup>61</sup> Chamorro-Premuzic, op. cit.



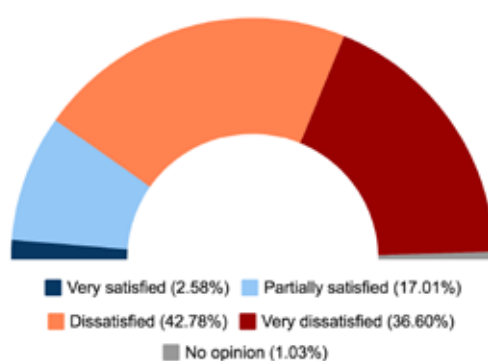


### 3 | Salaries and financial conditions: “Salary is just a part of the problem”

Salary and other financial compensation in the public administration (such as overtime pay) are singled out as limiting factors in employee retention both by civil servants and by foreign experts who have compared the conditions in Serbia with those in EU Member States while they were still in the pre-accession stage. Serbia (compared with Slovenia and Croatia in their pre-accession stages) comes across as an exception to the rule because it does not make any distinction whatsoever between financial conditions for civil servants working on European integration and those for other civil servants. This becomes even more relevant if one takes into account the fact that civil servants in other units often have a negative perception of their colleagues in EU/IPA-related jobs. Research suggests that negative perception is based on the assumption that the latter enjoy better financial conditions, although this is not the case in Serbia. How to change these financial conditions is discussed later in the study, while the aim of this chapter is to show how the current situation concerning salaries and other financial compensation affects motivation and, consequently, the retention of quality staff in the observed units.

#### 3.1 Salary as a primary factor of dissatisfaction

Question 9: How satisfied are you with your salary?



As mentioned in the previous chapter, according to the existing literature salary is not such an important factor in keeping employees motivated, interested and willing to remain in their jobs, and it has no impact on performance and employee retention.<sup>62</sup> However, the results of the questionnaire indicate that inadequate salary is a demotivating factor and the main reason for dissatisfaction among surveyed civil servants, and that the financial conditions in the public administration are alarming. In all three research methods salary stood

out as the main reason for dissatisfaction: only 20% of respondents to the questionnaire are satisfied with their salary, focus groups indicate that the importance of salary increases (and thus its negative impact on motivation) the longer someone stays in an EU integration-related job, while interviews reveal the widespread frustration of managers who are unable to offer fair financial conditions to their staff.

A more precise assessment of salary dissatisfaction through the questionnaire shows that only five respondents (less than 3%) are very satisfied with their salaries and 17% of them are mostly satisfied. However, just under 43% of respondents are not satisfied with their pay and around 37% are extremely dissatisfied. In the optional comment box, one respondent said that there was a discrepancy between the salary and the level of responsibility, while another said: “Although someone might say that for Serbia’s conditions the salary is fair, in my opinion it isn’t considering the responsibilities, stress and workload.” Although salary proved to be a reason for job dissatisfaction, further discussion is required to understand all the nuances taking into account the differences within the surveyed sample (e.g. years of service).

<sup>62</sup> Chamorro-Premuzic, *op. cit.*

## Croatia and Slovenia

*In the context of absorption of EU funds, both countries have increased coefficients for civil servants responsible for EU/IPA-related work to prevent turnover. While Slovenia added 15% to temporary service contracts for people working on projects funded by the EU, Croatia increased the coefficient up to 30% for civil servants dealing with EU funds (but not for all of them). However, managers in both countries point out that the overall positive effect of these measures is debatable because they have created unequal working conditions in the public administration and affected relations with colleagues doing other types of work. It was also stressed that “people should be managed, not paper” and that inadequate investment in civil servants was the reason for turnover.*

As one interviewee says, salary is not a de facto key factor in employee retention but current conditions are such, i.e. salaries are so small, that it is impossible for civil servants to take notice of other factors or tell how satisfied with those factors they are. He added that civil servants holding positions of senior advisers “can still survive, while others have very small salaries, so small that this is all they focus on”. Another interviewee believes that the financial aspect, i.e. salary, is one of the triggers of turnover of quality staff. In his opinion, in the current situation, “survival dictates the level of enthusiasm”, adding that this situation is not sustainable because “we will lose the enthusiasts who want to participate in the process [of European integration] with all their heart”.

Focus groups consisting of people who have left the public administration (units responsible for European integration and fund management) offered an interesting perspective on the importance of salary. Most of them said that having a “ridiculous” salary did not bother them while they were young and starting their careers. They did not mind (“money was not my priority back then”) mostly because they were motivated by EU integration itself and there was a sense of being a part of an important and crucial process for the country, a process through which they were able to contribute to their country in a constructive way. One interviewee pointed out that he left a better paid job in the private sector for a job in the public administration but that he would not do that at his age now.

A greater financial burden brought by the family, parents retiring, etc. are reasons why salary is more important for older generations of civil servants than for younger ones. Statistical analysis corroborates the trends identified in focus groups and interviews: civil servants with more years of service in EU integration-related jobs are more dissatisfied with their pay.<sup>63</sup> For instance, 60% of respondents who are very satisfied with their pay have been in EU integration-related jobs for up to one year. At the same time, none of the respondents who have been in these jobs for over three years has selected any of the offered answers expressing satisfaction with pay.<sup>64</sup>

Other factors associated with salary and demotivation came to light in focus groups and interviews. According to a focus group participant, the way in which the media covered salary cuts in the public administration was degrading, which contributed to civil servants’ dissatisfaction and demotivation. Interviewees who are or used to be responsible for fund management mentioned that salary dissatisfaction is even greater when they think of the responsibilities that the job entails and the value of projects they deal with. Some managers added that salary dissatisfaction increases when civil servants dealing with IPA funds realize that they are more competent (foreign languages, special training) than other civil servants, and comparison with civil servants doing less demanding jobs in terms of competencies frustrates them even more.

However, interviewees and participants in focus groups also stressed that “salary is only a part of the [staff retention] problem”. In fact, some of them think that higher salaries, although necessary, might be abused in a system where “nepotism is a normal thing”, and that higher salaries in the units responsible for European integration would not necessarily help reduce turnover. It could also have a negative effect on the general atmosphere in the public administration because, according to the interviewees, even without better pay these units are perceived as different and privileged in comparison with the rest of the public administration. However, we have to remember that salaries are only one form of financial compensation in these units. The next section addresses overtime pay and daily allowances for business trips as well as non-monetary factors connected with these financial conditions.

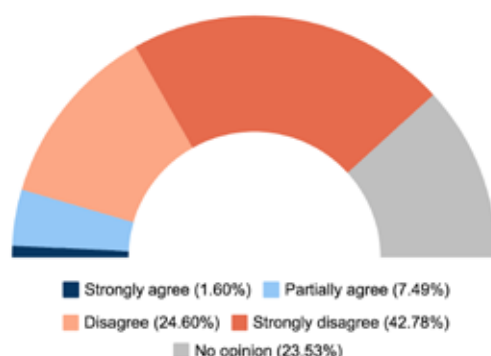
<sup>63</sup> The result was obtained using Chi-square test, by comparing the answers to Questions 3 and 9 in the questionnaire.

<sup>64</sup> The following degrees of salary satisfaction were offered: “Yes, I’m very satisfied” and “Yes, I’m mostly satisfied”.



## 3.2 Overtime and remuneration

Question 13: "Compensation for my overtime is adequate."



A few questions in the questionnaire addressed overtime, which proved to be a (de)motivating factor that required careful analysis. Research results show that the increased volume of work is not necessarily a demotivating factor, but that the lack of monetary and non-monetary compensation for overtime, and related effort and stress, is a cause of dissatisfaction among civil servants in general but also with managers who are unable to offer fair compensation for invested time and effort.

As regards the volume of overtime, the questionnaire indicates that some 62% of respondents put in up to five hours of overtime work per week, while just over 25% work up to ten hours longer a week. Just under 6% of respondents put in from 11 to 20 hours of overtime per week, while only two people put in over 20 hours of overtime per week. Respondents pointed out that the number of overtime hours varies depending on the time of the year and type of job. For instance, some respondents pointed out that during the screening meetings overtime reaches or exceeds 20 hours a week. The results of the questionnaire were corroborated by focus groups and interviews. These findings indicate the nature of the EU accession process, the programming and implementation of EU funds – they do not take place according to the normal schedule or standard routine of the rest of the public administration and are characterized by stages of high stress and intensity. This type of work requires flexibility from civil servants regarding office hours but it also requires a degree of flexibility from the state concerning overtime pay.

One of the interviewees explains that the office hours of European civil servants (e.g. European Commission, Member States' administrations) do not coincide with the office hours of the civil servants in Serbia so his staff and the staff in the units in other authorities they collaborate with have to work overtime because meetings are often scheduled for 4 or 5 pm. Another interviewee says that the workload is such that they have to work in the evenings and at weekends and adds that "there are no rules any more" because "one works as much as one has to".

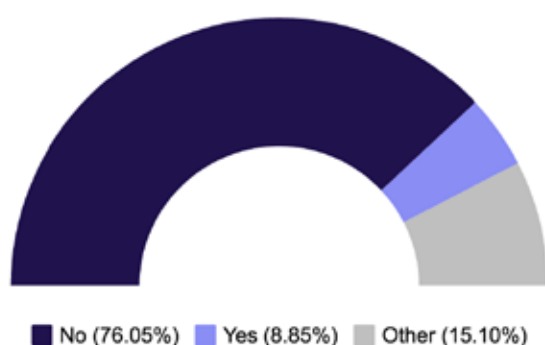
Yet, despite the fact that overtime can vary depending on the time of the year or job type, the research still indicates that there is a great number of units and civil servants who are required to work continuously outside office hours. Although overtime is often required, 76% of respondents think that it is not appropriately rewarded and only 8.85% think that it is. One of the participants commented that there is a way to get compensation for overtime but that people do not apply for it because the procedure is complicated. It was also pointed out that the law prescribes non-monetary compensation for overtime. Non-monetary compensation for overtime usually takes the form of hours off, as prescribed under the law governing the salaries of civil servants and state employees<sup>65</sup>, but civil servants are often unable to use these hours as the volume of work is constantly very high. Even though Article 27 prescribes monetary pay for overtime if hours off cannot be used in the following month, research shows this provision is generally ignored. Three managers assert that the amount of overtime and no overtime pay affect not only job satisfaction but also performance. Two main conclusions can be drawn from these findings: 1) there is a problem of inadequate compensation for overtime, and 2) understaffing increases work overload and the need for overtime.

<sup>65</sup> Law on Salaries of Civil Servants and Other Employees in State Administration (Official Gazette of RS 62/2006, 63/2006 - corr., 115/2006 - corr., 101/2007, 99/2010, 108/2013 and 99/2014).

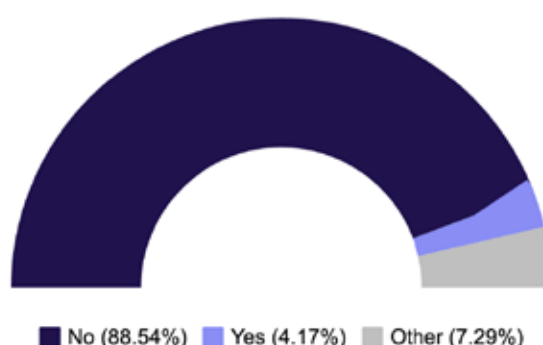
Cuts in daily allowances for business trips were also highlighted in focus groups and interviews as a major source of frustration and dissatisfaction.<sup>66</sup> Daily allowances are not high enough for foreign standards so civil servants have to co-finance their business trips. Just before he left the civil service, a focus group participant started refusing to go on business trips. Several participants perceive business trips as forms of overtime work because they either require extra work abroad or everyday work piles up while they are away and they have to put in extra hours when they return. This is why daily allowances are analysed here both in the context of overtime and of monetary compensation.

In addition to monetary compensation, some of the literature on human resource management argues that non-monetary compensation can also help civil servants endure the pressure of everyday work. For example, a survey of civil servants in Wales (UK) shows that high commitment human resource practices<sup>67</sup> such as investing in professional development, training and other non-monetary rewards eliminate the negative effects of overtime and have a significant impact on the desire of civil servants to keep their jobs.<sup>68</sup> However, the questionnaire shows that some 88% of respondents do not receive even non-monetary compensation for their overtime. Some respondents said that they did have days off for their overtime but that that was not normal practice. Interviews with relevant managers also reveal variations in non-monetary compensations for overtime. While some managers say that they reward their staff with days off or flexible office hours that fit their responsibilities or problems at home (e.g. a sick child), others say that the volume of work does not allow this type of non-monetary compensation. For example, one participant explains that his unit is so understaffed that even going on holiday once a year presents a problem both for the staff and for the unit. Another participant added that his subordinates refuse to take days off because, as they say, the amount of work they have to do is not getting smaller and that they would prefer financial compensation instead.

Question 11: Is your overtime paid?



Question 12: Do you receive any form of non-monetary compensation for your overtime?



Bearing in mind overtime work, lack of monetary and non-monetary compensation and understaffing, high commitment human resource practices as a means of eliminating the negative effects of overtime on job satisfaction is a constructive yet demanding direction since it requires systemic changes. For instance, as this practice introduces measures that require people to take time off work (to go to training, for example), it will be necessary to increase the number of employees in the units where current capacities do not match the workload analysis. This means that managers would have to invest their time in devising measures that would fit their employee profiles best and that would be attractive enough to make the pressure of overtime negligible. Other potential measures to help respond to the pressures of

<sup>66</sup> Regulation on cost reimbursement and severance pay for civil servants and state employees (Official Gazette of RS 98/2007 – consolidated text, 84/2014 and 84/2015). Daily allowances were cut under the amended regulation on 6 October 2015.

<sup>67</sup> Gould-Williams J.S, et al. Civic Duty and Employee Outcomes: Do High Commitment Human Resource Practices and Work Overload Matter? *Public Administration* 92 (2014): 937-953, DOI: 10.1111/padm.12019. (17.12.2015)

<sup>68</sup> However, it has to be noted that high commitment human resource practices such as training would not be perceived by employees as overtime compensation unless their superiors told them so, and unless training itself improved so that employees could really see that it has helped their professional development.

overtime that were identified in the research are: better procedures for reporting overtime work, financial compensation paid as prescribed by law,<sup>69</sup> higher daily allowances for business trips abroad and in the country (e.g. for on-the-spot checks of the implementation of IPA) and more attractive staff training.<sup>70</sup>

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<sup>69</sup> According to Article 27 of the Law on Salaries of Civil Servants and Other Employees in State Administration (Official Gazette of RS 62/2006, 63/2006 - corr., 115/2006 - corr., 101/2007, 99/2010, 108/2013 and 99/2014), monetary compensation for overtime work can be granted only with the decision of the head of the authority explaining why the applicant cannot use hours off. Otherwise, compensation for overtime work is limited to hours off work and can be introduced for maximum 90 days in a calendar year.

<sup>70</sup> Some interviewees explained that the training provided by HRMS is not enough to motivate employees, eliminate the pressure of overtime work and thus compensate for the time and effort they have invested. While some participants propose that training should be more unconventional and better organised, e.g. so that all the trainees have the same knowledge and experience, others claim that training as such cannot serve as adequate compensation for overtime work.

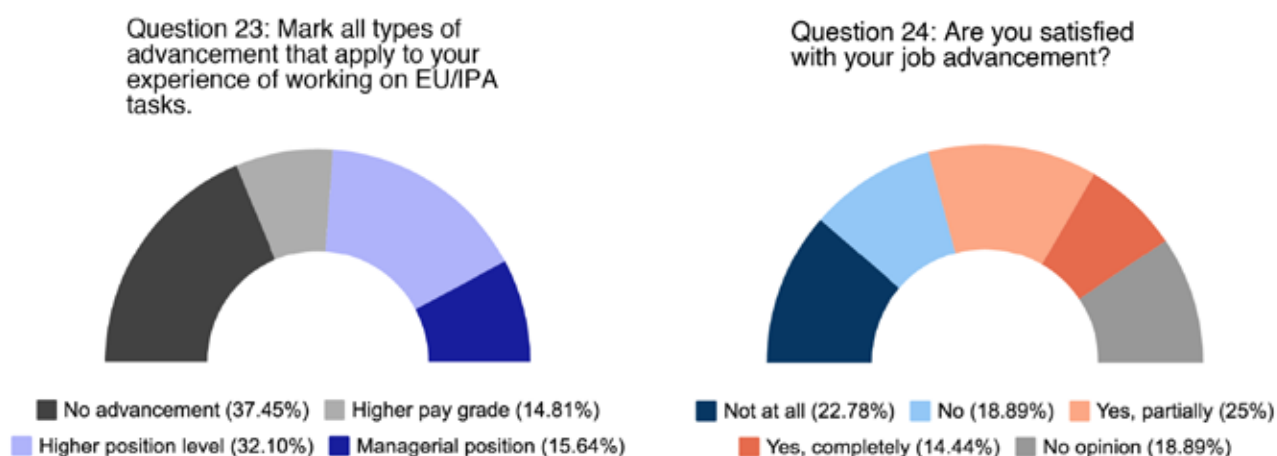


## 4 | Career advancement, rewards and professional development: Managers - “Our hands are tied”

When asked to rank motivating factors by importance, respondents ranked career advancement the third most important factor, recognition of good results fourth, and professional development the sixth most important factor. However, the question that followed indicated that these were also the main reasons for dissatisfaction among civil servants in EU/IPA-related jobs. After salary, which was ranked first, factors affecting work motivation most were ranked in the following order: (2) *The value of my work is not recognized and I am not rewarded according to my results*; (3) *There are no career advancement opportunities for me*; (4) *There are no opportunities for professional development or additional education for me*. The low ranking of factors that are very important to employees indicates serious deficiencies in key aspects of career development: career advancement, rewards and professional development. This chapter addresses the problems of all three aspects in detail, both from the perspective of managers and from the perspective of their subordinates.

### 4.1 Merit-based advancement?

After salary and a good working environment, most respondents see advancement opportunities as a key motivating factor at work. As regards career advancement since they became involved in European integration-related work, some 43% of respondents have not advanced their careers at all, just over 39% have gone one level up, just over 18% have been promoted to managerial positions, but only 17% have moved to a higher pay grade. Respondents were allowed to select more than one type of career advancement and their ratios are shown below.



## Hungary

*Due to high turnover in the public administration, performance-based benefits in the forms of monetary and non-monetary measures were introduced in Hungary. For example, civil servants who were responsible for EU funds would get a bonus that equalled two to six monthly salaries if absorption increased. Non-monetary compensation (e.g. travel, a car) was assigned by the manager to team members in a transparent manner: the manager would explain in front of the entire team who was going to be rewarded and why, while the others were allowed to give written objections, which would be dealt with in a meeting between the employee and the manager.*

### 4.1.1. Career advancement

When asked how satisfied they were with their career advancement, some 14.5% answered they were satisfied, 25% were somewhat satisfied, just under 19% were dissatisfied, and 23% were completely dissatisfied with their career advancement. Around 19% of respondents do not have an opinion on this, which corresponds to the number of respondents who have been in European integration-related jobs for up to one year (20%) and unlikely to have moved up the career ladder. Some respondents made the following comments in the optional comment box: inadequate advancement procedure demotivates them, they have been working under temporary service contracts longer than legally allowed, career advancement brings only nominal changes to their work experience.

Focus groups and interviews provide more insight into the nuanced issue of lacking merit-based advancement and rewards in more detail. Most participants in focus groups observed advancement in the context of personal development and learning rather than in the context of actual, formal advancement. The same applies to merit-based advancement. For example, a few participants said that they had a sense that they worked “for [their] own good” and that no one even “said

thank you” for their efforts. A participant in the focus group related that he had worked for a few years in the same authority, always under fixed-term contracts or temporary service contracts, never getting permanent employment, and the only thing he ever received from his superior was a bar of chocolate. The issues identified in the research indicate not only the poor quality of the career advancement system but also poor management skills. In addition to these issues, it should also be noted that a few of other focus group participants felt that they did advance as professionals while they were working as civil servants, however, this was a focus group that consisted only of people who had been senior servants before they left the civil service, so they can be regarded as exceptions to the rule to some extent.

As mentioned earlier, it transpired in the interviews that managers felt that “[their] hands were tied” and that the lack of career advancement was connected with the rigidity of the system and the fact that advancement opportunities were confined within the boundaries of the job systematization. Or, as one of the respondents explains, the current system does not allow deserving civil servants to advance at work, it “does not follow an employee as an individual but it follows the job systematization instead”. He adds that this system enables career advancement only if someone leaves their current public authority for another one where a higher-ranking position happens to be vacant. Although internal turnover, i.e. within the public administration, is not considered negative in the literature,<sup>71</sup> a problem arises if the career advancement system is so rigid that employees have to choose between leaving a team in which they fit in, the authority in which they perform well, or a superior from whom they can learn substantially, and advancing their career or receiving better pay. Both of these findings and the questionnaire show that advancement through pay grades does not happen often enough (it did for only around 17% of respondents) and making this type of advancement more flexible should be considered. In this context, an interviewee suggested that there should be more higher-ranking positions in the units where more demanding work was performed and, because of that, staff retention was considered more important. However, even if there was more room for career advancement, the question remains whether it would be merit-based and whether employees would feel that they were being rewarded for performing well.

<sup>71</sup> What is more, internal turnover is considered positive. For example, the European Commission promotes a policy of internal mobility based on allowing its staff to participate in life-long learning throughout their career, thus both maximising their potential and enjoying a stimulating working environment. See: European Commission, Human Resources and Security, 6 January 2012; [http://ec.europa.eu/dgs/human-resources/human\\_resources\\_en.htm](http://ec.europa.eu/dgs/human-resources/human_resources_en.htm). (3.8.2016)



#### 4.1.2 Performance appraisal

In the context of merit-based career advancement, performance appraisal becomes a primary method of measuring employees' work. In fact, performance appraisal is one of key factors in career advancement because, according to Article 88 of the Law on Civil Servants, a civil servant can be promoted only if he has received appropriate grades a specific number of times:

*A manager may promote a civil servant to a position directly above the one he holds if such a civil servant has been rated "particularly stands out" at least twice in a row or "stands out" four times in a row and provided there is a vacancy and the civil servant meets the conditions for it.<sup>72</sup>*

As explained in chapter two, managers are divided on this subject: some think that the appraisal system is inadequate, while the others believe that the system is good but its application is poor. However, they all agree that regardless of the cause of the problem, performance appraisal results do not stimulate people and do not create room for improvement when it comes to their performance, and that performance appraisals do not reflect the real quality of their work, which should be their purpose.<sup>73</sup> Interviews and focus groups reveal that "giving As to all" was a general practice because managers are aware the grades are not critical to someone's advancement. They say that the system is not applied properly at the moment and that they do not want their staff to feel that they are being underestimated in comparison with their colleagues in other units. Managers also believe that a proper application of performance appraisal would cause resentment within the team, especially in small units. Some of them see good grades as a concrete, indirect reward for overtime. As one manager explains, even when his staff underperform, he cannot take it into account when he is doing appraisals as he is aware that the amount of workload and the consequent overtime forces them to make priorities, so that quality will sometimes have to suffer, especially in the case of some less important tasks.

It should be pointed out that even if the system is considered good, a sudden transition to its proper implementation would lead to conflicts between managers and subordinates because the latter are used to getting high grades regardless of their performance and "C" is not perceived a good grade although the majority of staff should, statistically speaking, receive it (according to the rule of normal distribution). However, it is necessary to analytically approach the idea that numerical performance appraisal is an out-dated method of monitoring staff performance and that a new system should base advancement on some other, more constructive indicators. Research and the literature show a departure from the appraisal system in the private sector. For example, the latest research shows that a normal distribution of grades (the majority of employees get the average grade) is a demotivating and negative experience both for managers and for their subordinates.<sup>74</sup> In accordance with these findings, new practices, which are supposed to be more constructive and better for employees, are proposed in the private sector. Some of these new measures are: receiving feedback from peers, focusing on future work rather than on past results and giving qualitative feedback more often (once a month or four times a year).<sup>75</sup> Before engaging in a discussion on the potential application of these measures in the public administration, it is necessary to point out that comparative research indicates that departure from the performance appraisal system also has negative effects, usually in the form of dissatisfaction of those employees who used to get the highest grades.<sup>76</sup> However, considering that the lack of recognition of their work and merit-based rewards affects the motivation of 57% of respondents, and that 53.2% of respondents are demotivated by the lack of career advancement opportunities, the need to introduce measures to enable better performance appraisal (or to complement the current appraisal system and enable its better application) is evident. In addition, measures are needed to help enable faster and easier career advancement for quality staff and to make them feel that their engagement is appreciated and rewarded accordingly.

<sup>72</sup> The Law on Civil Servants, Official Gazette of RS 79/2005, 81/2005 - corr., 83/2005 - corr., 64/2007, 67/2007 - corr., 116/2008, 104/2009 and 99/2014.

<sup>73</sup> Article 82 of the Law on Civil Servants reads: "The aim of staff appraisal is to eliminate the deficiencies in their work, encourage them to achieve better results and to create conditions for making good decisions on career advancement and professional development." However, our research shows that the appraisal system meets only one of these objectives, and that one only to a limited extent.

<sup>74</sup> Ewenstein B, Hancock B and Komm A. Ahead of the curve: The future of performance management, *McKinsey Quarterly*, May 2016; <http://www.mckinsey.com/business-functions/organization/our-insights/ahead-of-the-curve-the-future-of-performance-management>. (17. 6. 2016)

<sup>75</sup> McGregor J. This big change was supposed to make performance reviews better. Could it be making them worse?, *The Washington Post*, 7 June, 2016; [https://www.washingtonpost.com/news/on-leadership/wp/2016/06/07/this-big-change-was-supposed-to-make-performance-reviews-better-could-it-be-making-them-worse/?wpisrc=nl\\_draw2&wppmm=1](https://www.washingtonpost.com/news/on-leadership/wp/2016/06/07/this-big-change-was-supposed-to-make-performance-reviews-better-could-it-be-making-them-worse/?wpisrc=nl_draw2&wppmm=1). (17.6.2016)

<sup>76</sup> Ibid.

However, one must bear in mind that the introduction of appropriate performance appraisal is also a challenge faced by EU Member States. For instance, a survey of 24 EU Member States, Norway and the European Commission showed that although performance appraisal is increasingly being used for rewards and staff promotion purposes, appraisal systems demand professionalization and improved application.<sup>77</sup> The reform of the appraisal system should therefore be comprehensive. It should draw from experience and good practice in the EU and use the analysis of contextual conditions in Serbia, because the results of the mentioned research show that more often than not the application of the appraisal and reward system is spread over a few years and often leads to distrust among colleagues. It is therefore important that all members of staff are informed about the application and consequences of the new appraisal system.<sup>78</sup> It should also be considered that appraisal for the sake of career advancement or rewards should not be its only objective and purpose. Appraisal should also create room for constructive criticism, help eliminate flaws in work and encourage people to achieve better results, as prescribed under Article 82 of the Law on Civil Servants.

## 4.2 Opportunities for professional development

In the context of professional development, only about 24% of respondents think that there are enough opportunities for professional development available for them to prevent this from representing a demotivating factor for them, and 15.14% say that although there are no opportunities for professional development for them, this affects their motivation only marginally. On the other hand, 61% of respondents say that the lack of opportunities for professional development and additional education has a negative impact on their work motivation. The literature shows that these results do not only affect employees' motivation and satisfaction but have a direct impact on their retention. For example, a report on OECD Member States indicates that the problem of retention of quality personnel in the public administration is best solved through reform of the human resource management system, namely by focusing on professional development, career planning, staff training and development of specific competencies, etc.<sup>79</sup>

In addition, the impact of professional development on motivation, job satisfaction and staff retention varies depending on the employee profile, which should also be taken into account. Research on staff retention in Europe, conducted by Alessia D'Amato and Regina Herzfeldt, shows that the importance of professional development differs across generations. Their findings reveal that opportunity for professional development is one of the main factors in retaining younger and better members of staff.<sup>80</sup> Another constructive example is the ReSPA research (2009) on the attractiveness of the public sector in the Western Balkan countries, which concludes that training, scholarships and additional education opportunities are an effective way of attracting and retaining a younger workforce.<sup>81</sup> The differences in motivation across generations are therefore an important factor that should be born in mind during discussions on professional training, and especially when devising measures to improve the quality and intensity of professional development.

However, although the research suggests that professional training is one of the main motivating factors for seeking employment in the public administration, the interviewees have identified a number of systemic challenges that currently affect the quality of professional development. The main challenge is finding time for professional development while working. Although managers stress that they are doing their best to send their staff to training as often as possible, they also add that the volume of work sometimes makes it impossible and that their employees are sometimes forced to drop out from training to go back to work. Some interviewees also think that the quality of training varies, and that some trainings have been useful, while others relatively useless. When discussing the courses organized by the HRMS, they observed that they are often attended by participants of disparate knowledge and level of experience, and trainers are forced to adjust the same training module partially to beginners and partially

<sup>77</sup> Demmke C. Performance Assessment in the Public Services of the EU Member States, European Institute of Public Administration Maastricht, June 2007; <http://publications.eipa.eu/en/details/&tid=1819>. (17.8.2016)

<sup>78</sup> Ibid, 97.

<sup>79</sup> Äijälä K. Public Sector – An Employer of Choice? Report on the Competitive Public Employer Project, OECD, Paris, 5-6 April, 2001.

<sup>80</sup> D'Amato A. and Herzfeldt R. Learning orientation, organizational commitment and talent retention across generations, *Journal of Managerial Psychology* 23.9 (2008): 946, DOI: 10.1108/02683940810904402.

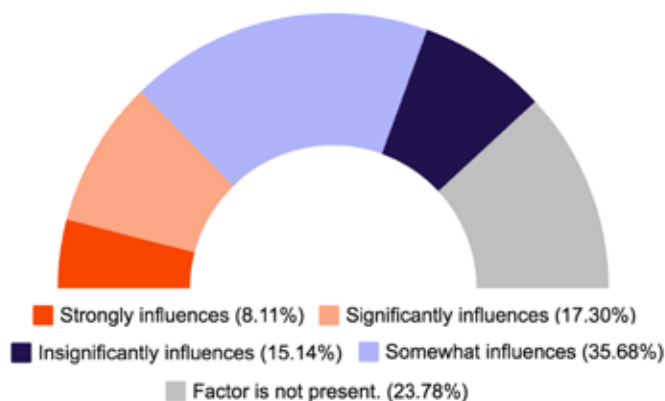
<sup>81</sup> ReSPA, Attractiveness of Civil Service in the Western Balkans, February 2009.



to experienced participants, which affects the attractiveness and motivational potential of the training. One of the interviewees explained that although he thought that training organized by the HRMS was “very good”, he was afraid that it was too conventional both in design and in implementation, which makes it less attractive and affects the absorption of knowledge. Several interviewees also mentioned

that training was sometimes based more on theory than on practical knowledge, which is why it does not have a direct effect on the development of competencies.

**Question 32(g): To what extent does the following negatively influence your work motivation: "I do not have opportunities for professional development or additional training."**



In addition to the HRMS courses, civil servants can train abroad. However, as one of the focus group participants explains, insufficient daily allowances made it impossible for him as a manager to send his members of staff to train abroad. Another interviewee adds that although there are opportunities for attending seminars abroad, his staff refuse to go because daily allowances are so low that attending a seminar abroad would be an additional expense for them.

In accordance with all of the above, our participants suggest the following solutions and measures: increase capacity in the HRM units to enable individual approach to professional development and monitor employees’ personal development more effectively, improve the organisation of HRMS courses, develop an unconventional approach to training and focus on practical skills, increase daily allowances, and assign mentors to new members of staff to improve and facilitate professional development. However, none of these measures could solve the multi-layered issue of professional training, career advancement and a merit-based reward system, which should be connected with successful professional development. Therefore, the problems and challenges identified in this research require a set of measures that are at least to some extent based on an individualized approach to staff.



## 5 | The art and importance of human resource management: “With all the limitations imposed by the legislative framework, there is room for creativity”

To prevent quality staff turnover, employees’ motivation and satisfaction are key factors that depend on whether a system is capable of providing suitable work conditions, but also whether managers are skilled enough to use employees’ potentials and skills, distribute work evenly, sustain a good working atmosphere, and recognize and remove individual shortcomings. However, bad conditions in salaries, systems of advancement, rewards and professional development that have been identified in previous chapters, lead to a situation where the burden of staff retention is primarily on the practices of individual managers, who often have to manoeuvre within a rigid system to sustain the quality of work on the one hand, and to retain the best staff on the other. This chapter is dedicated to various problems in human resource management that have been identified through the research and responses from managers, and to the importance of high-quality management for motivating and retaining staff. In addition, it is important to emphasize that this chapter deals with issues that are not specific to EU integration tasks but represent systemic problems seen from the perspective of staff working on these tasks.

The most common problem noted by staff is the lack of capacities in the examined units i.e. the fact that the number of employees is often not in line with the workload analyses performed. This problem is also one of the most complex ones, because it has been caused by the legislative framework and political changes in Serbia: as respondents explained, the first ‘target’ after every election is the public administration. Secondly, the managers themselves question the general level of knowledge and skills in human resource management at the managerial level, and the systemic limitations they face when trying to improve the way human resources are managed. In addition, this chapter deals with the induction process and the consequences of new employment for staff retention, and with external factors influencing the work of managers and employee motivation (e.g. the broader image of the public administration or the lack of political support).

### 5.1 Insufficient capacities of the examined units

Former and/or current managers who shared their experience in focus groups and interviews noticeably complained of the insufficient number of staff, which affects the amount of overtime, the quality of results, the stress level in a team and other factors. As already mentioned, managers often complain that the current number of employees is inappropriate to the workload analysis. A participant in a focus group was in the situation of constantly requesting new staff and going through the whole screening<sup>82</sup> process with an insufficient number of staff, and his requests were met with inappropriate responses such as ‘now is not the time’, ‘after the elections’ etc. He added that, even after the screening, his department was downsized with an explanation that it had to be done to increase the efficiency of work in public bodies, although that was not grounded in any functional analysis performed. This experience is not an exception: as respondents explained, reducing the number of employees on the basis of the Law on the Manner of Determining the Maximum Number of Employees in the Public Sector was not appropriately applied and did not consider the results of the workload analysis. Moreover, respondents claim that this was implemented in a linear way and had a disproportionate effect on smaller units, sectors and bodies.<sup>83</sup>

<sup>82</sup> In the framework of negotiations on Serbian membership in the EU, the screening represents an analytical overview and assessment of harmonisation of national legislation with the EU *acquis*.

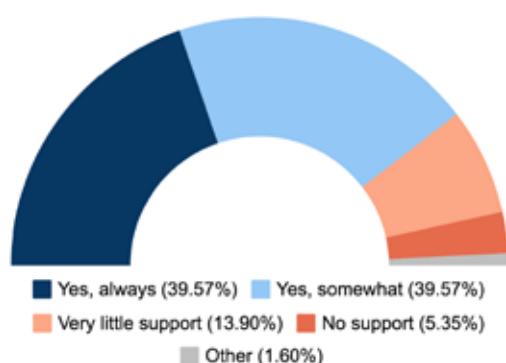
<sup>83</sup> Although Article 10 of the Law on the Manner of Determining the Maximum Number of Employees in the Public Sector (Official Gazette of RS, No. 68/2015) provides for an exemption from restrictions regarding contractual engagement of persons in connection with translation of the EU *acquis*, and persons for the implementation of projects financed from the EU funds or donations (in case the remuneration for their work is financed from donor sources), most of the interviewed managers claimed insufficient number of staff and opportunities for employing new persons in EU/IPA-related jobs.

In addition to insufficient capacities, managers emphasize a problematic employment process which they evaluate as too slow because, as one respondent noted, it often takes longer than 6 months, which prevents managers from planning a task allocation in the longer term. Hence, most managers with recent experience of employing new people note that they do so through ‘taking over’ staff from other bodies. This type of employment is governed by Article 49 of the Law on Civil Servants according to which during a recruitment process for a vacant executive job position the advantage is given to the transfer of a civil servant from the same state authority, and if the vacancy cannot be filled in that way, a manager implements the procedure for taking over a civil servant from another state authority.<sup>84</sup> Public competitions are allowed only after a vacancy has not been filled through a transfer on the basis of an agreement on transfer or through an internal competition. In that regard, a number of respondents complained of the lack of public competitions and their inability to employ new and good quality staff, and that they are too dependent on taking over civil servants from other authorities. As one respondent explained, although having a positive experience with staff transfers, relying too much on staff transfers from other authorities is a bad solution because, eventually, the lack of quality staff remains the same, it is only created in another place, i.e. in another state authority.

Insufficient capacities of the surveyed units and the lack of flexibility in the employment process are not only problematic for managers who cannot adequately plan their unit’s tasks and can hardly deal with staff outflow, but are also bad for the motivation and retention of current staff. As the problem of insufficient capacities is a continued occurrence in a number of surveyed units, this situation means that voluminous overtime is a constant source of pressure and discontent for certain staff. One respondent explained that due to this situation ‘there is a constant feeling of working in a crisis’, which creates a negative work atmosphere. Another respondent claims that such circumstances lead to a situation where managers have to do their subordinates’ work themselves because it all comes to a ‘state of sustainability’ until the circumstances are made where capacities are appropriate to the real volume of work and where the organisation of work is possible. In addition to insufficient capacities in the surveyed units and the set of problems caused by this for managers, staff and the general functioning of the units, another problematic aspect of HRM seen in this research are managerial skills and knowledge.

## 5.2 HRM skills

Question 28: Do you have the support you need from your supervisors?



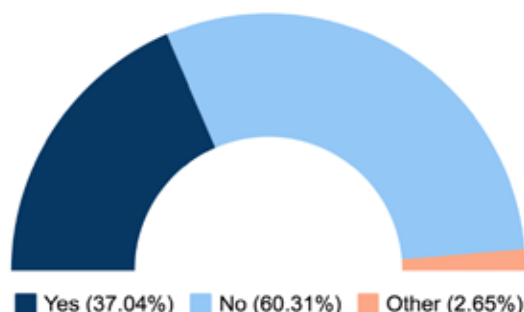
Although there is a set of problems that managers face in managing staff and that necessarily influence motivation, satisfaction and retention of employees, the results of the questionnaire show that employees are somewhat satisfied with the support and mentorship received from their superiors. For example, while 39.6% of respondents can always count on their superiors, the same percentage of respondents can count on such support to a certain extent, while 13.9% claim that they can count on their superiors rarely or to a small degree, and only 5.35% do not have the required support at all. However, although primarily positive, the result also shows variations in skills and styles of human resource management between managers in the surveyed units.

In interviews, respondents provided various explanations of their style of human resource management and continuous motivation of employees. For example, the approach of one interviewee entails focusing on the working atmosphere and cooperation within the team. He added that, in addition to this approach, he regularly consults his employees and provides them with help when needed. Actually, based on the interview, a connection between the style of staff management and the satisfaction of a manager with his/her employees was found: managers who say that they are generally satisfied with their staff are the

<sup>84</sup> The Law on Civil Servants, Official Gazette of RS, No. 79/2005, 81/2005 - corr., 83/2005 - corr., 64/2007, 67/2007 - corr., 116/2008, 104/2009 and 99/2014.

same managers who try to put a focus on teamwork and a good working atmosphere while trying to be available for their staff as much as possible. This management approach is recommended by research on the motivation of civil servants, because it is considered that the availability of managers positively influences the motivation of their staff and their commitment to work.<sup>85</sup>

**Question 18: Do you have the daily or almost daily opportunity to do what you are best at?**

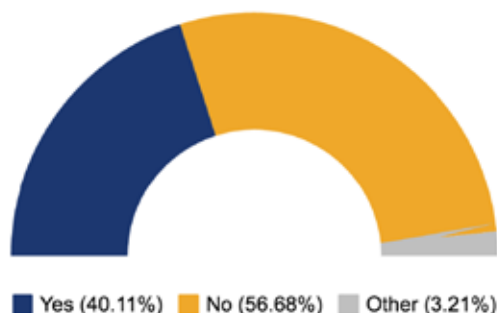


Additionally, one interviewee thinks that one of the common problems in human resource management in the public administration is the lack of an individualized approach to employees. In that context, another interviewee provided an example of working trips as a practice that can serve as a motivation or reward to some employees, while others can see it as a burden (e.g. for family reasons). As he further explains, a manager should 'be an attentive manager who listens to the needs of his/her staff' and who applies various motivational measures according to those observations. However, the results of the questionnaire potentially show that an

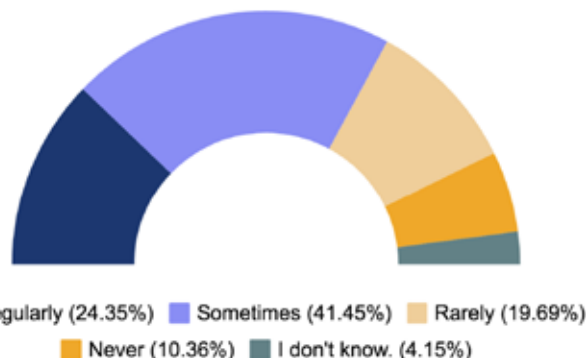
individualized approach to employees is mostly lacking. That can be best seen from responses to Question 18 that show that 60.32% of respondents do not have an opportunity to be engaged on tasks they perform best on a daily basis, although 50% of respondents identified the content of their work as one of the primary advantages of their current job. This response shows that there is an elementary lack of managerial skills for recognizing employees' knowledge, potentials and affinities. Research on human resource management shows that good management is a 'catalyst' for employees' productivity and motivation, allowing them to fulfil their potential and provide maximum contribution to an organisation.<sup>86</sup> One respondent was of the opinion that it was essential for managers to individually assess what tasks are the most appropriate for which employees because this is one of the key 'soft' methods available for staff motivation and retention.

Regarding formal skills acquired through education or additional training, a quarter of the interviewed managers did not attend HRM training, while one third did not mention training in the context of their managerial position. According to one respondent, in his case HRM depends on his own understanding and experience. Another respondent particularly emphasized a problematic fact that some managers did not attend any training, but also that a mere attendance of training does not solve the problem of bad management, and therefore a better system for recruiting suitable staff for managerial positions, i.e. a system recognizing good managers, should be introduced. However, a third respondent thinks that high quality managerial skills do not come naturally and managers should therefore attend training that will prepare them for the management of people, conflicts, criticism and other challenges that are always part of the HRM process.

**Question 26: Is workload equally distributed among colleagues in your unit?**



**Question 15: How often do you get praise from your supervisors for your work ?**



<sup>85</sup> See for example: Yair Re'em, *Motivating Public Sector Employees: An Application-Oriented Analysis of Possibilities and Practical Tools*, 31 July 2010, [https://www.hertie-school.org/fileadmin/images/Downloads/working\\_papers/60.pdf](https://www.hertie-school.org/fileadmin/images/Downloads/working_papers/60.pdf). (5.8.2016)

<sup>86</sup> Buckingham M. and Coffman C. *First, Break All the Rules*, New York: Simon & Schuster, 1999, p. 230

Regardless of the natural skills of a manager, the results of the questionnaire confirm the general need for the improvement of HRM skills, showing the discontent of employees even with elementary aspects of management such as an even distribution of tasks. 56.7% of respondents consider that tasks are not evenly distributed between their colleagues. Also, the findings show a lack of praise from managers, although research has established that they are aware of the stress level, overtime and quantity of personal investment that is required for work in these units, so they are generally satisfied with the work of their employees. In that regard, an interesting fact is that only 24.35% of respondents regularly receive praise from their superiors, while 41.45% receive it occasionally, 19.7% rarely and 10.36% stated that they have never received praise for their work. This is a key to assessing managerial skills since research shows that regular praise makes employees feel as if they perform the work where their skills, knowledge and potentials are appropriately used.<sup>87</sup> Also, it is important that praise is given 'publicly' i.e. in the presence of their colleagues, because this practice is thought to improve mutual support within a team.<sup>88</sup> Responses to the questionnaire show that public praise is at a low level in the surveyed units: only 28.65% of respondents claim to have received praise from their superior in front of colleagues in the last month.

However, in assessing managerial skills and the general level of HRM knowledge in the surveyed units, account must be taken of the rigidity of the HRM system (elaborated in the second chapter) and external factors influencing the motivation of public servants. Therefore, it is important to note obstacles caused by the system's inflexibility, the image of the public administration and the lack of political support that directly prevents managers from suitably managing their staff. In that regard, respondents noted the following obstacles:

- a) Managers do not have the possibility of dismissing workers that produce inadequate results or negatively influence the teamwork. Although this is provided for in Article 86 of the Law on Civil Servants it is hard to implement, in particular because the procedure depends on a badly implemented performance appraisal system.<sup>89</sup> Interviews have shown that managers want more flexibility in the HRM system to more closely imitate practices in the private sector that allow easier and higher-quality management. For example, one interviewee noted that he had to reach a mutual agreement on termination of an employment contract with a colleague who produced inadequate results, while another respondent provided the example of an uncomfortable relation with a civil servant who caused problematic situations that affected the work of other colleagues, and he as his superior did not have any mechanism to solve this problem. In addition, such an unpromising situation is even more alarming due to the fact that the unit in charge of HRM in the same state authority could not respond to the respondent's request for a solution because it did not have the required skills and capacities nor legal powers.
- b) Challenges of staff management are fully the burden of managers due to the fact that units formally holding this function are mostly focused on a 'mere paper administration' and do not have a development role in a committed monitoring of employees' work and their advancement. The previous example shows that these units do not have an adequate level of knowledge and skills to resolve challenges in HRM and to provide the required support to managers in difficult situations, while interviews and focus groups confirm a common agreement that the work of these units involves no more than formal and legal matters, such as salary calculations, decisions on annual leave etc.
- c) During interviews and focus groups, respondents often noted that the image of the public administration prevents them from suitably motivating their staff. One of the respondents said that every time a political change occurs, the public administration is "the first to be hit by public defamation". In this context, respondents also emphasized the lack of political support in their authorities, which is harmful for managers' motivation and negatively impacts workers' motivation. Focus group participants noted that the downgraded image of the public administration in the media and among the public influenced

<sup>87</sup> Buckingham and Coffman, 48.

<sup>88</sup> Ibid, 58.

<sup>89</sup> Pursuant to Article 130 of the Law on Civil Servants (Official Gazette of RS, No. 79/2005, 81/2005 - corr., 83/2005 - corr., 64/2007, 67/2007 - corr., 116/2008, 104/2009 and 99/2014), a manager shall give notice to a civil servant in the following cases: 1) if he or she refuses transfer or allocation in case his or her consent is not required or unjustifiably does not commence work on the job position to which he or she is transferred or allocated; 2) if he or she does not perform satisfactorily in the probation period; 3) if upon termination of reasons for the suspension of employment he or she does not commence work within 15 days; 4) if he or she does not pass the professional exam. However, pursuant to Article 86 of the same law, termination of employment is permitted if a civil servant receives the grade 'unsatisfactory' at an extraordinary grading.



their motivation at work, and thus the decision to leave the public administration because the work that they were proud of is downgraded by the political elite, media and the broader public. According to one respondent, at the end he did not want to work anymore at “a job I am embarrassed to say I do”.

This section shows two types of problem: the level of knowledge and skills in HRM, and the systemic limitations serving as obstacles even for the best managers in motivating and retaining staff. Contrary to these problematic aspects which were identified primarily through the questionnaire, the next section is focused on the problems of employee induction, starting from the assumption that a bad induction can lead to higher staff outflow in the longer term.

### 5.3 Induction of new staff

According to the findings of a piece of relevant research, socialization tactics for new employees are the key to developing staff retention strategies.<sup>90</sup> As claimed by Hatmaker, Park and Rethemeyer:

*Organizational socialization is the process through which new employees acquire the necessary knowledge, behaviour and values to become integrated members of a team. During socialization, new employees acquire skills required by a job and become acclimatized to an organizational structure, their colleagues and their work. It is the process through which an organisation tries to implant certain values, standards and culture into new members.*<sup>91</sup>

The authors claim that when managers in a public administration and the public sector in general have skills for adequately implementing organizational socialization, this has a positive influence not only on the induction of new employees but also the level of work quality, motivation and staff retention. However, in addition to managerial skills, it is important for managers to have enough time to commit themselves to new employees and implement socialization tactics. In accordance with such important factors, focus groups and interviews lead to significant observations.

For example, regarding employee induction, research shows a general lack of systemic approach, although looking at the IPA system separately, an induction procedure exists. While some respondents claim that there is a procedure that is being followed, others explain that due to the lack of a procedure they have their own methods of induction, most often emphasizing the practice of appointing a mentor, i.e. a more experienced colleague, who will be more committed to the new employee. Finally, not all managers succeeded in explaining whether their department had a prescribed induction procedure, which might point to the fact that even if a procedure exists it is not implemented.

Also, a certain number of managers noted that there is often not enough time to commit to new team members and their induction. However, despite all this, some respondents try to conduct motivational interviews with new employees and to be available for any questions, doubts and complaints as much as possible. One of them performs an ‘informational-motivational meeting’ with every new employee at the beginning to introduce them to their work in the best way possible and explain what is expected from them. As there is not enough time for new employees to be quickly and well introduced to work, respondents explain that employees are often provided with reading material and that in the first 6 months they can be practically ‘useless’ due to an inadequate induction. On the other hand, due to a unit’s lack of time and generally insufficient capacities for gradual induction, in some cases new employees are immediately made responsible for more demanding tasks and they learn as they go. All in all, these findings show systemic shortcomings and the need for better induction training, formal mentorship programmes that take into account the importance of tactics for organizational socialization, and training for managers in applying these tactics and performing the best induction to use the knowledge and potentials of new employees as quickly as possible for the needs of the unit they work in. A positive fact is that almost 72% of employees working up to a year on the surveyed tasks claim that they can always count on the support of their superiors, which shows that managers are aware of the need to commit themselves to new employees. However, it was statistically proven that employees working longer than a year have significantly less support: e.g. only 42% of those working from one to up to three years have the required support from their superiors.

<sup>90</sup> Deneen M. Hatmaker, Hyun Hee Park, and R. Karl Rethemeyer, Learning the Ropes: Communities of Practice and Social Networks in the Public Sector, *International Public Management Journal* 14.4 (2011): 395-419, DOI: 10.1080/10967494.2011.656051. (28.7.2016)

<sup>91</sup> Ibid, p. 396-397.

Considering the problems defined in this chapter regarding insufficient capacities in the surveyed units, the impact that constant overtime work has on staff satisfaction and retention, the insufficient level of skills in human resource management and problems following new employment, the managers interviewed recommended:

- i. an accelerated employment procedure; less reliance on staff transfers from state authorities; more opportunities for public competitions; adaptation of the systematization to the workload analysis performed;
- ii. better and more frequent training focused on HRM skills; more flexibility for managers in HRM; focus on applying an individualized approach to HRM;
- iii. strengthening the capacities of units in charge of HRM which would be an additional instrument of quality management;
- iv. developing induction training that would efficiently and quickly introduce new employees to the requirements of their job; introduction and implementation of tactics for organizational socialization of new employees; training for managers on the importance of the organizational socialization for the induction of new employees and their suitable integration into the unit, and retention in the longer term.

However, in addition to these recommendations, it must be noted that the problem of the public administration's image and its negative impact on the motivation of employees, and the lack of political support that creates obstacles for staff management, motivation and retention, are not problems that can be solved by a set of measures, but require long-term work on the improvement of the image of the public administration that the broader public would fully trust. Positive progress was made through a programme of the government elected on 11 August 2016 that envisages professionalization of employees in the public administration, investment in the knowledge and skills of managers, and the introduction of new methods for human resource management.<sup>92</sup>

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<sup>92</sup> Presentation of the Government's programme by the Prime Minister candidate, Aleksandar Vucic, p. 50.

## 6 | Overall (dis)content and potential staff outflow: “We are losing the enthusiasts”

As explained in the introductory chapter, considering there is a lack of centralized and reliable administrative data on staff turnover which covers all EU/IPA jobs, as well as that the process of data collection for this research created considerable doubts regarding the accuracy and dependability of the completed turnover forms, this study had to include anecdotal evidence on staff turnover obtained through the interviews. It is therefore important to emphasize that although the largest identified turnover in a surveyed unit was 33%, while in most of the others it was 0-15%, the qualitative results represent a somewhat different picture of human resource management. From 16 interviews conducted with managers, 11 managers noted the problem of staff turnover and lack of quality staff, while the remaining five face only a problem of insufficient staff quality. However, the outflow problem which often causes the lack of human resources is not just some current obstacle for managers, but also a symptom of the much greater lack of a staff retention policy. In that regard, analysis of the results obtained through the questionnaire, focus groups and interviews allows us to reflect on potential outflow in the following period, in addition to the current staff outflow and its impact on the work of the surveyed units and general staff discontent.

Potential staff outflow is an important subject because the results of the questionnaire show that a critical percentage of employees seriously consider leaving their jobs. For example, 50.3% of respondents believe it is very likely or possible that they will willingly leave their current job within the next 12 months. However, data obtained through the questionnaire were somewhat contradictory because 72.7% of respondents claimed that

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

they were very or partially satisfied with their job. Although these contradictions are usual when a questionnaire is used and are treated in literature as accepted response bias,<sup>93</sup> they hinder accurate analysis of respondents' intentions about leaving their current jobs. Therefore, to consider the problem of potential outflow seriously, this chapter will, primarily on the basis of the problematic aspects of HRM identified and analysed in previous chapters, provide a review of the context of the current outflow, taking into account its consequences but also a space and

the possibility of introducing a staff retention policy that would be able to adequately resolve the threat of potential outflow. With such an approach, the quantitative analysis will be deepened and supported by qualitative data, and will enable more accurate assessment of the seriousness of the current and potential situation regarding HRM and staff outflow from the surveyed units.

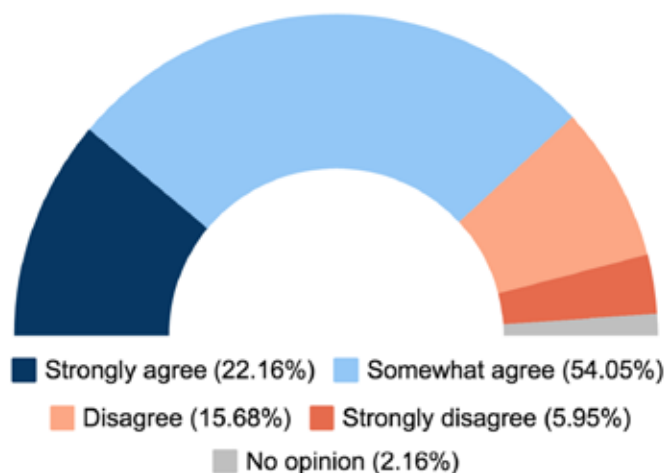
### 6.1 Context of the current outflow and staff (dis)content

As previously mentioned, this study sees staff outflow as a symptom of staff discontent caused by inappropriate working conditions and a lack of staff retention policies or measures. In that context, findings from the previous chapter are significant because they pointed out a set of problems that cause discontent among employees in the surveyed units: insufficient salary, lack of compensation for overtime, lack of instruments for rewarding job performance, rigid system of advancement, insufficient opportunities for professional development, lack of flexibility in HRM, insufficient level of managerial skills and knowledge for suitably managing human resources.

<sup>93</sup> Ana Villar, Response bias, *Encyclopedia of Survey Research Methods*, ed. Paul J. Lavrakas, Thousand Oaks: SAGE Publications Ltd, 2008.

However, even with these demotivating factors, respondents are satisfied with certain aspects of their jobs. For example, to the question whether they agree that work on European integration tasks provided them with great professional and personal growth, 76.2% of respondents agreed partially or fully, while 21.6% did not agree. This result is primarily positive because it helps to understand the high percentage of employees satisfied with their job, but also because it shows that a job in the public administration, i.e. in the surveyed units, can offer room for development. However, it is questionable whether that is enough for retaining high quality staff.<sup>94</sup>

**Question 20: To what extent do you agree with the following statement: "This job has offered me great professional and personal advancement."**



In addition, respondents are satisfied with the content of their work and the values and objectives which are an inseparable part of European integration tasks. One of the respondents explained that he performs a job that he loves and 'that makes sense, because it leads towards the EU, which is the only meaningful perspective for Serbia'. Even if it can be shown that satisfaction with these aspects of work is less important, e.g. compared to salaries and financial conditions, it still speaks of staff motivation and the will to participate in the European integration process. Therefore, it is important to go back to data showing that, of 189 respondents who answered Question 7 regarding previous work experience, 93 had previously worked in the private sector. This data shows that despite current working conditions in the public administration, it has a potential to attract staff from parts of the private sector. Unfortunately, considering the results of the questionnaire on the intention of employees to leave their current jobs, and the frustration of interviewed managers caused by staff outflow, it is obvious that even though the public administration can attract new employees, it cannot retain them due to the lack of retention measures that currently include *ad hoc* and informal solutions.

## 6.2 Consequences of staff outflow

The current system does not enable managers to prevent the current outflow. As one of the respondents explained, there are no conditions and instruments for negotiation, i.e. if an employee wants to leave, the manager has nothing to offer. It is therefore important to consider the consequences of the current staff outflow. The first consequence pointed out by respondents is the cost of staff outflow,<sup>95</sup> characterized by

<sup>94</sup> Interviews and focus groups showed that professional and personal development depends on the nature of work and its requirements regarding education, skills and continuous learning. On the other hand, research shows that professional development of individual employees is not handled by units in charge of HRM, while managers often do not have the skills or time to commit to employees in this way.

<sup>95</sup> The private sector considers the departure of an employee and the employment and training of a new employee as a cost of the amount of at least two regular salaries of the employee that had left. See for example: How to Reduce Employee Turnover, <http://guides.wsj.com/management/recruiting-hiring-and-firing/how-to-reduce-employee-turnover/>. (16.7.2016)

one of the respondents in a focus group as a 'luxury' that the public administration cannot afford. The respondent explained that the cost of a person leaving varies, depending on the quality of the person as a worker, but also whether that person has worked for a long time, whether he/she attended training and how much was invested in them, etc. Another respondent pointed out: "There is a saying 'long absent, soon forgotten' but the truth is that it is much harder to forget some people". As he explained further, some of the employees that had left his unit had so much quality that he thinks that the public administration will not soon have a new opportunity to employ someone with so much expertise and interest in the work. Respondents added that the cost of leaving also includes the cost of induction, i.e. the work slows when a person leaves and a new employee needs to be introduced to the work of the unit. There is also overtime involved for the remaining staff in the unit who have to introduce the new employee to the work, but also must do the work of the absent colleague during this transition. In this context, one of the respondents noted that the whole process of turnover is costly for the public administration regarding time and energy and not only financially, and it is hence 'cheaper to find a mechanism for staff retention'. This argument was confirmed by research in both private and public sectors, because in both sectors it was shown that it is more viable to invest resources in retaining old staff than in employing new.<sup>96</sup>

Further, respondents noted a problem with the continuity of the surveyed tasks that is significantly obstructed with the leave of trained and quality staff. In addition to the continuity of work, there are two additional problems: disruption of the unit's management and loss of institutional memory. Firstly, as one respondent explained, frequent changes in staff do not influence only the lack of continuity but human resource management also. This problem was pointed out by a number of respondents, who think that the departure of employees that were integrated into their units and teams additionally demotivates remaining colleagues and in that way hinders HRM in a unit faced with staff outflow.

During interviews, institutional memory was noted as one of the aspects in the work of the surveyed units, and the public administration as a whole, that is the most affected by staff outflow. As a manager from a unit explained, although (in IPA units) there is a prescribed interview between an employee leaving and a new employee and a process of documentation handover, the respondent remembers only one person who respected the procedure and made a 'perfect job handover'. On the other hand, this respondent claims that the situation where a person leaves and the new employee is faced with case files without a handover procedure is more frequent. This was also confirmed in other interviews, where it is apparent that the staff outflow is so detrimental that institutional memory is almost completely gone and that everything has to start over from the beginning. However, respondents make a difference between the IPA system and other units, because they claim that there are clear procedures for job handover, while they could not say the same for the rest of European integration tasks and the broader public administration system. Institutional memory and its significance for the continuity of work in units, sectors and authorities as a whole should be one of the main arguments for developing a staff retention policy, because the loss of a person in whom investment has been made represents at the same time a weakening of the institution. The issue of staff outflow and the importance of an employee leaving was commented by one respondent with 'when you pull out a screw from a mechanism, the mechanism loses its dynamics.'

### 6.3 EU/IPA staff - "a system within a system"?

In the context of the current and potential staff outflow and considerations about possible solutions through a staff retention policy, the possibility of a special policy for units dealing with European integration (or at least units dealing with funds) presented itself as a crucial dilemma during the interviews. The reason for this is that respondents described the work in these units and people employed in them as different than the rest of the public administration, and they use those differences to claim that staff outflow is greater in the surveyed units than in the rest of the public administration. For example, participants in focus groups noted that the type of people working in these units is such that they are mostly younger, more ambitious, more educated and more mobile. In that context, one respondent claims that units dealing with European integration tasks are actually demotivated by the fact that they have more knowledge and skills than employees on certain tasks within the public administration, but hold the same titles and are paid the same. The respondent added that in addition to different competences,

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<sup>96</sup> See for example: Patricia K. Zingheim and Jay R. Schuster, Workforce Retention, Pay and Rewards Practices in Tough Market Cities: Implications for Public-Sector Organizations, *WorldatWork Journal* 17.4 (2008): 16-27.



employees in these units are special because their work is more responsible and comes with greater consequences and, as he said, 'it is not a classical job in ministries'. Respondents who share this opinion advocate special staff retention measures for the surveyed units. One of them thinks that the surveyed units require special treatment because 'we have to ensure continuity in the system'. Another claims that if we look at things from the perspective of the contribution of these units to the state, more flexibility should be allowed for these units and their managers. Another one thinks that, although in principle it is not correct to separate European integration tasks, their non-separation from the common system is risky and a special policy should be developed as soon as possible, at least for units dealing with IPA funds. In this context, respondents mostly talk about multi-million sums in EU projects, whose absorption is ensured by them, but also about a broader context of the progress in the EU accession process as one of the most important strategic goals of the state.

However, while differences between the surveyed units and the rest of the public administration were emphasized by six interviewed respondents, three were undoubtedly against any separation of these units from the whole public administration system. The rest of the interviewees saw both strengths and weaknesses of such a policy and therefore chose to remain neutral. For example, the biggest problem of separating units dealing with European integration tasks from the regimen and the rest of the public administration, which was emphasized by the majority of respondents, is the fact that it would be very difficult to identify 'everyone included in the European integration process' (with the exception of tasks in the IPA system, which are clearly defined and recognized). In that context, respondents claim that European integration tasks require cooperation with other departments in the same ministry and that it would not be possible to sufficiently separate units which perform European integration tasks from those which do not. One of the respondents claims that it is more than necessary to exchange arguments on this subject, since a great number of people in the public administration would not like differentiation between these units and the rest of the public administration. In that regard, respondents claim that there is already a problem with the functioning of these units in the public administration because they were established as a 'parallel system' and are negatively seen by other units and departments.

For that reason, several respondents noted that there is a need for a greater level of integration of the surveyed units into the framework of the authorities to which they belong. In particular, they point out units dealing with IPA funds which they have called 'a system within a system', 'self-proclaimed elite', 'subculture' or even 'sect' and therefore consider that special measures for staff retention for IPA units would provoke even more negative perception of these units and their cooperation with other units and departments. However, even if the focus is not only on IPA units, but all units dealing with European integration tasks, one of the respondents claims that it is certainly necessary to involve as many people as possible from other units and departments who indirectly contribute to the European integration process to make this process a common goal for all state authorities. In addition to respondents advocating separation of the surveyed units and those who consider such action negative, the most telling view on this subject was given by managers who could not provide a definite opinion on this subject.

According to one respondent, separation of these units from the public administration system regarding a staff retention policy is 'a double-edged sword'. On one hand the respondent thinks that tasks within his unit are very specific in comparison with tasks in the rest of the public administration since they relate to new processes requiring enthusiasm, additional effort, a higher level of education, not just the knowledge of languages but also knowledge of comparative systems, international and EU law etc. On the other hand, special treatment of these units regarding a special award system could, as he claims, lead to a degraded integrity through the creation of spheres of interest connected with those tasks. Another respondent had a similarly divided opinion: although he thinks that his current job takes a toll on him, both physically and mentally, and that it is not a characteristic job in the common public administration system, he also claims that it is impossible to separate units dealing with IPA funds from the rest of the public administration. Respondents added that such a measure, even if it enabled better functioning of these units in their sphere of work, would actually have a negative impact on cooperation with other departments which already have a bad perception of the surveyed units.

Finally, the only aspect that everyone agrees upon, regardless of whether they advocate for a special staff retention policy for the surveyed units is that there should be a difference in pay grades and awards in relation to job requirements, and the quality of job performance. In other words, respondents think that the current system does not allow variations in salaries according to the type and complexity of work and its results, although there are formal provisions in the system that should allow that. For example, according to the Law on Salaries of Civil Servants and Other Employees in State Administration,

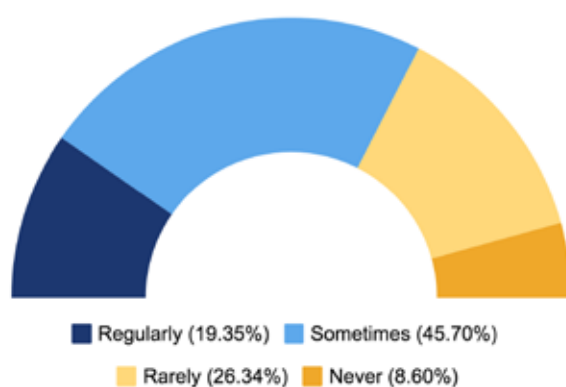


advancement through pay grades depends on the assessment of a civil servant.<sup>97</sup> Also, according to the same law, managers in operational positions are automatically assigned to a higher pay grade in comparison to an operative with the same title who is not a manager. Finally, pay grades depend directly on the title of a civil servant, which on the other hand depends on the complexity and responsibility of the job. A number of shortcomings in the implementation of this system, and the nonexistence of a competency system (which was particularly emphasized as a problem in the workshop for decision-makers),<sup>98</sup> create discontent for both employees and managers, because they hinder the essential differentiation depending on the type of work (or function) that a civil servant performs, and relevant skills and knowledge required for the performance of such jobs. In this context, one of the respondents claims that exactly such a systemic equalization of people that cannot be changed with the current system of assessment is the main challenge for managers in motivating and retaining their employees.

## 6.4 Potential staff outflow and room for introducing a retention policy

As already mentioned, an analysis of the current and possible staff outflow and the related consequences represents a challenge because gathered data always come with a certain level of contradiction. However, inferential statistics show that there is an interdependence between several key variables. For example, while the volume of overtime does not influence whether an employee will voluntarily leave his/her job in the following year, statistics show that employees who do not get praise for their work are more prone to leave their job. This is a significant fact that speaks of the importance of managerial skills and the need for better HRM instruments and more frequent quality training for managers. As one respondent explained, she thinks that the public administration does not have 'leaders' but bosses who are attached to positions instead to the essence of their work and their subordinates. The respondent added that this produces a system of 'negative control' through orders and lack of praise from managers. Similar problems of insufficient managerial training for appropriate HR management were emphasized by a third of the interviewed managers. Hence, the statistical importance of managerial skill for retaining staff and the impact of an inappropriate HRM on outflow are irrefutable.

Question 29: How often do you search for other job opportunities?



Also, questionnaire results show that managers and executives are just as prone to leaving their job, i.e. that the likelihood of leaving a job does not depend on what position an employee holds. It is important to emphasize that around 19% of respondents regularly seek other employment opportunities, around 46% do this from time to time, around 26% do it rarely and only 9% never.<sup>99</sup> These results are even more important when we take into account the fact that over 50% of respondents claimed that they had received a job offer outside the public administration in the last year, because it shows the staff mobility indicated by the results of

conducted interviews and focus groups. Therefore, it could be said that the *status quo* regarding the non-existence of a staff retention policy in the following year could produce an outflow of 18% to 50% of staff. However, it is important to emphasize that research within this study was time-limited and that there is no practice that would allow a sustainable monitoring of the discontentment of staff holding these positions and therefore the possibility of predicting changes in staff turnover. For these reasons, administrative data on employees' advancement, internal turnover and staff outflow must be gathered.

<sup>97</sup> The Law on Salaries of Civil Servants and Other Employees in State Administration (Official Gazette of RS, No. 62/2006, 606 - corr., 115/2006 - corr., 101/2007, 99/2010, 108/2013 and 99/2014).

<sup>98</sup> Workshop for decision-makers was organised and implemented by CEP research team in Belgrade on 8 July 2016.

<sup>99</sup> The questionnaire showed that 17.84% of respondents believe it is highly likely that they are going to leave their job willingly in the next year, while 32.43% believed that this is possible (Question 29, the questionnaire implemented by CEP research team with the support of the Serbian European Integration Office, Belgrade, April 2016). These responses were used as an indicator of a possible outflow of 18-50% in the next 12 months.

52.5% of respondents have received a job offer outside the public administration in the past year.

However, in addition to these data, a practice of exit interviews would allow for more detailed insight into the reasons for staff outflow. As one respondent explained, although exit interviews are not formal practice, she as a manager and her colleagues in similar positions perform informal discussions with leaving employees. Although this is an *ad hoc* solution useful for individual managers, it does not allow monitoring of discontentment factors on the level of the whole public administration or in specific jobs. So, in addition to the formal

establishment of a practice for exit interviews, it is necessary to establish centralized gathering of these data because that would allow not only insight into the reasons for leaving, but also an evaluation of retention measures in the future, after the establishment of a staff retention policy.

While alarming data obtained through the questionnaire shows that, due to a potentially high staff outflow, drafting of a staff retention policy should start as soon as possible, the whole research showed that it is most important to establish mechanisms for better HRM, in particular regarding managerial skills and instruments that are available to managers for staff motivation. However, for sustainable staff retention, all sources of demotivation and discontent identified by the research should be covered, but in the long run staff retention measures should be developed since the burden of HRM should not fall only on individual (line) managers. For example, research shows that the role of units performing an HRM function has been downgraded to procedural, legal and accounting tasks, while the managers interviewed pointed out the need for HRM support in their units, including career development and staff retention. Also, the lack of centralized data on staff turnover, a problem pointed out by decision-makers at the workshop, shows that better considerations of (dis)content and potential staff outflow require the gathering of reliable administrative data on staff outflow at the level of the whole public administration and mandatory implementation of exit interviews that would allow continuous insight into trends of staff motivation and their reasons for leaving the public administration.<sup>100</sup>

<sup>100</sup> The lack of exit interviews was identified as a general problem in the public sector. See for example: Barrett K. and Greene R. Exit Interviews: Increasingly Important but Often Forgotten, *Governing*, August 2015, <http://www.governing.com/columns/smart-mgmt/gov-exit-interview.html>. (28.7.2016)

## 7 | Options for establishing a staff retention policy: how to combine promptness with a systemic approach?

### 7.1 Conditions for defining an intelligent staff retention policy

This chapter considers the options for creating and implementing a staff retention policy in the public administration. More accurately, it is focused on EU/IPA units i.e. employees in these units performing jobs related to the EU integration process, including the management of EU and other development funds (EU/IPA-related jobs). It is important to say that a staff retention policy, whatever form it takes, should not automatically apply to all employees in an institution or unit in charge of these tasks, but only to those who perform these tasks. This means that employees in institutions and units in charge of EU/IPA-related jobs (e.g. SEIO or departments for EU/IPA-related jobs in ministries) who perform other and/or common/generic tasks (e.g. common/legal or secretary tasks) or tasks that are internally classified in the same department or another internal unit but are not directly connected to European integration (e.g. common tasks of international cooperation in ministries) should not be covered by this staff retention policy. This also means that some civil servants who substantially contribute to European integration tasks and IPA project management should also be covered by such policy, although they are not employed in those units (one such example are members of negotiating groups and sector working groups for programming of development assistance who are employed in line departments and units).

It is extremely important that the range of employees subject to retention measures is precise and based on objective criteria. Otherwise, a staff retention policy would be arbitrary, and it would also cover employees for whom that would be unjustifiable and unfounded, while some employees would be excluded. Such a policy could have a negative impact on the broader functioning of the public administration and cooperation between various departments and units. The results of the questionnaire show that some prejudices about units in charge of EU/IPA-related jobs already exist.<sup>101</sup> Some member states (e.g. Croatia) faced the problem of a negative atmosphere caused by a staff retention policy that was based on a superficial division of employees by unit and not the tasks they actually perform. Therefore, if a policy definition, in addition to the complexity criterion (which is already recognized in methodologies for job classification), does not include a job type criterion (subject areas), the whole argumentation for introducing such a policy would lose its meaning, and the policy itself would remain open for criticism and would be easily rejected.

It is extremely important that every decision on the separation of a certain employee group/ category from the common regimen be based on strong arguments and analysis that justify the need for special measures. Otherwise, we would soon have a situation where everyone is 'special', and the common system would be stripped of any meaning. A staff retention policy and the actual measures should relate to the smallest possible group of employees faced with special market pressures, where there is an expectation of a substantial outflow of staff that cannot easily be replaced. As already mentioned, tasks performed in EU/IPA units require extensive knowledge of a broad range of EU policies, accession and the negotiation processes, specific rules and requirements for programming and implementing EU funds etc. Employees in IPA units go through special, time-consuming and expensive training so units in which they are employed can be accredited in the framework of the decentralized/indirect management system.

It is important to point out that none of the options and measures for staff retention can fully solve the problem of staff outflow from the public administration. As mentioned in previous analytical chapters, a

<sup>101</sup> One respondent pointed out that his discontent at work primarily comes from the fact that his colleagues from the same authority think that employees on EU tasks receive significantly higher pay.

certain level of staff outflow is inevitable and must be accepted in every system. Moreover, a certain level of staff turnover is even considered desirable, since this is how staff renewal and refreshed knowledge and skills are obtained.<sup>102</sup> According to one of the interviewed experts from EU member states, a staff turnover rate of more than 10% is expected in administrations of Eastern European countries due to frequent political changes, although experts consider a 10% rate generally desirable, provided that the outflow is not among the best employees in higher functions in an organisation.<sup>103</sup> This is why it is extremely important that a staff retention policy includes policies on attraction, professional selection and development of new high quality staff, and good and robust procedures for induction, training, mentorship and job handover (such as those developed in the IPA system) to avoid the creation of new challenges and loss in work continuity due to staff outflow.

Also, it is very important to set realistic goals for a staff retention policy. This policy cannot solve every HRM problem in the public administration and in the category of employees concerned. For example, although a number of respondents noted the problem of EU/IPA units being 'a system within a system' and that employees in other units often do not understand them appropriately, a staff retention policy cannot solve these issues. A policy could mitigate them to some extent if it duly communicates arguments, needs, and benefits for the country in case the policy is implemented, and potential losses if it is not, and if its elaboration and implementation are based on precise and transparent criteria. Otherwise, a staff retention policy can significantly worsen the existing perception of the unjust separation of these units, as mentioned by some of the interviewed representatives.

## 7.2 Options for a staff retention policy

### Option 0: A staff policy without staff retention elements (status quo)

This option would be the continuation of the existing HRM practice in the public administration of Serbia, where the need for quality staff, including staff in EU/IPA structures and units, is not recognized and there are no developed mechanisms for their retention. Therefore, this option does not provide for any desired changes in the existing HRM practice nor a shift towards systemic approach to staff retention.

The continuation of the existing practice means that managers who are aware of the need to retain quality staff in the public administration would continue to use the limited *ad hoc* mechanisms at their disposal, mechanisms one respondent called 'flexibility outside of procedures'. As analysed in previous chapters, those mechanisms usually include:

- Rewarding people through seminars and study trips and/or other types of professional development;
- Maintaining a productive work atmosphere, taking care of the quality of human interrelations and fostering team spirit i.e. problem resolution within a team; maintaining a close relationship with employees; maintaining a sense of integrity in employees and recognizing the importance of each individual's work;
- Giving the highest grades to a majority of employees in order to create conditions for their advancement (which can be counterproductive for the motivation of the best employees whose job performance is thus equalized with the performance of the remaining staff);
- Creating and maintaining a sense of contribution to higher goals;
- Allowing somewhat more flexible working hours for employees who are under the heaviest workload;
- Approving sick days without going through a sick leave procedure;
- Attending to employees' written results and providing feedback.

<sup>102</sup> See for example: Hicklin A. Employee Turnover and Organizational Performance: Testing a Hypothesis from Classical Public Administration, *Journal of Public Administration Research and Theory* 18.4 (2008): 573-590, DOI: 10.1093/jopart/mum028. (16.8.2016)

<sup>103</sup> See for example: Smith B. and Rutigliano T. The Truth About Turnover, *Gallup Business Journal*, 4 February 2002, <http://www.gallup.com/businessjournal/316/truth-about-turnover.aspx>. (17.6.2016)

At the same time, this option implies a continued situation where there is no consent on or mutual understanding between EU/IPA experts and decision-makers regarding financial, human resource, professional and institutional benefits of the introduction of a staff retention policy in the public administration system. Therefore, the continuation of the *status quo* would lead to a higher staff outflow and greater consequences, leaving the burden of staff retention and motivation on individual managers.

Strengths	Weaknesses
No separation within the civil service system	The problem of staff outflow is not resolved and further decrease in employees' motivation is not prevented.
No additional costs for the budget	Further decrease in the absorption of IPA funds can be expected.
	Problems and 'holes' in the coordination system of European integration tasks can be expected (in particular if the negotiation process intensifies).
	After the Republic of Serbia's accession to the EU, we can expect a low absorption of the substantial funds from EU Structural and Investment Funds (ESI funds) which would be used for financing most of public investments in the Republic of Serbia.

### Option 1: A special staff retention policy for EU/IPA employees

This option entails a quick design of a staff retention policy exclusively for staff working in EU/IPA-related jobs. In this case, solutions for this option would not be sought in amendments of regulations governing common HRM policy in the public administration (in particular, the Law on Civil Servants and the Law on Salaries). Instead, those solutions would need to rely on special regulations (or a unique special regulation) that would define specialized staff retention measures for those units, with a robust reasoning for such a separation of a narrow circle of employees from the rest of the civil service system. Additionally, such a regulation would provide clear job descriptions and requirements for job candidates in these units.

The measures that such a staff retention policy could contain can be developed in various ways to combine financial incentives (a special allowance or regimen for determining pay grades) with certain high commitment human resource practices, such as special training, scholarships for internship and study in Serbia or abroad and possibly a special advancement system. In order to allow exceptions from the common civil service system, some of these measures would require legislative interventions, in particular regarding financial incentives and exceptions from the advancement system. Comprehensiveness of the set of measures would depend on the level of urgency and promptness in preparing such policy.

This option would certainly be supported by a certain progress in a general reform of the HRM system in the public administration, since it implies that this employee category would still have the civil servant status but a certain 'privileged position' would be provided. After introducing urgent intervention measures, such progress would allow some adaptations of the proposed measures, to align them with the course of the general reform of the HRM system. More precisely, the introduction of a competency system would ensure far more precise and suitable description of the requirements for individual jobs, which would among other things enable much greater visibility of the level of complexity of the targeted jobs, regarding the required qualifications and specialized knowledge and skills. During the research, respondents often noted the lack of awareness and understanding of those requirements and the need to recognize and acknowledge them in the system. Since it would be practically impossible to introduce a competency system only for this category of employees, it would be desirable for this option to actually follow the development of a competency approach in a broader system, where special account would be given to a proper definition of competencies for the performance of these tasks.



It should be noted that this option was applied by most of the member states during accession, because they were facing similar problems with staff turnover. However, interviews with experts from Hungary and Croatia show that such a policy had a bad impact on the atmosphere in the public administration and relations between civil servants performing EU/IPA-related jobs and other civil servants.

Strengths	Weaknesses
Potentially solves staff outflow in short-term and long-term.	Leads to a division in the civil service system that can be seen as unjust by employees outside these units.
Enables the creation of new quality staff due to the attraction of these jobs and an 'elite' image that they would acquire by applying this policy.	In relation to the first point, potentially creates resistance to cooperation and envy, and deteriorates coordination within the system and individual institutions.
Enables the creation of a community of practitioners, and the sense of belonging in a community performing EU/IPA-related jobs.	There is a high probability of a negative political reaction to this proposal; moreover, during interviews, a number of respondents were against such a selective policy, which could lead to difficult implementation.
Enables a comprehensive increase in the quality of EU/IPA staff and their motivation.	Because of the promptness and urgency, there is a risk that this set of measures would not be well balanced and developed, which is needed for maximizing their efficiency and effectiveness.
In the short-term and mid-term, leads to a better absorption of available EU accession funds, and in the long-term to a better absorption of the ESI funds which will be used for most public investment in the Republic of Serbia after EU accession.	Requires large investments in communication, PR and conflict management.
Can contribute to a professional acknowledgement of employees, and consequently better public image of civil servants (this category in particular).	

## Option 2: Introduction of a staff retention policy in the human resource management system, with a pilot testing for EU/IPA-related jobs

This option implies the integration of a retention policy for the targeted employee category into a broader reform of the civil service and HRM system, which was already announced in relevant strategic documents (and the sector budget support programme in the field of HRM). This will be explained in more detail in the last chapter. Implementation of this option would entail an embodiment of the recommendations from this study, and additional consultations and operations of relevant authorities and working bodies (e.g. special working group for developing public policy in the field of recruitment and retention of staff in bodies involved in the management of the EU pre-accession assistance under a Decentralized Implementation System, established by the Ministry of Public Administration and Local Self-Government), into a policy paper for HRM system reform, whose adoption was envisaged for the end of 2016. The proposal would offer actual measures/policy elements for staff retention as a constituent part of a new approach to HRM and would primarily encompass implementation of this policy primarily on employees performing EU/IPA-related jobs. Depending on the actual measures contained in the set, this pilot programme would be based on a special regulation and/or government act, somewhat similar to Option 1, but with a clearly communicated standpoint that this is a transitional solution that should serve as a test and provide recommendations for establishing a broader retention policy for all priority staff in the administration.<sup>104</sup>

<sup>104</sup> During a workshop held for decision-makers, it was noted that employee categories such as analysts and quality normative staff are also a priority, regarding both employment and retention.



The reasoning for the implementation of this option would be based on two main arguments. Firstly, a pilot program for EU/IPA-related jobs is justified because there is a need for the urgent resolution of an increased outflow of the best staff performing EU/IPA-related jobs and providing responses to the recommendations of EC auditors on the basis of an analysis of the IPA management and control system. The other argument lies in the fact that it is far more efficient to test relatively expensive staff retention measures on a relatively small employee category (up to 500 employees i.e. around 20% of the total number of civil servants in the public administration system) with a high mobility rate (shown by this research) before applying it to a greater number of employees. Such an approach enables testing of the performance of new measures and larger and smaller adjustments before extending the policy to all priority employee categories.

Regarding the content, this staff retention policy (or measures) would be different from Option 1 primarily regarding thoroughness and the foundation of the measures, and potential comprehensiveness of the set. Therefore, a combination of financial incentives and HRM measures, relating to professional development and education, performance appraisal and advancement, should be developed. The recommendations given in the last chapter of this study should be balanced and actual, individual programmes and projects for their implementation should be developed, with regulations for implementing them in practice. In that regard, parallel with the preparation of the previously mentioned policy paper, an action plan for implementing the set of measures should be elaborated on the example of employees performing EU/IPA-related jobs.

To develop an approach to piloting, it would be useful to consider how that was achieved in the project known as GOP, which used a pilot principle to introduce a programming budget and operative planning in a smaller number of ministries. The experiences from GOP project could be useful for developing and reasoning projects/programmes supporting the development of this policy, regarding the possibility of introducing a test/pilot program.

Strengths	Weaknesses
Enables a systemic approach to solving the problem of staff outflow, well balanced and elaborated, evidence-based and aligned with a comprehensive reform of the HRM system.	Would take slightly more time for implementation compared to Option 1, and hence it risks an additional outflow of quality staff in the next 6-12 months, which would be the time needed for developing and initiating this set of measures.
Decreases the creation of divisions and envy within the system, since systemic measures envisage an extension of the policy to other critical and priority employee categories.	It is based on a piloting concept, which is not usual in the existing system, and can be expected to face difficulties in implementation.
Within a relatively short time period (that would depend on how quickly measures and special regulations are prepared), it enables retention of EU/IPA staff; the mere announcement of such a policy would probably have positive effects on the motivation of affected employees.	
Enables testing and evaluation of new solutions before their introduction into the common system; therefore, it is far more viable to implement such a tested policy, with known results, into the whole system.	

### Option 3: Systemic reform of HRM system without special retention measures for EU/IPA employees

It is certainly possible to envisage an option encompassing the full systemic approach to developing and implementing a retention policy for priority staff in the public administration, which would not in any way provide an advantage (not even temporary) for staff performing EU/IPA-related jobs. The reform of the civil service system in this option (according to relevant strategic documents this should follow in the next two years) would include a staff retention policy, but its implementation would start simultaneously for all categories that would be recognized as critical/priority at the strategic level.

In case this option is implemented, research and analysis across the public administration system should be conducted to determine all relevant staff categories that suffer from market pressures and that have already witnessed or can be expected to witness a high outflow of high quality and experienced staff. Based on such an analysis, it would be possible to prepare some kind of an action plan for implementing a retention policy that would also include EU/IPA employees. All exceptions from the common public service system would be prepared - regarding implementing instruments for the policy - in a common reform of the HRM system. This means that the whole process would last for 1-2 years, depending on the complexity of all other changes in the HRM system, and on the volume and duration of special research and analysis to determine the coverage of the staff retention policy.

Strengths	Weaknesses
Enables a full systemic approach, without separating any employee categories temporarily.	Does not allow short-term staff retention and has greater risk of a quality staff outflow. This problem is more evident than in Option 2.
Minimizes the danger of negative impact of divisions and envy in the system which would be created by a retention policy.	May produce much greater costs for implementing a comprehensive staff retention policy in the public administration since a policy 'test' would actually be performed on all priority staff categories.

## 8 | Conclusion and recommendations

Research conducted for this study has shown several major aspects of dissatisfaction expressed by civil servants holding jobs related to European integration, including the management of EU funds (EU/IPA-related jobs). These aspects are categorized in a number of groups starting from problems related to salaries and other remuneration (e.g. daily subsistence allowances or compensation for overtime), the lack of performance-based rewards, inadequate and unsatisfactory career advancement, inappropriate system in place and insufficient opportunities for professional development, and finally poor capacities, practices and skills related to human resource management (HRM) at the system level. The findings of the quantitative research show that over 50.3% of employees intend to leave their post within the following year and that 65% are regularly or occasionally looking for other business opportunities. These statistics are alarming as they point to a potentially significant outflow of staff that perform activities that are currently of strategic importance for Serbia. On the positive side, over 86% of respondents (partially or fully) identify with their work and the same percentage feels that they receive the necessary support from their colleagues. When these findings are combined with the data indicating that nearly 73% of respondents are very or mostly satisfied with their work, it can be concluded that there is certainly room for implementing a staff retention policy since the people in these jobs are still quite enthusiastic and love the work they do.

Additionally, the analysis of relevant public policy documents shows that now is the right time to design a smart, evidence-based staff retention policy. To begin with, the Action Plan Implementing the Public Reform Strategy in the Republic of Serbia for the period 2015-2017, anticipates that general reform of the HRM system will include the development of such a policy.<sup>105</sup> It can be assumed that its outlines will be contained in the policy paper to be prepared by the Ministry of Public Administration and Local Self-Government and presented to the Government by the end of 2016. The Programme of the Government formed on 11 August 2016 (the exposé) also mentions improving the workforce structure and recognizes the need for motivated and professional civil servants.<sup>106</sup> Therefore, depending on the pace of the announced and interlinked reforms, the implementation of staff retention policy could begin as early as during the first year of the new Government's mandate. It is important to stress that solving the staff retention issue is extremely urgent to prevent further outflow of the most qualified employees whose departure from the administration, even in small numbers, has extremely negative consequences for their work organisations, as noted in the relevant literature.<sup>107</sup>

Considering both the above described circumstances and the research findings (anonymous questionnaire, interviews and focus groups) and combining them with the conclusions of the Stakeholder Workshop that was held in the final phase of the research, the authors of this study have defined several groups of recommendations. The first group encompasses urgent, short-term recommendations, which do not require intervention in primary legislation (laws) and can be implemented within one year. The second group of recommendations entails the wider, systemic recommendation that needs to be implemented through the entire HRM system in the public administration. More precisely, the second group of

<sup>105</sup> Ministry of Public Administration and Local Self-Government, Action Plan Implementing the Public Reform Strategy in the Republic of Serbia for the period 2015-2017, 2. Preparation and adoption of the policy paper for establishing a strategic function of HRM with recommendations for introduction of new instruments and implementation of staff retention policy in priority areas based on obtained results (functional analysis) from act. 1 [http://www.mduls.gov.rs/doc/AP\\_PAR\\_final\\_version\\_19.03.15%20\(1\).pdf](http://www.mduls.gov.rs/doc/AP_PAR_final_version_19.03.15%20(1).pdf), p. 17. (1.8.2016).

<sup>106</sup> The Serbian Government Programme, presented by Aleksandar Vučić (candidate for Prime Minister at the time), p. 50.

<sup>107</sup> Smith B. and Rutigliano T. The Truth About Turnover, Gallup Business Journal, 4 February 2002, <http://www.gallup.com/businessjournal/316/truth-about-turnover.aspx>. (17.6.2016)

recommendations is not strictly intended for employees holding EU/IPA-related jobs, but it is rather seen as “foundation building” aimed to solve some of the key problems related to HRM that have been identified during the research. The third group of recommendations refers to specific measures that would be part of a systemic and evidence-based staff retention policy and could be applied to other critical and priority groups of civil servants following the testing (“pilot”) phase, with some adjustments required by the needs and special features of such groups. The second and third group of recommendations are therefore more time consuming and require much more profound changes of certain laws and by-laws applicable in this area.

## 8.1 Urgent measures for preventing staff outflow

Taking into consideration the alarming responses given by research respondents indicating that a large number of employees in EU/IPA-related jobs are actively looking for other business opportunities, it is necessary to immediately introduce a set of measures that would prevent or mitigate the staff outflow without comprehensive system and legislation modifications. These measures would also serve to address the findings and recommendations frequently stated by the European Commission that emphasize the need for introducing staff retention measures and thus avoid their repetition in future reports of the European Commission and IPA audit missions.<sup>108</sup> In addition, the implementation of these recommendations could bring some positive results at the very beginning as it would show the employees that the government is taking the first steps to retain them, thus demonstrating that their value is appreciated. All the following measures should be properly communicated as part of the policy for retention and motivation of employees who are performing activities of strategic importance for the government. During the communication process, a particular emphasis should be placed on the aspect of real budgetary savings that would be accomplished by the retention of the skilled workforce (as opposed to engagement and induction of new staff), and on the related aspect of higher public revenues to be generated on the grounds of full absorption of funds available under IPA II. Most of these recommendations require adoption or amendment of certain by-laws (Government conclusions or regulations), but it would be advisable to reduce the number of legislative acts by grouping the measures together. Finally, once the draft acts are prepared, there should be a proper consultation with the relevant coordinating structures (e.g. Coordination Council responsible for the EU accession process).

1. Ensure that participation in negotiating groups, sector groups for programming and monitoring committees in the EU funds management system is paid (the precise identification of persons to receive such compensation would require additional consultation among stakeholders). The monthly compensation for involvement in working groups should, as a minimum, depend on attendance at working group meetings. Also, cumulative compensation for participating in multiple working groups should not be allowed (i.e. one civil servant should receive compensation on a one-off basis). This measure could be combined with one-time bonuses for those units whose projects are included in the Financing Agreement and are ready for execution.
2. Make a recommendation that all managers should make sure that civil servants involved in EU/IPA-related work are paid regularly for their overtime while complying with legal constraints and taking into consideration the actual number of overtime hours. In addition, it is essential to ensure the resources necessary for this type of financial compensation.
3. Amend the government decision that establishes the daily subsistence allowance for work travel so that the allowance is increased for trips to Brussels (or exceptionally and duly justified, other destinations) that are related to the EU negotiation process, such a calculation would be based on a previously clearly defined formula. In addition, under the IPA system, per diems for business trips within the country conducted for the purpose of on-the-spot checks should be increased. Also increase daily allowances for study visits.
4. Make a recommendation that all managers should, in accordance with current legislation, promote to higher pay grade those civil servants who meet the legal conditions for this type of

<sup>108</sup> European Commission, Commission Staff Working Document: SERBIA 2014 PROGRESS REPORT, Brussels 2014, p. 40. and Commission Staff Working Document: SERBIA 2015 PROGRESS REPORT, Brussels 2015, p. 57. Also: Final Audit Report - Conferral of Management Powers for IPA Component I and II - Republic of Serbia, European Commission, Directorate-General Enlargement, Brussels, 27.05.2013

promotion. Recommendations for particular promotions should be given by managers of the responsible departments. Implementation of this recommendation would utilize the already existing possibility for promotion, i.e. the salary increase of individual civil servants in compliance with applicable regulations and practice.

5. Make a recommendation that all state administration authorities and government offices amend their rule books on internal organisation and systematization of work positions so that they more clearly<sup>109</sup>, precisely, and comprehensively describe the requirements for jobs dealing with the coordination of European integration and management of EU funds, with the support and advice 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 as described above, the employment ban should be abated and recruiting new employees for available EU/IPA positions could begin.<sup>110</sup> 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. More precisely, it should be ensured that newly employed staff fulfil the requirements stated in the rule books (e.g. in terms of relevant work experience, language competence, etc.).
7. Continue and intensify the implementation of projects (potentially financed from available EU funds) focusing on referring employees in EU/IPA-related jobs to internships and top-quality training in EU Member States. These programmes could be made available especially to the civil servants who have held EU/IPA-related jobs for a specific number of years and need additional motivation and specialised professional development. Scholarships for these training courses should also include sufficient financing of travel costs and per diems, but they should also be properly treated in terms of employment and legal rights (to prevent situations when employees are forced to use their vacation or unpaid leave to participate in such programmes).
8. Make a recommendation/order to all managers of state administration authorities and government offices to enable flexible office hours, in accordance with the job requirements for EU/IPA-related staff, to align necessary working hours with those of the European Commission and frequent meetings with representatives of the EU Delegation and other relevant external partners whose working hours are different from those of the Serbian public administration.
9. Set up a database of experts on EU and IPA matters working in public authorities, proposed by the heads of relevant units, primarily departments (as it should include the most qualified individuals). Engaging these experts outside 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 contract basis.

## 8.2 Systemic reforms in human resource management

Since the research has shown that certain problems which employees and managers are faced with arise from systemic deficiencies in the HRM system of the Serbian public administration, a set of recommendations refers to the changes necessary in this respect. These should be considered as foundations that will enable a more proficient HR management in the entire system, and will serve as a basis for further specific staff retention measures. Additionally, a failure to implement these reforms would probably reduce the effects of specific staff retention measures since certain bad HRM practices would be retained, which would diminish staff satisfaction and cause constant frustration.

It is important to note that these recommendations *by no means* represent an exhaustive list of reforms

<sup>109</sup> A suggestion for clarifying the job descriptions came from one of the interviewees who explained that there are positions which are described in such a way that not even other civil servants or other (external) potential candidates could understand what that job entails.

<sup>110</sup> Such sequence is also important in order to reduce the space for potential political malpractice (e.g. hiring of politically engaged persons instead of the most qualifying candidates) which could occur after the employment ban for EU/IPA-related jobs is lifted.



that are necessary for HR management in the public administration, as this subject was neither the subject nor the objective of this research. This list predominantly comes as a result of research findings, i.e. it summarizes positions and recommendations of managers and staff covered by the research with respect to systemic problems and solutions. Therefore, these recommendations should be included in the process of deliberation and decision making on the wider reform of the HRM system in the public administration, and should not be seen as a single source of recommendations for the reform of the civil service system.

1. Significantly reinforce the human resource management function across the whole public administration system. In addition to the stronger central coordinating and guiding role of the central body/authority/unit responsible for HRM at the level of the entire public administration, it is necessary to set up actual HRM units in individual authorities which will employ appropriate HRM experts and provide continuous support to managers related to staff management.
2. Considerably increase investment in the capacity building of line managers in HRM. Certain (if possible accredited and certified) HRM training programmes could be mandatory for all managers, and such training ought to be complemented by coaching<sup>111</sup> and other innovative skill advancement methods.
3. Design a system of competencies that would be introduced through relevant legislative changes. A number of relevant draft designs for such a system have already been developed and recommended through earlier technical assistance projects, and these could be analysed, innovated and updated if necessary, and then introduced through legislation and implemented at the system level, with accompanying training and other means of support needed for the introduction of such an innovative system. When introducing the system of competencies, i.e. when preparing the description of competencies necessary for a certain job, there must be obligatory consultation with the responsible body in this area (e.g. SEIO for jobs dealing with coordination of the European integration process).
4. Fundamentally change the civil servant performance appraisal system and, relying on new foundations, identify its correlation to professional advancement. For the reform of this segment of the HRM system, new trends and practices from the private sector and other EU Member States should be consulted to prevent new solutions from preserving out-dated and obsolete methods. In this type of reform it is of great importance to take into account the changes ushered in by new generations of employees, which have already been discussed in this study.
5. In accordance with the system of competencies, improve the recruitment procedure in order to ensure the best possible application of the merit-based approach and enable the selection and employment of the best qualified candidates. Special attention must be paid to imposing stricter requirements for the recruitment of managers, with special emphasis on the verification and organisation of tests (or case studies) aimed at testing the candidates' managerial skills, both in cases of public calls and in cases of professional advancement in the system.
6. Introduce mandatory record keeping on staff outflow, as part of the central staff records, that can be broken down by type of jobs and units and would enable serious analysis of the data in a centralized manner. The procedure already in place in the IPA system could serve as a starting point for the implementation of this recommendation at the central government level. In addition, there should be a practice of so called exit interviews which would provide feedback and shed more light on the reasons behind employees' departure. These interviews could be designed as a combination of personal oral conversations between the employee who is leaving and some of his/her superiors (e.g. persons holding office for operational positions and managers of bodies for senior managers) and an on-line questionnaire that would be filled in by the employee and accessed by the experts in the Human Resources Management Service or other relevant authority. Execution of these two recommendations would enable creation of a comprehensive data base dealing with factors that demotivate employees and affect their decision to leave the administration, facilitating the adjustment of the human resources management policy to the actual situation in the public administration.

<sup>111</sup> In the broadest sense, coaching can be seen as a process of individual development which implies a structured and focused interaction as well as utilisation of appropriate strategies, tools and techniques designed to encourage desirable and sustainable changes in the life of an individual, generally aimed at his/her wellbeing, but also the wellbeing of people around him/her. For further information, please refer to: Bachkirova T., Cox E., and Clutterback D., Introduction. In: *The Complete Handbook of Coaching*, editor Cox E., Bachkirova T. and Clutterback D., 1-20. London: Sage Publications Ltd, 2010.



7. Design, legally regulate and introduce a regular practice of performing workload analysis similar to that conducted under the IPA system in order to analytically assess where the needs for employment of new staff are, and where particular attention should be paid to overtime performed by employees and payment of adequate compensation. In addition, where these analyses show instances of staff deficiency and a need for engagement of additional workforce, such cases should be exempt from legal and other obligations imposing reduction of staff and/or elimination of work positions.
8. Consider the possibility of introducing a somewhat more flexible approach to defining ranks for certain work positions by enabling one position to be performed by persons in two ranks (e.g. one work position is divided into ranks of junior advisor and adviser). Such an approach would be much more adjusted to the current practice where the systematization of work positions is changed so that the same work position is “upgraded” to a higher rank to adapt it to the person performing the job, and it would take into consideration that the same job in the same work position can be performed by several employees with different quality and level of independence, according to their experience. At the same time, this would enable a more flexible method for professional advancement of employees and their career development.
9. Improve the professional development system with additional investment in the quality, accessibility and number of training courses. The most important improvements should result in the following: 1) introduction of modern training approaches, 2) engagement of good lecturers from renowned EU institutions (for training where this would be appropriate, e.g. when the subject of the training is a novelty in Serbia), 3) better targeting of trainees, 4) stronger correlation between training outcomes (obtained certificates) and career development, 5) better monitoring of training outcomes and career advancement of employees following training. To implement this recommendation it is necessary to amend the Decree on Professional Development and ensure appropriate fees for international lecturers or those coming from outside the public administration system.<sup>112</sup>
10. Additionally, at the legislative level (most suitably in the Law on Civil Servants), it would be useful to introduce a special category of staff with fixed-term employment contracts that would have to meet high requirements in terms of competencies, but whose process of selection, engagement conditions as well as conditions for employment termination would be faster and more flexible compared to civil servants with indefinite employment contracts. Such a systemic solution would enable managers to hire new fixed-term staff in a more transparent manner and with pre-announced working conditions that are tailored to the type of work to be performed. What is more, this category of civil servants could receive somewhat higher salaries than the servants with indefinite employment contracts, given the lower certainty and potentially restricted duration of their employment. The differences should not be so significant as to cause distortions in the system and special attention should be paid to the total, gross costs of hiring such staff, due to the amount of taxes and contributions that would be applicable to this type of employment contract. When formulating these provisions, the appropriate, primarily European, practice should be consulted (e.g. rules and practice of the European Commission).
11. Introduce more elements of career guidance and counselling, for which the foundations have already been established through the Centre for Development of Basic Competencies in the Human Resource Management Service. Appropriate counselling, with respect to the expectation the employees can and should have when it comes to their career development, could significantly affect their motivation and in particular prevent the disappointment resulting from false expectations.

### 8.3 Smart staff retention measures

Finally, this group of recommendations aims to provide a framework for a smart and sustainable staff retention policy that can be successfully integrated into the overall HRM policy. As already mentioned, this approach to the development of a staff retention policy is also envisaged in the Action Plan Implementing the Public Administration Reform Strategy in the Republic of Serbia for the period 2015-2017, but option 2 described above, which was chosen by the workshop participants, provides for this policy to be first piloted on EU/IPA-related jobs and then extended to other priority staff groups which are also to be determined based on relevant evidence.

<sup>112</sup> Currently, the said Decree limits lecturers' fees to 1800 RSD regardless of whether the lecturer comes from the public administration system or is an external expert.

## Financial measures

1. Consider the possibility of introducing a market supplement that would constitute a special, legally grounded bonus for staff categories in high demand on the labour market or for which salaries in the private sector are significantly higher. Such a supplement would have to be strictly based on individual work positions and competencies necessary for these positions, and a thorough labour market analysis. When designing this measure, consultation with relevant international practice is needed.

*N. B.: Additional consultations are necessary in order to determine the amount of the supplement, but it should not be below 20% nor above 30% of the salaries of civil servants with the same rank and pay grade.*

2. Introduce a more flexible manner of advancement for priority groups of staff through pay grades within one pay group (one rank). For example, the law could provide that civil servants subject to staff retention policy can automatically advance each year through pay grades, if they are graded well during the year and if they meet other conditions for advancement, e.g. those related to professional development. It is important to underline that before this measure is introduced - as already noted when discussing the previous group of recommendations - the performance appraisal system should be fundamentally reformed. In this way the priority group of employees would receive additional financial incentives.
3. Introduce regular compensations for participation in negotiating and sector working groups and monitoring committees in the EU funds management system - in line with the recommendations from the first group. When introducing this measure into the system, the possibility of appraising performance (the actual contribution) of such working groups should be considered and the payment of compensation should be linked to the results achieved, which would be under the responsibility of the head of the working group.
4. For priority groups of staff, ensure an exception from the general overtime arrangements which first calculate the number of free hours and then - with a more complex procedure of approval - the financial compensation for overtime. Employees subject to staff retention policy should be given the opportunity to choose between these two options. If possible, managers of relevant departments should be given a certain maximum monthly amount that would facilitate approval and payment of compensation for overtime.<sup>113</sup>
5. Legally introduce a permanent exemption (in line with the recommendation from the first group) from the provision stipulating a low level of daily subsistence allowance for business travel abroad, to Brussels (and exceptionally, and with written justification, other destinations) that are necessary for the process of Serbian EU integration. In addition, this exemption should also apply to daily allowances for business trips within the country conducted for the purpose of on-the-spot checks under the IPA system. Similar exemption should be introduced for internship programmes and training necessary for professional development in the area of European integration and EU funds management, if donor funds are not planned to cover daily subsistence allowances. The amount of daily allowances for the above exemptions should be calculated in accordance with a clear pre-defined formula for determining the amount of daily allowance (apart from the covered travel and accommodation costs) - or more appropriately, based on the assessment of real costs in Brussels.
6. In order to stimulate the motivation of employees who have held EU/IPA-related jobs for a number of years, design a kind of jubilee award for every five years spent in these jobs. Jubilee awards are already identified in the applicable employment legislation in Serbia, and they would therefore only be utilized in a specific manner, in the context of stimulating and retaining experienced staff in EU/IPA-related jobs whose outflow is the most costly for the government.

<sup>113</sup> Pursuant to Article 27 of the Law on Salaries of Civil Servants and Other Employees in State Administration (Official Gazette of RS, 62/2006, 63/2006 - correction., 115/2006 - correction., 101/2007, 99/2010, 108/2013 and 99/2014), "For each overtime hour performed on the instruction of the superior, a civil servant is entitled to receive an hour and a half of free time. [...] a civil servant who is not able to use the free hours during the following month due to the nature of his/her work, for each overtime hour will receive compensation in the amount equal to the value of the hour of the basic civil servant's salary increased by 26%".

## Measures related to advancement and rewards

1. In line with advancement reform in the wider civil service system, managers of EU/IPA units should be enabled to apply a somewhat more flexible system to their employees which would allow special conditions for faster advancement in accordance with employees' grades and individual capacities. This arrangement would be significantly supported by the implementation of the eighth recommendation from the previous group of recommendations and the seventh recommendation from this group, as this would create more room for advancement through the ranks. At the same time, managers should be trained in how to increase employees' actual work independence after nominal advancement.
2. With respect to the seventh recommendation from the group of systemic recommendations, work positions for priority staff could - as an exception from the rest of the system - be divided into three ranks (if the remaining part of the system had a maximum of two ranks). In this way a certain position related to the management of EU funds could be ranked from adviser to senior adviser. Employees who advanced quickly owing to their extraordinary work performance should be given the possibility to receive a higher rank even before meeting the formal conditions applicable to the whole system (e.g. such an employee could receive the rank of senior adviser even if he/she does not have 5 years of work experience). As a limitation, there could be an obligation that such an employee meets minimum requirements for the lower rank (the employee from the previous example would have to have at least 3 years of professional experience). All requirements related to competencies would have to be fully met and would be strictly applied and verified.
3. Based on the Hungarian example, consider the possibility of allocating a certain amount of funds for EU/IPA units (managed by senior servants) that would serve for special measures of rewarding the best civil servants in these jobs. Amounts should be linked to specific performance indicators, such as the number of programmed or executed projects or achievement of a goal set for a certain year. If this is enabled, this system should be connected to the system of operational planning to be introduced in the near future. Managers should be able to freely choose the type of reward: "bonus", financing a particularly high-quality training that could be very useful to the employee, etc. Managers should give these rewards in a transparent manner and should also give the members of their team the possibility to submit written objections that could be considered individually. This would reduce the room for misuse of this kind of reward.

*N.B.: A crucially important condition for achieving the desired effect with this type of career development measure is the improvement of the system for measuring and assessing personal performance. To this end, for employees covered by the staff retention policy, the introduction of special, more demanding and advanced mechanisms for recognizing and rewarding performance could be considered, e.g. based on personal targets. This would require more intensive training and persistent improvement of managerial skills, especially for the managers heading units subject to staff retention policy.*

## Measures related to professional development and training

1. In line with current SEIO practice, which shows that civil servants who go through specialized training and professional development programmes abroad achieve remarkable results, such programmes should be continued and stimulated. These programmes should be strictly linked to the needs of the employees' work posts and units. Managers should be encouraged (and occasionally checked) to enable their employees to attend these programmes, even if "the unit cannot function without them". Employees who have attended such programmes, training or internships are subsequently obliged to stay in the public authority or department for a certain period of time, otherwise they are required to pay back the entire scholarship amount.
2. For staff who has been involved in work concerning European integration for several years and need additional training and skills, consider, and particularly discuss among the stakeholders in the system<sup>114</sup>, the introduction of scholarship programmes in Serbia or EU Member States, at renowned academic institutions. The contractual obligation of staying in the work position would be defined similarly to the previous recommendation, but for a longer period (e.g. minimum 3 years) and with the same obligation of returning the scholarship if the contractual obligation is breached. When designing this programme, the vast experience of neighbouring countries should be taken into account.

<sup>114</sup> See footnote no. 104 under the previous chapter.

## Measures for building a community of practitioners and enhancing job embeddedness

1. Design a special programme for building a community of practitioners - in this case, in the area of European integration and EU funds management. Such a programme would greatly contribute to the feeling of professional recognition and employee satisfaction which was stated by many respondents/interview participants as a demotivating factor. The programme could be partly donor funded (e.g. EU) and could include various creative measures, such as:
  - a. Regular meetings and joint workshops for members of the practitioners network which would be attractively designed and organized and host distinguished practitioners or academic representatives from EU Member States, etc.
  - b. Competitions for contributions to European integration that would include giving several kinds of awards, nominations from civil servants, more transparent selection by an objectively formed panel, etc.
  - c. Competitions and awards for papers on the subject of European integration and EU funds, together with the publication of best papers in a journal or similar.
  - d. Initiating a special journal for European integration highlighting exemplary civil servants and award recipients, announcing reports and important events, opportunities for professional development, etc.

Coordination of this programme and individual activities should be the responsibility of a body or authority in charge of European integration (e.g. Office of the Minister responsible for European integration, Serbian European Integration Office, Negotiating Team), and concrete activities would be performed by a kind of project team in the body or authority.

2. Design a special set of “union” retention measures that could be used by managers in various combinations and applied to their staff depending on their individual living situations and other needs. Such measures can be particularly effective as they recognize the individual employee’s needs, and can also include a special support for families and parents, regular health checks and other forms of health care for employees in line with their individual needs, approval of paid leave for the purpose of additional education, etc.

## Measures for improving managerial skills

As already underscored in the previous chapters of this study, a great number of measures that can significantly affect the satisfaction and motivation of employees is directly dependent on the skills and dedication of managers. Improving managerial skills and practices is therefore, a crucial element of staff retention policy. In addition to instruments and financial resources aimed at staff motivation, managers must have the knowledge and the skills to use the instruments appropriately - otherwise, even the best of instruments will be ineffective or even counterproductive (e.g. payment of bonuses to employees can cause great demotivation and dissatisfaction if applied incorrectly).

Even though most of these measures cannot be laid down in laws or bylaws, the law can stipulate a special responsibility of managers for managing people and ensuring that the best staff is retained. Additionally, as supporting instruments of staff retention policy, there could be manuals or guidelines for managers that should become a regular tool for HRM in the public authorities, following training and relevant coaching. These tools should also be promoted by experts in HRM units in certain bodies.

Considering the research findings, these “soft” measures that are entirely under the responsibility of managers should invariably include the following:

- regular and appropriate praise of employees (e.g. praise that is given in public and concretely addresses the value of the results achieved by an employee);
- guidance and direction regarding the room for work improvement which would not be a mere criticism, but would motivate the employees towards their self-improvement;

- greater utilization and better implementation of mentor support, which could also serve as grounds for reward (e.g. a manager whose mentorship programme is particularly successful can receive a one-off bonus);
- support to personal growth and professional development (e.g. for writing and publication of papers);
- individualized manager's approach to employees and implementation of motivational measures based on good understanding of the employee's personal circumstances (e.g. a woman who has recently given birth would particularly appreciate flexible working hours and a possibility of occasional work from home, while an employee who is studying in parallel to his/her work would find it very useful to use a day or two off before the exams or to have discussions with the manager about his/her studies and receive counselling and guidance).

Finally, **as a general recommendation for the staff retention policy**, and to prevent its misuse, consider introducing a kind of special body (working group) for monitoring the implementation of this policy. The activities of the working group would have to be fully transparent and, in addition to experts for EU/IPA-related matters, it would have to include external members (e.g. representatives of the expert community, civil society, etc.), in order to raise the level of transparency and objectivity. This working group could also be responsible for regular monitoring and management of occasional evaluations of staff retention policy, especially in light of the need to learn lessons from its implementation on employees in EU/IPA-related jobs and to integrate these lessons in the further development of this policy for other potential staff categories.



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# Appendices

## Appendix 1: Structure of the anonymous on-line questionnaire

### 1. What is your position?

- a) Managerial position - senior
- b) Managerial position - executive
- c) Operational - non-managerial
- d) Other (please specify)

### 2. Which activities do you perform? (mark all correct answers)

- a) Coordination of the European integration process
- b) Harmonization of the EU acquis
- c) Participation in the work of negotiating group(s)
- d) Programming of EU and other development assistance
- e) Implementation of programmes/projects funded from EU and other development assistance
- f) Other (please specify)

### 3. How long have you been working on jobs related to European integration including management of EU funds and development assistance?

- a) Up to one year
- b) From 1 to 3 years
- c) From 3 to 5 years
- d) From 5 to 7 years
- e) Longer than 7 years

**4. How long have you been employed in your present position? (If in the meantime there was a change in the structure of the government body and job descriptions, the same position is considered to be the position of the same rank and with the same activities)**

- a) Up to one year
- b) From 1 to 3 years
- c) From 3 to 5 years
- d) From 5 to 7 years
- e) Longer than 7 years

**5. Type of employment?**

- a) Permanent employment contract
- b) Fixed-term employment contract
- a) Temporary service contract
- b) Temporary employment contract
- c) Other (please specify)

**6. Is this your first job?**

- a) Yes
- b) No
- c) Other (please specify)

**7. Please mark all the answers that apply to you in accordance with the statement: *Before this job I worked in...***

- a) another department of the same body with the same scope of work
- b) another unit in the same department of the body with the same scope of work
- c) another central government body of the same type
- d) provincial or local government administration
- e) private sector
- f) international organisation
- g) civil society organisation
- h) other (please specify)

**8. In my previous posts I performed... (please mark all correct answers)**

- a) the same or similar activities as in the present post
- b) different activities from those I perform now
- c) Other (please specify)

**9. Are you satisfied with your salary?**

- a) Very satisfied.
- b) Somewhat satisfied.
- c) Dissatisfied.
- d) Extremely dissatisfied.
- e) No opinion.

**10. How many hours per week do you work overtime on average?**

- a) 0-5 h
- b) 6-10 h
- c) 11-20 h
- d) Over 20.
- e) Other (please specify)

**11. Are you financially compensated for your overtime?**

- a) Yes
- b) No
- c) Other (please specify)

**12. Do you receive any kind of non-monetary compensation for your overtime?**

- a) Yes
- b) No
- c) Other (please specify)



**13. Please mark to what extent you agree with the following statement: *Compensation for my overtime work is adequate.***

- a) Strongly agree.
- b) Somewhat agree.
- c) Disagree.
- d) Strongly disagree.
- e) No opinion.

**14. Are you satisfied with your job?**

- a) Very satisfied.
- b) Somewhat satisfied.
- c) Dissatisfied.
- d) Extremely dissatisfied.

**15. How often are you praised by your superiors for your work performance?**

- a) Regularly
- b) Sometimes
- c) Rarely
- d) Never
- e) I don't know

**16. Have you received public praise by your superior for your work performance in the previous month (in front of your colleagues)?**

- a) Yes
- b) No
- c) I don't know

**17. What are the advantages of your workplace or department/unit? (Please mark all answers you agree with.)**

- a) Good working atmosphere
- b) Work content
- c) Feeling of contributing to the public good
- d) Possibility of professional development
- e) Job security
- f) Possibility for advancement
- g) Performance appraisal
- h) Good salary
- i) Other (please specify)

**18. Do you have the opportunity to, daily or every other day, engage in work tasks you perform the best?**

- a) Yes
- b) No
- c) Other

**19. What in your opinion affects work motivation the most? Put factors in order from 1 (most significant to you) to 10 (least significant to you)**

- a) Adequate salary
- b) Good working atmosphere
- c) Possibility for advancement
- d) Performance appraisal
- e) Work content
- f) Possibility of professional development
- g) Job security
- h) Identification with job objectives and values
- i) Mentorship and guidance
- j) Workload

**20. Please mark to what extent you agree with the following statement: *'This job enabled me great professional and personal progress.'***

- a) Strongly agree.
- b) Somewhat agree.
- c) Disagree.
- d) Strongly disagree.
- e) No opinion.

**21. To what extent do you identify with your job and the objectives and values it represents?**

- a) Completely.
- b) To a certain extent.
- c) No.
- d) Not at all.
- e) No opinion.

**22. Have you advanced since you began working on jobs related to European integration including management of EU funds and development assistance? (mark all correct answers)**

- a) Yes, to a higher pay grade.
- b) Yes, to a higher rank.
- c) Yes, to a managerial position.
- d) Other (please specify)

**23. Please mark what the advancement included since you have been working on these jobs. (mark all correct answers)**

- a) Advancement within the same organizational unit.
- b) Advancement between two organizational units within the same department.
- c) Advancement from one body to another.
- d) Other (please specify)

**24. Are you satisfied with your professional advancement?**

- a) Yes, I am satisfied with how frequently I have advanced.
- b) Yes, I am somewhat satisfied with how frequently I have advanced.
- c) No, I am dissatisfied with how frequently I have advanced.
- d) No, I am not at all satisfied with how frequently I have advanced.

**25. Please mark to what extent you agree with the following statements:**

*I have opportunities to receive a scholarship for further education in the country and abroad (e.g. MA studies).*

*I have opportunities for professional development in the country and abroad.*

*My superiors know how to guide me to perform my work better.*

*Professional development I acquire on this job gives me possibilities for further progress.*

*This job makes me a member of a special professional community.*

*I learn a lot and grow by performing my work.*

Offered responses:

- a) I agree.
- b) I somewhat agree.
- c) I disagree.
- d) I strongly disagree.
- e) No opinion.

**26. Do you think the workload is evenly distributed among the colleagues in your unit?**

- a) Yes
- b) No
- c) Other (please specify)

**27. Do you get the necessary support from your colleagues?**

- a) Yes, I can always count on them.
- b) I can partially count on them.
- c) I rarely count on them.
- d) I cannot count on them at all.
- e) Other (please specify)

**28. Do you get the necessary support from your superiors?**

- a) Yes, I can always count on them.
- b) I can partially count on them.
- c) I rarely count on them.
- d) I cannot count on them at all.
- e) Other (please specify)

**29. How often do you search for other job opportunities?**

- a) Regularly
- b) Sometimes
- c) Rarely
- d) Never

**30. How likely is it that you will voluntarily leave your current workplace in the following 12 months?**

- a) Very likely
- b) Likely
- c) Somewhat likely
- d) Unlikely
- e) No opinion

**31. Have you received a job offer outside the public administration in the past year?**

- a) Yes
- b) No
- c) Other

**32. What affects your current work motivation negatively?**

- a) The value of my work is not recognized and I am not rewarded according to my results.
- b) I do not have the possibility to advance.
- c) I am not motivated by my job's objectives and values.
- d) I am dissatisfied with my salary.
- e) My workload is inappropriate.
- f) I am not treated well by my superiors and colleagues.
- g) I do not have the possibility for professional development or additional education.
- h) I am not motivated by the job content.
- i) I do not have the necessary mentorship and guidance.
- j) I do not feel part of the team.
- k) Unwanted political pressure/influence.

**Offered responses:**

1. Decisively affects.
2. Greatly affects.
3. Somewhat affects.
4. Insignificantly affects.
5. This factor is not present in my work.

**33. Gender?**

- a) Female
- b) Male
- c) I do not wish to respond.

**34. Age?**

- a) From 20 to 30.
- b) From 31 to 40.
- c) From 41 to 50.
- d) Over 50.
- e) I do not wish to respond.

**35. Education level?**

- a) High school level
- b) Higher level
- c) High level
- d) MA
- e) PhD
- f) I do not wish to respond.
- g) Other (please specify)

**36. Years of professional experience?**



## **Appendix 2: Main topics of the semi-structured interview conducted under the qualitative part of the research**

1. Experience in managerial position and professional advancement
2. Work satisfaction and mechanisms for its improvement
3. Challenges related to HR management
4. Motivation and demotivation of employees
5. Induction of new employees
6. Building institutional memory
7. Consequences of staff outflow and obstacles to their retention
8. Obstacles to development of sustainable staff retention policy

### Appendix 3: Institutions where interviews were held

Name of institution	Date
Serbian European Integration Office	26 May 2016
	15 June 2016
	16 June 2016
	30 June 2016
Ministry of Finance	25 May 2016
	25 May 2016
	25 May 2016
	25 May 2016
	30 May 2016
Ministry of Public Administration and Local Self-Government	2 June 2016
Ministry of Construction, Transport and Infrastructure	31 May 2016
Ministry of Economy	30 May 2016
Ministry of Mining and Energy	13 June 2016
Ministry of Labour, Employment, Veteran and Social Affairs	3 June 2016
Ministry of Justice	31 May 2016
National Employment Service	8 June 2016

## **Appendix 4: Request for obtaining administrative data submitted to Human Resource Management Service**

Request was sent on: 24 February 2016

Response delivered on: 25 February 2016

Response content:

*We are not able to provide you with the requested data since the Service is not responsible for keeping records on the number of persons with fixed-term employment contracts. We assume that Ministry of Finance might have this information. The only data we have refers to the total number of employees, both civil servants and state employees with indefinite employment contracts in government bodies and agencies (24,618 for 2013; 23,728 for 2014; 23,236 for 2015).*

## Appendix 5: Institutions that were sent a request for statistical administrative data

1. Government General Secretariat
2. Office for Kosovo and Metohija
3. Office for Human and Minority Rights
4. Audit Authority Office of EU Funds
5. Office for Cooperation with Civil Society
6. Commissariat for Refugees and Migration
7. Ministry of Public Administration and Local Self-Government
8. Ministry of Finance
9. Ministry of Construction, Transport and Infrastructure
10. Ministry of Culture and Information
11. Ministry of Youth and Sport
12. Ministry of Agriculture and Environmental Protection
13. Ministry of Justice
14. Ministry of Economy
15. Ministry of Education, Science and Technological Development
16. Ministry of Mining and Energy
17. Ministry of Trade, Tourism and Telecommunications
18. Ministry of Interior
19. Ministry of Labour, Employment, Veteran and Social Affairs
20. Ministry of Health
21. Public Policy Secretariat
22. Secretariat for Legislation
23. Statistical Office
24. Public Procurement Office
25. Office for Intellectual Property



