

**SCHOOL OF ECONOMICS AND BUSINESS
UNIVERSITY OF SARAJEVO
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FACULTY OF ECONOMICS
UNIVERSITY OF LJUBLJANA**

MASTER THESIS

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UNIVERSITY OF SARAJEVO
AND
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**MASTER THESIS
HOW TO DEVELOP HUMAN RESOURCE MANAGEMENT IN
PUBLIC SECTOR IN BOSNIA AND HERZEGOVINA**

MAY 2012

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INTRODUCTION

Organizations always had to manage their employees. That kind of managing had changed its name during the time from labour management to welfare management, then to personnel management and human resource management. This function in organizations is very specific because it deals with people.

Many changes have happened since last century till today. Human resource management (hereinafter: HRM) was called “personnel management”, but later, in twenty-first century, management of human resources get new dimension – larger and wider. Through the 1960s and 1970s the human aspirations of senior people in companies and public sector operations tended to produce large staffs, with heavyweight, hierarchical bureaucracies and stagnant businesses (Torrington, Hall & Taylor, 2008). Now HRM signifies more than an updating of the label; it also suggests a distinctive philosophy towards carrying out people-oriented organisational activities: one which is held to serve the modern business more effectively than traditional personnel management (Torrington, Hall & Taylor, 2008).

According to Armstrong (2006, p. 3), HRM is defined as a strategic and coherent approach to the management of an organization’s most valued assets – the people working there who individually and collectively contribute to the achievement of its objectives.

Because of many changes like globalization and increasing number of organizations, market became very satiate and every organization seeks for its piece of market. It is very difficult because every organization aim to be perfect in all its fields. Competition is huge and that is why organizations want to have competitive advantage and better performance. One of the ways to have better performance is to invest in and take care of organization’s employees. The function of HRM is to manage with employees. Every successful organization has department of HRM which is developed in all its functions, and contributes to organization’s performance.

The organizations in Bosnia and Herzegovina (hereinafter: BiH) are working in the conditions that are characterized by so many changes, such as political, legal, social and economical. These changes have been caused by a process of transition in economy and society, by technical and technological changes and by influence of globalization, which lead to several conditions between the competitors on the market. In order to be able to attain better position on the market, the company will have to adjust quickly and successfully to these dynamic changes and they will also have to start themselves the processes of changes and to introduce new rules on the future markets (Rahimić & Ćar, 2004).

The significance of human resources in terms of survival and development of companies and the facts that management of human resources in BiH could be traced only as a topic

of some theoretical discussions within the intellectual articles, but cannot be found in practice (Rahimić & Ćar, 2004). Therefore the aim of this research work is to find strategies for development of general HRM which are relevant for public sector.

The ability to achieve competitive advantage in a rapidly changing and dynamic environment has further extended the focus of HRM to include developing organizational capacity to adapt to changing environmental contingencies (Wright & Snell, cited in Brown, 2004). Quality of human resources is the central and the most significant component of achieving and gaining long-term competitive advantages of any company. Its significance will be marked by intense growth as the other resources, on which a company can build its competitive advantage (Rahimić & Ćar, 2004). However, the particularity of the public sector with a focus on public interest outcomes rather than private interests may add a layer of complexity that does not easily fit with HRM as a strategic partner in achieving organizational competitiveness and business outcomes (Brown, 2004).

Private and public sector mostly have different organizational characteristics and, because of these differences, they probably need different approach in development of HRM. But there are universal human resource practices that companies use in order to achieve better performance: recruitment, selection, internal labour market, formal training system, employee participation, compensation, and grievance procedures. However, there are three environmental factors shaping the differences between the practices of the two sectors. The most significant factor driving those differences is the profit motive (Harel & Tzafrir, 2001).

According to research “Quo vadis, Public Administration?” of Association Alumni of the Center for Interdisciplinary Postgraduate Studies Alumni (hereinafter: ACIPS) (2010), the process of public administration reform in BiH is decelerating. Successful public administration reform requires adequate education in the field of public administration and a possession of administrative skills by at the least a critical mass of public officials who are expected to be or already are the main carriers and actors in reform efforts. BiH does not allocate sufficient resources to this reform process, nor does it spend those modest resources in a productive and economic manner in order to increase the tempo of the reform and adjust the administrative system to time requirements and to the needs of its economy and its citizens.

Public Administration Reform Coordinator's Office (hereinafter: PARCO) (2007) in its “Public Administration Reform Strategy” claims that the current situation in relation to HRM in BiH is complex. A legal framework is in place, but there are different approaches for the development of certain HRM functions. There is a lack of unified procedures and requirements which obstruct and slow down mobility within the territory, and the procedures are often lengthy, cumbersome and costly. HRM tools are not always fully implemented, like performance appraisal, training needs assessment. For the most part,

HRM functions are in the beginning phase of development and implementation. Current capacity and methodology for human resources planning are basic and undeveloped at both strategic and institutional levels. The issue of salaries and awards has not been solved systematically. There is a considerable problem in BiH and that is the implementation capacity in the individual institutions, and the lack of monitoring and advisory capacity in the Civil Service Agencies.

The purpose of the thesis is to prove that HRM has an important role in success of organizations; it has not only important business function, but it has also controlling and leading functions. The purpose of this work is to raise awareness of managers about importance of HRM as one of the critical characteristic of organizations' advantage. According to that, managers will pay more attention on managing human resources.

The scope of the study is focused on finding adequate strategies for development of HRM in the public sector, because in BiH HRM is not applied enough in management generally and labour capital (employees) do not have good treatment as they should have. With this work I will try contribute to success and improvement of functionality of the public sector through HRM.

The objectives of the study are as given below:

1. To identify the basic factors for managing human resources in public sector enterprise through literature review;
2. To understand the challenges of HRM in the public sector through exploring both theory and previous research findings;
3. To explore in which condition is HRM in BiH;
4. To find out which are the best strategies for development and for improvement HRM in public sector in BiH;
5. To obtain the views of managers in organizations of public sector in order to find out their opinion about HRM condition and find out which strategies would be the most appropriate for development;
6. To approve how development of HRM can effect on better organizational performance and results.

The research methodology is based on the qualitative aspect of research strategy. First, the secondary data is collected from secondary sources for theory background. Literature reviews is made of books and journal articles from library centre in Faculty of Economics in Sarajevo and also e-books, journal articles and publications from online data basis EBSCO, EMERALD, PROQUEST, Google Books and Google Scholar. Also, for secondary sources are used publications of academic institutions and public and government institutions in their respective websites.

Afterwards, primary data is collected from qualitative research. 12 Human Resource (hereinafter: HR) managers and general managers who work in institutions of the public sector are interviewed about their opinions, attitudes and global situation in their organization about managing human resources. Through this research I found out how

much managers and HR managers (if they exist in certain organization) pay attention to human resources in their organization and how well the HRM function is developed. The data obtained from the in-depth interview is reviewed, summarized and presented in appropriate way.

1 HRM IN PUBLIC SECTOR

While changes to the public sector over the past few decades have had a significant impact on employees of public sector organizations and the conditions under which people work, there has been scant attention afforded to the specific field of HRM research and academic inquiry in relation to the public sector. Moreover, contemporary HRM texts often disregard or give only cursory acknowledgement of HRM within the public sector, relying instead on appropriating a business model of firms as the general context for HRM scholarship (Brown, 2004).

There are many HRM practices which can be applied to different organizations, but organizations in public sector have special characteristics and every practice cannot be applied to them. One of the important things is that public sector has passed through public sector reforms which overtook whole world and it had a major influence on changing HRM in public sector, where the bureaucratic model started to change to management model.

1.1 HRM

The concept of HRM has been much debated in the literature. The concept developed initially from work in the United States of America in the 1960s and 1970s and since then has been adopted increasingly around the world. Beginning in the early 1980s, the modern version of HRM quickly spread beyond North America and was expanded to Europe, Asia, and other parts of the world. The subject is now taught at universities in all parts of the globe and the term “human resource management” is increasingly the name organizations everywhere use to label their people management function (Purcell & Wright, 2007).

According to Brewster (1995) in Europe there is only limited acceptance of the organisational autonomy upon which the concept is based, and that, therefore, different approaches to the notion of HRM are required. There are differences between HRM in United States and Europe, because of different legal environment, stronger trade unions and different approach to international HRM. Also, analyzing HR practices in specific European countries shows that in all major functional areas there are significant differences between European countries (Mayrhofer & Brewster, 2005).

Because of dynamic and comprehensive changes in the business environment and society in general, human resources have become a resource for business and development of organization. The requirements in terms of HRM activities also have changed along with changes in the environment. HRM is no longer limited to administrative tasks, but

becomes increasingly strategic factor for success of the organization. Human resources, their knowledge, skills and abilities are becoming the most important root for building competitive advantage of organizations in the markets (Rahimić, 2010).

Well-organized function of human resources management in companies contributes not only to its long termed survival and development but to individual and social prosperity too. Educated and well-trained co-workers highly motivated and competent to do jobs from scope of their work give their maximum in completing their duties, in creative solving of problems (Rahimić & Ćar, 2004).

1.1.1 Definition of HRM

The term “human resource management” is not easy to define, because it is commonly used in two different ways. First, it is used general to describe the body of the management activities and HRM is really no more than a more modern name for what was called “personnel management”. The role of the human resource functions is explained by the key objectives to be achieved. There are four objectives form the foundation of all HR activities and they are **staffing objectives, performance objectives, change-management objectives, administration objectives**. Second, the term is equally widely used to denote a particular approach to the management of people which is clearly distinct from “personnel management”. Used in this way HRM also suggests a distinctive philosophy towards carrying out people-oriented organisational activities: one which is held to serve the modern business more effectively than “traditional” personnel management (Torrington, Hall & Taylor, 2008).

Today, the term “human resource management” has four meanings (Rahimić, 2010):

- scientific discipline,
- specific philosophy of management,
- managerial function,
- special businesses function in organization.

According to Pynes (2008) HRM is the design of formal systems in organization to ensure the effective use of employees’ knowledge, skills, abilities, and other characteristics (KSAOCs) to accomplish organizational goals. HRM concerns the recruitment, selection, training and development, compensation and benefits, retention, evaluation, and promotion of employees, and labour-management relations within an organization.

Armstrong (2003) defines HRM like a strategic and coherent approach to the management of an organization’s most valued assets – people, and he says that the main features of HRM are:

- An emphasis on the strategic management of people (the human capital of the organization) which achieves “fit” or integration between the business and the HR strategy;

- A comprehensive and coherent approach to the provision of mutually supporting employment policies and practices, that is the development of integrated HR policies and practices;
- The importance placed on gaining commitment to the organization's mission and values, which is called "commitment-orientated";
- The treatment of people as assets rather than costs – they are regarded as a source of competitive advantage and as human capital to be invested in through the provision of learning and development opportunities;
- An approach to employee relations that is unitarist rather than pluralist – it is believed that employees share the same interests as employers (the principle of mutuality) rather than that these interests will not necessarily coincide;
- The performance and delivery of HRM as a line management responsibility.

Schuler and Jackson (2007) use HRM as an umbrella term that encompasses:

- Specific human resource practices such as recruitment, selection, and appraisal;
- Formal human resource policies, which direct and partially constrain the development of specific practices;
- Overarching human resource philosophies, which specify the values that inform an organization's policies and practices.

Schuler and Jackson (2007) think that ideally these comprise a system that attracts, develops, motivates, and retains employees who ensure the effective functioning and survival of the organization and its members. To understand HRM in context it must be considered how these three components of HRM are affected by the internal and the external environments of the organization's members. Effective HRM helps employees meet the expectations of role partners within the organization (i.e. supervisors, peers, subordinates), at organizational boundaries (i.e. customers and clients), and beyond (i.e. family and society). Thus the expectations of these role partners must be incorporated into an understanding of HRM in context.

1.1.2 Strategic HRM

Armstrong (2000) claims that strategic management means that managers are looking ahead at what they need to achieve in the middle of relatively distant future. Therefore, it is visionary management, concerned with creating and conceptualizing ideas of where the organization should be going, but it is also empirical management that decides how in practice it is going to get there. The focus is on indentifying the organization's mission and strategies, but attention is also given to the resource base required to make it succeed.

Human resources are closely connected to the strategic management. Therefore, strategic management involves consideration of following (Fombrun, Tichy & Devanna):

- Mission and strategy – an organization needs a reason for being (mission), and sense of how to display materials, information, and people to carry it out (strategy);

- Formal structure – people and tasks are organized to implement the organization's strategy, and the organization's formal structure includes its systems of financial accounting and information dissemination.
- Human resource systems – people are recruited and developed to do jobs defined by the organization's formal structure, their performance must be monitored and rewards allocated to maintain productivity.

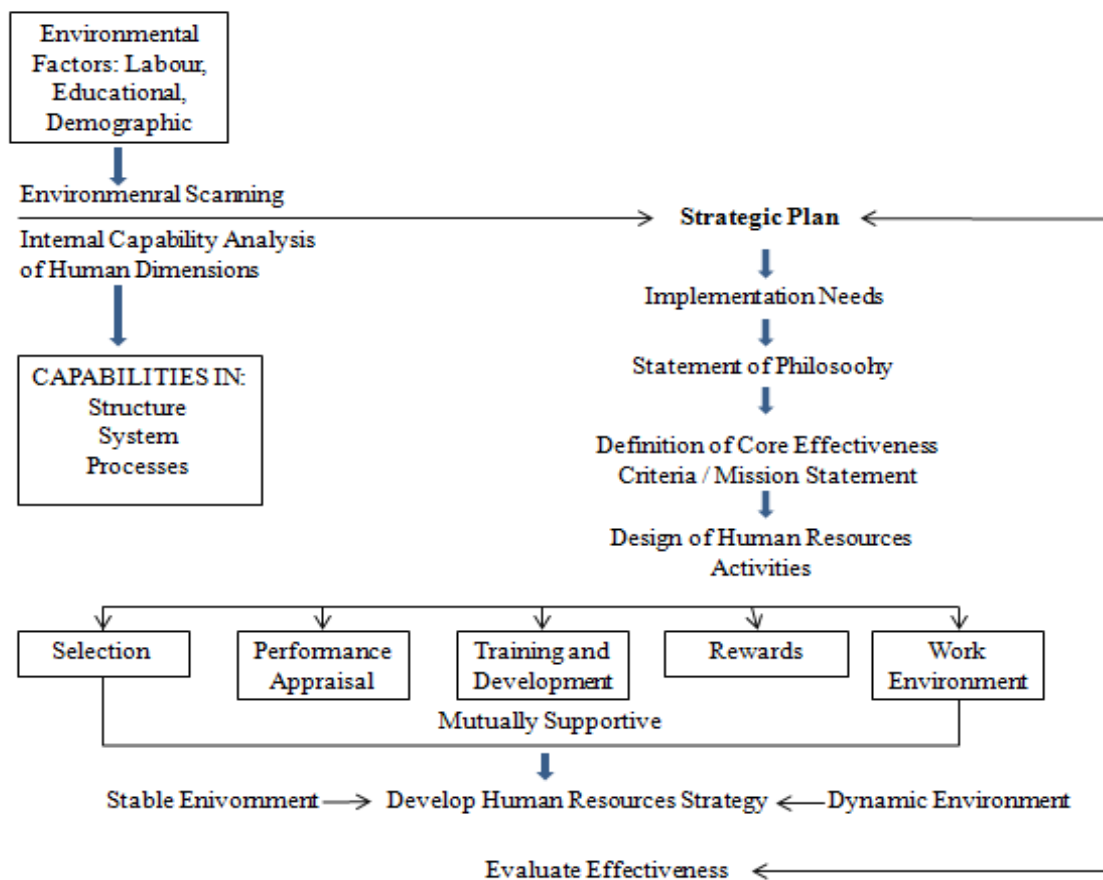
Strategic human resource management (hereinafter: SHRM) has been, and remains, one of the most powerful and influential ideas to have emerged in the field of business and management during the last few decades. Policy makers at government level have drawn upon the idea in order to promote “high performance workplaces” and “human capital management”. The field of SHRM is constituted by a series of diverse influences: overarching societal/political discourses within which certain sorts of organizational initiatives appear natural and sensible; consultants' prescriptions which appeal because of their affinities with values and ideologies; and managers' underlying models and assumptions. The role of SHRM is to identify these influences and assess their impact – it is to evaluate and assess (Salaman, Storey & Billsberry, 2005).

SHRM aligns human resource function to the core organization's objectives. According to U.S. Office of Personnel Management (1999) SHRM is strategic alignment, which means alignment with mission accomplishment. HRM alignment means to integrate decisions about people with decisions about the results an organization is trying to obtain. Therefore, it is all about linking the HR function and all HR activities to organization's strategic objectives. Strategic roles have generally been viewed as focused on activities that will have long-term implications, such as the development of integrated HR strategies, involvement in organizational strategic decision-making, and managing organizational change. Administrative roles, on the other hand, are regarded as routine, reactive and tactical tasks associated with the operation of HR policies, and employee-facing roles such as welfare and industrial relations (Truss, 2008).

Emphasizing the strategic role of HRM is relatively new, since dynamic business environment related to strengthening the competitive position of organization requires development of HRM. Those are activities that provide support to the strategic planning process, and strategy implementation procedures. HRM is more than preparing accurate salary calculations for the employees – it is and should be the driving force behind changes in the organization (Rahimić, 2007).

Strategic management and HRM represent the two most important areas of interest and tasks of modern management. The aim of strategic management is to design a strategy on a basis of which the organization will be able to build and preserve, in the long run, its competitive advantage. The Figure 1 shows the interrelatedness of strategic management and HRM is the prerequisite for competitive advantages and organizational success (Rahimić, 2007).

Figure 1: Strategic human resource management



Source: Rahimić, Z. (2007). *The Importance and Role of Strategic Activities of Human Resource Management in Companies in Bosnia and Herzegovina*. *Journal of Global Strategic Management*, p. 96.

According to Boxall and Purcell (2000), most researches and theoretical debates in strategic HRM talk about two normative models of how organizations should make strategic choices in labour management – “best-fit” and “best practice”. The “best-fit” school argues that HR strategy will be more effective when it is appropriately integrated with its specific organizational and environmental context. There are trends towards more configuration models that are more capable of identifying the complex interactions involved in business strategy and towards more dynamic theory. The “best practice” model advocates universalism, arguing that all organizations will work better if they identify and adopt “best practice” in the way they manage people, but it cannot be applied in every organization (Boxall & Purcell, 2000).

1.1.3 Intellectual and human capital

In dynamic business process, applying and using knowledge of all employees creates a new value in the business, and therefore in the organization and system. Intellectual capital

is the basis on which is built today's society development. People are base for every organization functioning.

Intellectual capital is knowledge that transforms raw materials and makes them more valuable (Stewart, 1997). Conventional accounting fails to measure the value of intellectual capital, but markets clearly reward it. Intellectual capital includes the talent of staff, the value of proprietary knowledge and processes, and the value of relationships with customers and suppliers (Stewart, 1997). Intellectual capital is just that: a capital asset consisting of intellectual material. To be considered intellectual capital, knowledge must be an asset able to be used to create wealth. Thus, intellectual capital includes the talents and skills of individuals and groups; technological and social networks and the software and culture that connect them; and intellectual property such as patents, copyrights, methods, procedures, archives, etc. It excludes knowledge or information not involved in production or wealth creation. Just as raw materials such as iron ore should not be confused with an asset such as a steel mill, so knowledge materials such as data or miscellaneous facts ought not to be confused with knowledge assets (Stewart, 1997).

After more than a decade of studies by various other scholars in this area, there is general agreement that intellectual capital itself is composed of three distinct types of capital – human capital, structural capital and relational capital (Attanix Consulting, 2008).

- Human capital is the availability of skills, talent and know-how of employees that is required to perform the everyday tasks that are required by the firm's strategy.
- Structural capital is the availability of information systems, knowledge applications, databases, processes and other infrastructure required to support the firm in executing its strategy.
- Relational capital is the external linkage of the company with suppliers and customers that enables it to procure and sell goods and services in an effortless manner.

Human capital, as the name suggests, represents the productive capacity of the people. Just like land or machinery, workers are an essential requirement for production. As such, human capital denotes the skill of the labour force, how well and efficiently workers can transform raw materials and capital into goods and services (Son, 2010). These skills – such as literacy, numeracy, cognitive, and analytical skills – can be learned and honed through education; thus, any discussion of human capital has to touch upon education (Son, 2010). The term “human capital” can be construed as an umbrella term encompassing competencies, values, attitudes, capabilities, information, knowledge and organizational processes that can be utilised to generate wealth (Brewster, Mayrhofer & Morley, 2004, p. 6).

The term human capital is more and more used in context to signify that the combined knowledge and experience of an organisation's staff is a highly significant source of competitive advantage largely because it is difficult for competitors to replicate easily.

Attracting, engaging, rewarding, developing and retaining people effectively are thus important. Failing to do so enables accumulated human capital to leak away into the hands of competitors, reducing the effectiveness of commercial defences and making it harder to maintain competitive advantage (Torrington et al, 2008). Therefore, it is obviously that human capital is one of the most important resources in organization.

Organizations can use HRM in order to increase their human capital – they can “buy” human capital in the market by offering desirable compensation packages or they can “make” it by offering extensive training and development opportunities (Schuler & Jackson, 2007, p. 25).

Organizations often invest in human capital. If organizations may invest in new technology to enhance its internal communication processes, they can also identify employees who show an attitude for needed skills and arrange for those employees to receive professional instruction. In this way organizations can have access to wider set of skills and then there is no need to hire additional employees. At the same time, organizations help to raise potentials and economic value of those employees.

Every organization has its disposal of knowledge, skills and values which can be used in appropriate way in the market. If managing of those resources could contribute to competitive advantage, increasing productivity and increasing of market values, then it is not a choice, but necessity. So it is not about whether it is necessary to manage intellectual capital, rather in which way to do that. There have always existed immaterial resources. The new is that it has to be disciplined and systematic approach to the management of intellectual capital as a key resource of modern business.

1.2 Differences in HRM in public sector from HRM in private sector

Clarke and Pitelis (1995) claim that there is sufficient evidence to say that ownership does matter when is questioned about achieving social and economic goals, and also when is questioned the efficiency and performance of organization. The consequences vary according to the nature of the market involved, the relationship between public and private sectors and, in the case of publicly owned organizations, the involvement of the government in the organization. Because of constant competition between public and private sector, organizations from both sectors are pushed to continuously improve their performance (Harel & Tzafrir, 2001). Some of the most eminent scholars in management and organization point out that public and private organizations are more similar than they are different (Čiarnienė & Vienažindienė, 2007). There are various organizational practices in the private and public sectors, and also there are certain HRM practices which are better than others. Focusing on best practices is the appropriate tool for comparing organizational practices in different sectors (Harel & Tzafrir, 2001).

There is a range of arguments that are put forward to indicate the uniqueness of the public sector (Lawton & Rose, 1994):

- Public sector organisations are not exposed to the competitive world of the market and hence have no incentives to reduce costs or operate efficiently;
- Objectives are usually ill-defined and expressed in vague terms such as serving the public, maintaining law and order, reducing inequality, removing poverty or improving health;
- Strategic planning is more difficult because of the short-term considerations of politicians;
- The public sector organisation is susceptible to greater and more open accountability with politicians, pressure groups, taxpayers and voters all having an interest in the performance of the public sector;
- The functions of the public sector are limited by statute;
- The public sector is funded by taxation and not by charging for its services.

In other research (Harel & Tzafrir, 2001) it is concluded that public sector management emphasizes HRM functions that deal with employee selection and grievance procedures because of the sector's high level of unionization. On the other hand, private sector management emphasizes employee growth and pay for performance.

Motivation. There are fewer differences between the two sectors when it is about motivation. However, there are some indications that public-sector employees were motivated by factors such as responsibility, by work itself, opportunity to grow and money, whereas private-sector employees are motivated by the work itself (Nowling, 1982; Hammer & Van Tassell, 1983; Baldwin, 1991).

Strategic management, roles of key actors and decision making. When it comes in question strategic management, roles of key actors and decision making, in general, the picture is mixed. However, private-sector managers have less time spans for discretion (more frequent reporting), greater authority over personal actions and more flexibility for personnel procedures (Arroba & Wedgewood-Oppenheim, 1994; Nutt, 2000). Public and private organizations differ more strongly on formalization of personnel procedures, purchasing processes, and other administrative procedures that are regulated or overseen by central administrative agencies (Čiarnienė & Vienažindienė, 2007).

Employee satisfaction. There are minor differences in employee satisfaction between sectors. For example, the public-sector managers are less satisfied with financial, social and personal job rewards. Also, there is lower work satisfaction in public organizations, especially at managerial levels (Fletcher & Williams, 1996).

Performance and mission accomplishment. Public-sector managers perceive a weaker relationship between their performance and incentives and job security (Rhodes, 1994). According to research of U.S. Office of Personnel Management (1999) public sector is far

behind the private sector, when it comes to aligning HRM organizational mission accomplishment. Even with a big number of “best practices”, the research agrees that HR alignment in private sector is still a work in progress, while in public sector it is only in the beginning stages of this transformation.

Goal complexity and goal ambiguity. In the research of Čiarnienė and Vienažindienė (2007) it is stated that public organizations have greater goal complexity and ambiguity than private organizations. Public organizations have particularly vague, hard-to-measure, multiple, and conflicting goals. The assertions typically refer to the lack of sales and profit indicators and incentives for public organizations, complicated because of political oversight and interventions by multiple authorities and interest groups.

Organizational structure. A number of empirical studies have compared structural characteristics of public and private organizations. Some researchers have found that public organizations show higher levels of formalization, or related dimensions, than do private firms (Čiarnienė and Vienažindienė, 2007).

1.3 Reform of HRM in public sector

The New Public Management (hereinafter: NPM) is a shorthand expression regularly used by scholars and professionals to refer to distinctive themes, styles, and patterns of public sector management, especially in the United Kingdom, Australia and New Zealand – countries which first started with public sector reform, and then it has spread to countries all over the globe (Barzelay, 2001). NPM ideas and their introduction are directly linked with human resources of public institutions. HR is the main and most valuable asset that is managed by the institutions of a public sector (Sakalas & Vienazindiene, 2010). There are many definitions of NPM which Barzelay (2001) collected in his book and it can be concluded that NPM is a set of interrelated and consistent ideas about public administration, the framework for making decisions about how to structure and manage in the public sector, empirical model which is used for organizing or changing the structure of organizations in public sector to achieve greater competition and greater efficiency. The expected result of such public sector reform contributes to the increase responsibility in the public sector because the aim of its reform is to monitor results and implementation of decentralization in the public sector (Barzelay, 2001). The adoption of NPM may have opened the possibility of managers acquiring or developing sophisticated HRM techniques. Thus, NPM principles allow a more flexible and responsive approach to questions of recruitment, selection, retention, training and development of public sector employees (Brown, 2004).

One of the main reasons why there has been implementing reforms considered awareness of the inefficiency of government departments. Barzelay (2001) says that NPM must contribute to:

- Knowledge that governmental organizations are inefficient,

- Standardization of policies of public administration and institutional rules that influence to money, people and procedures,
- Change in legislation of central agencies related to the budget to take responsibility for policy administration.

The introduction of NPM with an emphasis on transferring private sector management techniques into the public sector shifted the emphasis in the public sector from administration to management and was part of a broad strategy to achieve efficiency, effectiveness and quality of service (Brown, 2004). The analysis of NPM theory and practice has shown that a special attention should be devoted to HRM changes as NPM is based not on a traditional personnel management, but on an advanced HRM system.

The problems in the public sector that ushered in NPM required more than simply maintaining a traditional context for bureaucratic action. Rising costs and the need for fiscal restraint, a loss of community confidence in the ability of government to be responsive to the community and structural change drove government and public sector leaders to seek a radically different model for operating and structuring the public sector. The more important question relates not to how appropriate is the general thrust of reform that transposes business criteria onto the delivery of public services, but what is the relevant reform direction given prevailing public sector conditions and context. Calculations about HRM as a key platform for reform can then be usefully undertaken. What is the balance between competing values about the role and purpose of the public sector and the possibility of recuperating a viable human resource model that considers both the particular character of the public service and also responds to the shifting conditions wrought by new management practices (Brown, 2004).

NPM as a set of new principles and practices was diffused as a “global model”. With the major changes and reforms to the public sector under NPM, there has been a dilution of some of the practices and conditions that have traditionally set the public sector apart from other organizations in the private and non-profit sectors. The consequences of adopting NPM practices and principles were argued to have meant a cutting back of employees’ benefits and wages, staff reductions and changes in organizational culture and structure (Brown, 2004). During 1980s in many developing countries, NPM influenced on downsizing and structural adjustment policies. More recently, during 1990s in transitional countries, it is shown that the promotion of economic growth and poverty reduction is not associated with the weakening of government institutions, but quite the contrary. That is why HRM really matters because efficient HRM can enhance government performance and national development (Kim & Hong, 2006).

1.4 Crucial factors of HRM in public sector

HRM management in public sector mostly focuses on personnel activities and is characterized by centralized, bureaucratic HR structure, processes and systems. However,

administrative and functional expertise roles cannot be neglected as the people management function becomes more strategic. Therefore, the status and influence of the HRM function is considered to be critical in the process, especially in achieving the link between the people management function and the strategic management process (Teo & Crawford, 2005).

United Nations (2005) in “Unlocking the Human Potential for Public Sector Performance World Public Sector Report 2005 (WPSR 2005)” present distinction which is made among three broad models of public administration and management underlying contemporary government HRM reform. The new HRM synthesis should build on the best attributes of these three models:

- Traditional public administration – principles of impartiality and merit;
- New public management – performance management and professionalism;
- Governance paradigm – more responsive to the demands of citizens and other stakeholders.

Kim and Hong (2006) in their Critical Review of WPSR 2005 present selected HRM features of these three models WPSR which are shown in Table 1.

Table 1. Selected HRM features of the Three Models WPSR

	Public administration	Public management	Responsive governance
Civil service system	Closed and bounded Career civil service Tenure	Open and decentralized Position-based system Fixed-term	Open and regulated Career civil service: other posts position- based Tenure and fixed-term
Institutional arrangements	Independent central personnel authority Personnel administration Unified pay system	HRM decentralized human resource Human resource management Individual contracts	Lead HRM regulator; decentralized HRM Strategic HRM and development Unified and performance-based pay system
Career advancement	Seniority-based	Performance-based	Range of competencies
Pay policy	Qualifications and experience-based	Job-based criteria with performance element	Job-based criteria with performance element
Performance management	Professional ethics	Performance agreement	360-degree accountability
Human resource development	Functional skills	Competences	Competences and relation skills

Source: Kim, P. S. & Hong, K. P. (2006). *Searching for Effective HRM Reform Strategy in the Public Sector: Critical Review of WPRS 2005 and Suggestions*. *Public Personnel Management* 35(3), p. 203.

The HRM system that is grounded in these three values develops and fundamentally transforms a governmental organization into one that realizes organizational learning, which is essential for effectively responding to a rapidly changing environment. To strategically develop an HRM system and to transform a public organization into a learning organization, transformational leadership is essential. WPRS 2005 explains that through such systematic effort, governments can unlock the human potential for public sector performance, and at the same time, establish responsive governance as a new paradigm in public affairs. A question of “responsive to whom” is a complex matter depending on each country’s socio-political scheme (Kim & Hong, 2005).

Organizations in public sector need to start HRM reform on the basis of their current needs, developing and adjusting gradually to meet the requirements of the day rather than adopt in blueprint model drawn from an international best practice. An issue that each country should consider along with the development of HRM in public sector is whether developing countries or transitional economies can emulate the HRM reform experiences of the advanced countries and whether it is desirable for them to do so. Early convergence theorists assumed that the process of industrialization and spread of advanced technology would move all countries towards a political and economic system similar to that of advanced industrialized countries such as United States. On the other hand, divergence theorists claimed that despite the strong trend of convergence, institutions and systems such as the culture and system of a country driven by people values and behaviours, and in particular HRM, will develop according to the unique social and economic systems of a given country that have been built on a long history (Kim & Hong, 2005).

United Nations (2005) in WPSR 2005 emphasize importance of digitalization driven by Information Communication Technology (hereinafter: ICT). Developing countries all over the world have made the widespread use of ICTs – a central feature of their development agenda. In the report it is discussed about the relation between ICT and HRM reform, and it is concluded that ICT has potential to transform government in HRM:

- Internal processes and relationships;
- Relations between government and consumers service, and between employers and employees through electronic service delivery;
- Relations between government and citizens via various forms of digital democracy;
- Relations between government and business through taking advantage of e-business opportunities.

2 THE ROLE OF HRM IN PUBLIC SECTOR IN BiH

BiH goes through many changes – political, legal, social and economical. These changes are caused by a process of transition in economy and society and by war which blocked and slowed the processes of transition. In public sector there is still bureaucratic system with little attention on people – employees in organization. It can be assumed that HRM in private sector is more developed than in public sector because organizations in private sector are more under the influence of globalization and their main goal is, beside to gain a profit, to attract more employees and satisfy their customers. In public sector of BiH organizations do not usually have that goal. The important thing is that BiH is now in process of reform of public administration and HRM is one of the major functions which have to be changed in organizations.

According to USAID, Sida – GAP (n.d.) Public Administration Reform are being administered at all levels of government. In the past ten years, public administration in BiH is faced with a mass emigration of skilled personnel, while at the same time, unchanged system of education at three levels has not been able to educate individuals with the necessary skills and knowledge (eg, HRM skills, development of legislation, public finance management, etc.) to replace departing staff. Besides the lack of quality staff in the market, public sector institutions have not been able to attract qualified professionals from private companies, and numerous international organizations, solely because of their non-market offer of payment. As a result, it is necessary to undertake changes to the principles and practice in almost all areas of public administration.

2.1 BiH overview

The State of BiH is divided into two Entities and District Brcko. Entity Republika Srpska, which takes up 49% of the territory and forms a crescent shape around the north and east, and the Federation, which forms 51% of the territory. Each entity has its own political structure and administration, with an overarching but relatively weak central government. Uniquely in Europe, defence is not a matter for the BiH state government but for the entities. Each has its own armed force. The central (BiH state) government consists of a parliamentary assembly, which is divided into a house of representatives and a house of peoples, a rotating tripartite presidency, and a council of ministers with six ministries. The political structure of the Federation is divided into three levels:

1. the entity level,
2. the canton level,
3. the municipal level.

By contrast, the Republika Srpska (hereinafter: RS) has no cantons, only municipalities. At the RS level there is a national assembly, a president, a vice president, and a government under a prime minister. As with the Federation, the municipalities all have their own

assemblies and administrative structures. There are three constitutional courts, one at the BiH level and one in each entity (United Nations, 2003).

BiH is a country in transition because it was a part of ex-Yugoslavia, and its transition has started in the beginning of the 1990s. BiH is one of the European transition economies because it is dealing with transition of labour-managed economies to market economies. Throughout the transition period, the main economic issues were privatization and economic restructuring at both national and company levels (Zupan & Kaše, 2005). War (1992.-1995.) in BiH destroyed economic and political situation and move back country for at least 10 years. Many things have changed during transition – privatization changed ownership status of many organizations. Economy and politics are closely connected and economy growth is going slowly with little changes. Managers were often preoccupied with the privatization processes and because of that did not pay sufficient attention to other business functions, including HRM. Definitely, it has to be made many changes in business strategies and especially in HRM which put people on the first place in organization.

There are many changes in environment that have strong influence on economy in BiH and they are world globalization, changes that are happening outside the companies, faster development of the new basic technologies, the innovations in production as well as in the application of the products, changes brought from Internet. Beside pressures caused by constant changes of environment, BiH organizations are exposed to some specific problems that are characteristic for the countries in the process of transition. As most important in this group, there are (Rahimić & Ćar, 2004):

- Badly done legal regulation in the field of commercial law,
- Often changes and amendments of legal acts,
- Bad or no control of implementing positive legal measures,
- Slow functioning of the legal system,
- Political and economical instability of the country,
- Current cut off the (international) market (difficulties in exporting domestic products),
- Completely bad infrastructure,
- Unfair competition.

For countries like BiH low technological development is characterized by a low growth rate, high unemployment rate and high level of undeclared work. According to Agency for Statistics of Bosnia and Herzegovina (2010) activity of population rate in 2010 was 44.6%, employment rate was 32.5% and unemployment rate was 27.2%. To improve economic performance in BiH it is suggested that as soon as possible to improve the level of training and qualification of available labour force and to orient to the high-innovative growth that requires highly skilled workforce (Center for Research and Studies – GEA, 2010). Also, employment offices are understaffed and overburdened in regard to the high numbers of registered unemployed persons. Employment services in BiH overall are in need of a radical overhaul to bring them up to modern standards and to properly define purpose and

role. In addition, expenditure and distribution of funds is not transparent and there is no efficient follow-up mechanism in place to evaluate the cost effectiveness of active measures and their long-term impact on unemployment. There is no transparent data on the active employment policy measures for BiH, however, some available data show that only a small share of unemployed persons are involved. While incentives for the employment of certain target groups exist, not enough attention is paid to activation of the unemployed and to enhancement of their employability through training, despite the fact that two thirds of the unemployed are poorly educated and that those who do have qualifications (particularly the long-term unemployed) have obsolete knowledge and skills. Entrepreneurs and representatives of employer associations have already brought up the issue of a lack of qualified workers and technicians in some sectors. The more dynamic sectors, in particular, require sets of skills, knowledge and attitudes than are currently unavailable in the pool of unemployed people (Lorencic, 2008).

Because of integration in European Union (hereinafter: EU), BiH is focused on strengthening the role of knowledge and innovation, completing the internal market and strengthening growth and employment for greater social conformity. Thereby it contributes to improving competitiveness and meets the economic requirements for becoming a member of the EU society and to better positioning. BiH is now a partner in the Stabilization and Association Agreement. Also, will be followed its application for candidate status, after which BiH will begin to receive EU support for a balanced socio-economic development, competitiveness, and optimal use of human resources (Economic Planning Office, Council of Ministers of BiH, 2010). As a potential candidate EU member, BiH has access to financial assistance provided through the Instrument for Pre-Accession Assistance (IPA) for the period 2007–2013. The EU continues to support BiH in its efforts to strengthen democratic institutions, the capacities of state-level institutions and the rule of law, reform public administration, promote economic and social development and support civil society (Lorencic, 2008).

According to Lorencic (2008) in his paper “Human Resource Development Country Analysis Bosnia and Herzegovina”, economic development needs to become a top priority for the whole country as the only possible way to create jobs in a sustainable way. It is also important to improve the current situation of exports from low-skill sectors and to ensure overall economic growth through increased investment in new technology and knowledge. Overall, much remains to be done in terms of improving the business environment in BiH, achieving a single economic space, ensuring free movement of goods, capital, services and people and attracting more foreign direct investment (hereinafter: FDI) in order to enhance jobs creation and increase employment growth. Further improvements in the business environment depend also on the availability of a skilled workforce. A major challenge facing BiH is to attract more people into formal employment, particularly women and young people. More efforts and recourses need to be invested in fighting against unemployment. Active employment policies need to be extended and restructured in such a way as to pay greater attention to the activation of the long-term unemployed and to

increasing their employability through training. One of the biggest challenges facing BiH is to improve the institutional setting and institutional capacities for more effective employment policy implementation. Labour market reform is a crucial item in the BiH reform agenda as both a pre-condition and a necessity for further socioeconomic development and for gradual preparation for EU accession. In order to adopt a more strategic approach to employment and human resource development, adequate capacities have to be ensured within the responsible institutions so that staff will be able to work in a coordinated manner at all levels.

2.2 Public sector in BiH

During transition period, many organizations in BiH have changed its ownership from public to private. Voucher privatisation legislation was passed only in 1999. and while small-scale privatisation has almost been completed, large-scale privatisation is progressing slowly. Privatisation is a major source of FDI. In the period 1994.–2007. the major investing countries in BiH were Serbia, Croatia, Austria and Slovenia (Lorencic, 2008). The privatization method largely influenced corporate governance, but in most cases where ownership remained in the hands of domestic owners the power of managers and workers is significant and neither the government nor the new private owners provide effective control. Privatization and transformation of ownership from the public into the private process has opened up a lot of changes not only in economic but also political, social, cultural and other spheres of social life. Impact of privatization on the changes in the structure of the labour market in BiH is enormous (Centre for Research and Studies – GEA, 2010b).

Public sector is the part of the economy concerned with providing basic government services. The composition of the public sector varies by country, but in most countries the public sector includes such services as the police, military, public roads, public transit, primary education and healthcare for the poor. The public sector might provide services that non-payer cannot be excluded from (such as street lighting), services which benefit all of society rather than just the individual who uses the service (such as public education), and services that encourage equal opportunity.

Public sector in BiH includes (Đukić, 2010):

- Public administration, defence, compulsory social security;
- Manufacture and supply of electricity;
- Education;
- Health and social work;
- Other communal, social and personal service activities.

Public sector employs every third worker in BiH and it has high impact on the entire labor market. 33.4% of workers in the Federation of BiH and 30.5% workers in the Republic of Srpska are employed in the public sector (Đukić, 2010).

Public administration capacity in BiH has grown over last fifteen years and each government level increasingly fulfilling its basic responsibilities. Expectations of people are also increasing. Securing basic governance is no longer sufficient; all citizens aspire to sustained economic and social development, in the framework of EU membership. To meet citizen demands, and to move closer to the goal of European Integration, administration in BiH must undergo a process of improvement and reform. The administration should actively contribute to the formulation of policy, including the regulation of markets, and the stimulation of private initiative. Also, all levels need to be coordinated to move away from mutually contradictory policies and legislation, and to be capable of delivering higher quality services to citizens and business. This requires modern administration: flexible, and open to public participation. Finally, to achieve these goals there is a need for financially responsible and sustainable administration. Excessive spending and administrative complexity defer private investment, slow growth, and curtail poverty reduction efforts. Higher levels of corruption are a symptom of administrative malfunction; transferring costs to citizens and business (PARCO, 2007).

According to USAID, Sida – GAP (n.d.) Public Administration Reform are being administered at all levels of government. In the past ten years, public administration in BiH is faced with a mass emigration of skilled personnel, while at the same time, unchanged system of education at three levels has not been able to educate individuals with the necessary skills and knowledge (eg, HRM skills, development of legislation, public finance management, etc.) to replace departing staff. Besides the lack of quality staff in the market, public sector institutions have not been able to attract qualified professionals from private companies, and numerous international organizations, solely because of their non-market offer of payment. As a result, it is necessary to undertake changes to the principles and practice in almost all areas of public administration.

One of the areas of public administration that require immediate change is human resource management. At this moment, the practice of HRM at the local level are extremely undeveloped and reduced to little more than administrative personnel files, drafting contracts and records of annual leave and sick leave. Awareness of the top leadership of the importance of establishing modern HRM practices in their daily work is highly questionable as can best be seen through the fact that BiH currently has no municipalities with independent and independent management of human resources or personnel office. In some cases, functions of human resources exist as a group of tasks within a larger service that is usually called the Department of General Administration. Making the modern practice of HRM is the process by which major holders of authority to require establishment of a common understanding of why it is important to modern HRM and how it might be useful to any organization that it is applied (USAID, Sida – GAP, n.d.).

2.3 Legal framework of HRM in BiH

Some progress in validating the importance of HRM in public administration, generally made enforcement of legal regulations for the civil service and establishment of the Civil Service. However, the implications of these positive trends at the municipal level are quite limiting. The fact is that only the civil service regulations in the Federation BH applies to municipalities, while the RS, the administration of municipalities located within the Ministry of Administration and Local Self-Government, and consequently the employees have the RS municipalities status of civil servants. In any case, the establishment of a civil service whose functions de facto recall the functions of the Department of Human Resources will certainly continue to be a source of successful practice for all those who participate in the development of human resources at the municipal level (USAID, Sida – GAP, n.d.).

Generally, human resources management in public administration is based on law and legal regulations. Approach to managing human resources is mainly related to performance only what is required by law. Municipal governments will have to undertake significant efforts to development of appropriate rules and regulations that will regulate issues related to effectiveness at work location, job description, the specification of tasks, training, and training employees, paying fees and behaviour in the workplace. In addition, it is necessary to plan a whole series of activities to combat resistance to change the mindset of employers the current “blind reliance on the rules” to the future “blind reliance on individual creativity does not go beyond existing legal provisions” (USAID, Sida – GAP, n.d.).

2.3.1 Organizational structure and task systematization

The criteria governing the structure of municipalities and their task systematization are defined in state and entity legislation.

According to the *Republika Srpska Law on Local Self-Government* (101/04, 42/05, 118/05), the Mayor can independently determine the structure of the municipal administration. The Government of the Republika Srpska (RS) has also passed the *Guidelines for Improving the Efficiency of Administrative Services* (89/05), outlining the basic principles of an efficient organizational structure (OSCE¹, 2007).

In the Federation of Bosnia and Herzegovina (FBiH), the *Law on Principles of Local Self-Government in the FBiH* (Official Gazette No.49/06) and *Law on Organization of Administrative Bodies in the FBiH* foresee that the Municipal Council should pass *Guidelines for Staffing Policy Management* and a *Decision on the Establishment of Municipal Administrative Services and Other Services*. In addition the Mayor should adopt the Rulebook on the Organizational structure of Municipalities (OSCE, 2007).

¹ OSCE stands for Organization for Security and Co-operation in Europe

2.3.2 Recruitment

Labour issues and the recruitment process are regulated in FBiH by (OSCE, 2007):

- *Civil Service Law of the Federation of Bosnia and Herzegovina*; (FBiH Official Gazette, No: 29/03, 23/04, 39/04, 54/04, 67/05, 8/06);
- *Law on Administrative Staff in the Civil Service Bodies of the Federation of Bosnia and Herzegovina*; (FBiH Official Gazette, No. 49/05);
- *Law on Labour* (FBiH Official Gazette, No. 43/99, 32/00 i 29/03);
- *Law on Ministerial, Governmental and Other Appointments of the Federation of Bosnia and Herzegovina* (FBiH Official Gazette, No. 12/03, 34/03);
- *General Collective Agreement for Territory of the Federation of Bosnia and Herzegovina* (FBiH Official Gazette, No. 54/05);
- *Collective Agreement for Employees in Administration Bodies and Judicial Authorities in the Federation of Bosnia and Herzegovina* (FBiH Official Gazette, No. 23/00, 50/00);
- and other by-laws regulating matters related to labour-legal relations.

These issues in RS are regulated by (OSCE, 2007):

- *Law on Local Self-Governance* (Official Gazette RS, No. 101/04, 42/05, 118/05);
- *Law on Labour* (Official Gazette RS, No. 38/00, 40/00, 42/02, 38/03, 66/03);
- *Law on Labour Relations in State Bodies* (Official Gazette RS, No. 11/94);
- *Law on Ministerial, Governmental and Other Appointments* (Official Gazette RS; No. 7/03);
- and other by-laws regulating matters related to labour-legal relations.

Although some of these laws have been amended, experience shows that there is room for further improvements in certain areas. These include the need for a recruitment plan, the role of the HR Officer, the recruitment of technical and assistant staff in RS municipalities, the content of a public vacancy notice, and the introduction of interviews for the recruitment of administrative staff. The main major problems in recruitment include non-harmonized legislation, considerable costs for issuing public vacancies, long deadlines for application (OSCE, 2007).

2.3.3 Performance appraisal system

In BiH and its entities, the following laws and their respective by-laws regulate the issue of performance appraisal for civil/administrative servants and other employees of municipal administrations (OSCE, 2007):

- *Civil Service Law BiH* (Official Gazette of BiH, No. 12/02, 8/03, 35/03, 4/04, 17/04, 26/04, 37/04);
- *Civil Service Law FBiH* (Official Gazette of FBiH, No. 29/03, 23/04, 39/04, 54/04, 67/05, 8/06);

- *Law on Employees FBiH* (Official Gazette of FBiH, No. 49/05);
- *Law on Local Self-Governance RS* (Official Gazette of RS, No. 104/04, 42/05, 118/05).

In FBiH, these laws envisage at least one obligatory annual performance appraisal for civil servants/employees. The Law on Local Self Governance in the RS covers the appraisal process for officers, while an appraisal process for technical and support staff is not required (OSCE, 2007).

2.3.4 Training and professional development

The *RS Law on Local Self-Governance* (Official Gazette RS, No. 101/04, 42/05, 118/05), the *RS Rules on Training and Professional Development in Local Self-Government Bodies*, and the *FBiH Civil Service Law* (FBiH Official Gazette, No. 29/03, 23/04, 39/04, 54/04, 67/05, 8/06) and its by-laws (e.g. *Code of Ethics*, *Rulebook on Performance Appraisal*) require employees of administration bodies to undergo training and professional development so that they can perform their jobs in the best possible way (OSCE, 2007).

The planning of training and professional development, the assessment of training needs, as well as the selection of topics and participants, is not sufficiently transparent. Currently, there is limited understanding of the importance of training and professional development among both employees and management (OSCE, 2007).

There are almost no comprehensive annual plans for training and professional development. Professional development at a local level is weak due to the following reasons (OSCE, 2007):

- Once certain laws and regulations are passed (e.g. Law on Public Procurement, Civil Service Law etc.) related training is only organized after great delay and
- There is insufficient participation by municipalities in the planning of training programmes.

2.4 Common approach to modern HRM policies in BiH public sector

There can be no comprehensive and efficient administrative reform across BiH without greater harmonization of HRM practices at different levels. The objective is to avoid introducing different systems or individual approaches to each level of administration, and to rationalise and harmonize regulations as much as is practical and feasible. For example, specific rules apply in each Entity on the scope of civil service. The longer-term objective has to be to clarify the definition of ‘civil servant’ at all levels, to ensure consistency across BiH (PARCO, 2007).

Harmonization of legal provisions will be a continuous process. It should not be limited to the current law provisions and practices, but provide an opportunity for all the administrations to review and revise policies jointly, with a view to achieving a common

approach to modern HRM. On an ongoing basis, new policies must be developed in a coordinated way, introducing new work behaviours, and verification of the implementation of international experience within BiH. The three Civil Service Agencies (hereinafter: CSAs) (and the responsible body in the Brcko District) and appropriate Ministries, need to identify a shared agenda and common goals for both the immediate- and longer-term (PARCO, 2007).

To this end, the coordination and cooperation between the CSAs needs to continue, deepen and show results. Important issues for coordination and cooperation include, for instance, harmonization of regulations and procedures, enabling mobility of civil servants, determining the outline of the civil service, unification of planning methodology, strengthening compatible information systems for HRM, improving the practice of performance appraisal and promotion procedures, reorganizing the salary and awarding system, as well as strengthening the HRM capacities in individual institutions (ministries, directorates, agencies and alike) (PARCO, 2007).

Additionally, an important coordination aspect is the identification and development of joint projects, which will be implemented in all government levels. The cooperation between the CSAs' Heads is of particular importance. This could be facilitated by the Office of the Coordinator for PAR, and by the CSAs themselves; which, without forming a separate coordination structure, should establish more formal cooperation regarding all their functions and tasks, and rotate responsibilities for joint meetings, agendas, etc. The cooperation should extend to all CSA staff (PARCO, 2007).

2.5 Incidence of HR activities in organizations in public sector

In public sector in BiH there is no given importance to people who are working in organizations – employees. According to that, it can be concluded that HRM management is not well developed in organizations as it should be.

In relation to the world's successful organizations and the development of HRM functions in organizations in BiH function of HRM is largely undeveloped and still has the name of the personnel office (Duraković, 2011). There are few organizations that have heard of the principles of HRM so they just changed the name from the Personnel Department, but in fact they perform the previous operations where there is no trace of HRM functions. HR department in most organizations perform basic activities of a purely administrative functions, and undifferentiated part of a HRM: the publication of applications for candidates, register of employees, register of vacations, register of arrivals at work, organizing training programs for certain employees. Neglect of HRM activities such as job analysis, recruitment and candidate selection, monitoring and evaluating work performance, motivation and reward, training and staff development resulted that personnel actions are grouped together with general legal functions, which are performed in two working position: Head of Personnel Administration and Human Resources Officer for what is still the case today in most organizations. Mostly lawyers dealt with these jobs

when is required qualification for a university degree, but mostly these jobs are done with high school education and therefore human activities have always had most minimal importance in the organization. This all has led to the neglect of HRM functions, preventing the development of these activities and training of professionals who would appropriately deal with the management of human resources in organizations. The entry of many foreign companies on the market in BiH, and the strengthening of competition lead to changes in organizations and thus the function of HRM start to be more important. Shifts are small but significant because it awakens the consciousness of managers and directors of individual organizations, and increasingly there are demands for training executives and employees with HRM functions. Top management of individual organizations in BiH is increasingly starting to strengthen HRM and separate into organizational units and recruitment of experts of various profiles (Duraković, 2011).

According to research of Duraković (2011), results of surveys in several organizations of BiH like judiciary, prosecution, electric, BH Telecom, municipalities, insurance, Employment showed that 28.57% organizations have department for HRM and 71.43% do not have special department for HRM. Also, on question which functions of HRM are represented and implemented in organization, it is showed that 42.86% organizations consider administrative and personnel services under HRM functions, 28.57% have real HRM functions, and 28.57% did not give any answers.

In the research of Rahimić and Ćar (2004) it was questioned if managers in BiH recognize the importance of human resource, and do they consider human resource as the most important component for company's success. A survey was sent to 50 small and middle organizations, and some of them are organizations of public sector. Even 36% of the examinees consider contribution of HRM very important in company's success, 28% of the examinees gave insignificantly lower mark to HRM. 16% of the companies could not find the connection between company's success and the quality of management of human resources while the rest of the examinees think that there is the connection but it is insignificant.

In BiH is started process of public reform administration in order to create a public administration that is more effective, efficient, and accountable for what it does, that will serve the citizens better for less money, and that will operate with transparent and open procedures, while meeting all conditions set by European Integration, and thereby truly become a facilitator for continuous and sustainable social and economic development (PARCO, 2007).

The abilities and dedication of the people working in the public services are vital if the administration is to work effectively. In complex administrative systems – such as in BiH – achievement of the highest quality of human resources is the biggest challenge. HRM system needs to be transparent, fair, supporting merit and professionalism, and providing incentives to staff according to clear criteria. Above all, an impartial and high-quality civil

service will enable institutions on all levels to contribute to the economic and social development required by the citizens of BiH (PARCO, 2007).

The current situation in relation to HRM in BiH is complex. A legal framework is in place, but there are different approaches for the development of certain HRM functions, and different legal solutions across the levels of government. These differences are evident in law, and are also applied in practice. Lack of unified procedures and requirements hamper mobility within the territory and the procedures are often lengthy, cumbersome and costly. HRM tools are not always fully implemented (e.g., performance appraisal, training needs assessment), and there are few incentives to do so. For the most part, HRM functions are in the commencement phases of development and implementation (PARCO, 2007).

2.5.1 The role of the Civil Service Agencies

A considerable problem in BiH, is the implementation capacity in the individual institutions, and the lack of monitoring and advisory capacity in the Civil Service Agencies (CSAs) and the Brcko Human Resources (HR) Unit (PARCO, 2007). The latter are mostly seen as “service providers” to institutions. Three CSAs have been established, and they are reasonably, though not always, sufficiently staffed. These CSAs have inter alia the responsibility to guide, monitor and evaluate HRM. These CSAs could be primary change agents, and they have made efforts to drive modernization on certain issues which have not always proven sustainable. The process seems to stagnate, despite the fact that awareness has grown that good HRM across all institutions and levels of Government is essential to improve performance of public administration (PARCO, 2007). According to the Governance Perception Survey (UNDP², 2003) which is based on citizens, businessmen and civil servants opinion of practices of government institutions and services provided by the public administration throughout BiH, it indicates that perceptions of the practices of the of public administration and the quality of services provided are generally unfavourable. On average only one out of four respondents expressed favourable perception across a range of good governance dimensions. This overall picture is consistent across all groups of respondents, including civil servants themselves. The survey confirms that the scope for improvement in the practices of the public administration in BiH is significant, and it underscores the urgency of improving service delivery.

As with any new organization, the CSAs (including the HR unit in Brcko District), need to evolve with changing circumstances. CSAs will have to assume their legal responsibility of HR policy development and implementation; through developing capacity both within the CSAs themselves, but also by providing expertise to assist development of HR management in Ministries and other bodies (PARCO, 2007).

In short, CSAs should assume their role and become the focal point for (PARCO, 2007):

² UNDP stands for United Nations Development Programme

- Development and oversight of HR policies and principles;
- Standard setting, and monitoring;
- Issuing guidelines and advice;
- Orchestrating, sharing and communicating good practice, including across BiH;
- Holding Ministries to account for effective implementation; and
- Reporting to Government/Parliament.

No CSA performs successfully without a well-developed HRM function in individual institutions. Within individual Ministries and other institutions, the personnel function is currently understood as purely administrative; there is little evidence of active personnel management or a strategic perspective on human capital. Developing HRM capacities, as opposed to running purely technical personnel services, must be achieved in parallel with strengthening the role of the CSAs. Introducing HRM units instead of technical personnel units will involve a substantive and deep change in personal management. It will call for the introduction of specialised HRM units in larger organisations, or developing the knowledge and skills of a key individual to take responsibility in smaller institutions. Of equal importance is the need to encourage all managers to be proactively involved in the development and motivation of staff. This will require investment in both time and resource to build individual capacity and understanding of good HRM skills (PARCO, 2007).

2.5.2 Information management

A good and efficient HRM system requires current information technologies. Issues of information system development for HRM need to be solved, jointly and simultaneously.

According to PARCO (2007), ideally, a unique software solution should have been used at all levels from the beginning; until the new common software solution will be in place, the central databases at each level will have to be interoperable with each other, to guarantee exchange of data. The use of vertically integrated software is a common practice in developed countries. It allows each institution to update, and have access to data on its own civil servants and other employees. Each CSA needs to have access to the data and permission to update data on their own civil servant employees. The database has to be regularly updated locally; and the CSAs have to be able to create more accurate reports on personnel engaged in the civil service.

As a prerequisite for the connection, adequate and timely exchange of information is necessary to the existence of databases and knowledge at all levels of the health sector supported by appropriate IT and information infrastructure. This includes vertical and horizontal exchange of data and information of all participants in the health sector, the adoption of legislation in the field of statistical reporting in health care, law on protection of patient data, etc (Federal Ministry of Health, 2008).

OSCE (2007) in its paper “Human Resource Management Guide for Municipalities in Bosnia and Herzegovina” claims that when analyzing the effectiveness of a municipal administration it is important to remember that its purpose is to serve the citizens. For example it is recommended that the current way in which local communities offices and registrar offices (branches of the municipal administration) work should be examined. The use of database networks should be considered to offer all information for citizens in one place. To rationalize municipal work, the duties of local communities’ offices could be merged with the duties of the registrar office. In this way, time and money spent by service users will be reduced.

Good internal communication, regular information sharing and the active involvement of employees in drafting the Rulebook increases trust, promotes creativity and contributes to the creation of a more efficient and effective administration. It motivates employees to work more efficiently and effectively because it increases their understanding of the vision of the municipality and contributes to better team work (OSCE, 2007).

The advantages of good communication are (OSCE, 2007):

- Improved team work;
- Better information flow;
- Increased efficiency and motivation;
- A more positive working environment;
- Increased transparency of work;
- More efficient problem solving.

2.5.3 Human resources planning

According to research of Duraković (2011), surveys shows that 64.29% of organizations do have human resource planning and 35.71% do not plan human resources. But it is questioned what organizations consider under human resource planning.

Current capacity and methodology for human resources planning in public administration at both strategic and institutional levels is basic. There has been little opportunity so far to undertake either job evaluations, or in-depth needs analysis in individual institutions, or at the level of overall administration. This lack of analysis, and subsequent resource planning, has led to anomalies; both between the different levels of Government, and within them (PARCO, 2007). The current planning practice relating to the tasks where they plan staff placed within the larger planning services without any distinction or a particular importance.

Levels of employment and types of employees are determined by the Ordinance on the systematization of the presented the need of employment within the municipality to meet its objectives, as set forth by top management. In some ways this is a sign that the municipalities each year reach the number of positions designated classification. The only form of planning that is carried out within the municipality, which has some of the

recognized implications of HRM, is a compilation of key action plans, which are often attached to the short-term operational planning (USAID, Sida – GAP, n.d.).

In the health sector of the FBiH, there are no established mechanisms for planning staff that are formal, permanent and stable. Given the constitutional structure of the Federation, which results in a decentralization of the health system, these mechanisms are missing at the central level (Federation) and at the cantonal administration (cantonal assembly, government and the ministry of health). Planning is currently being conducted at medical institutions and is based on the degree of burden of health workers in providing services to customers/patients (Federal Ministry of Health, 2008).

Human resources planning is an essential part of modern HRM, to develop both individuals and organisations for the future. The aim of strategy of Public Administration Reform is to agree on a common approach to the main techniques supporting human resources planning. These are in particular on the one hand job evaluation and the linked job classification, and on the other hand techniques for workload assessments to define the staffing levels as well as for staff replacement needs due to retirement, etc. A common approach would support not only improved manpower planning but also comparable structures and staffing levels in the administration and will in addition allow for flexible movement of individuals across administrations (PARCO, 2007).

According to PARCO (2007) it is important to work in three lines simultaneously:

- Continue and finalize the review of the job classification based on common job evaluation criteria
- Assess on all levels – with common standards – the current work situation and requirements; this will help institutions to understand whether the current staffing matches the workload required; and
- Regular and on-going human resource planning, in order to provide the staff necessary for adequate work results at any time. In addition, good human resources planning should also allow for more efficient and effective work of the public administration in the medium term.

One of the most important early decisions will be to agree on a common methodology, techniques and criteria for job evaluation, job classification and workload assessment as well as standards for manpower planning that all the central personnel management bodies (CSAs and the HR unit in Brcko) can adopt and promote in order to support the process of harmonization of HR practices in BiH.

2.5.4 Recruitment and selection

In BiH, divided in FBiH and RS, there are laws which regulate labour issues and the recruitment process. Although some of these laws have been amended, experience shows that there is room for further improvements in certain areas. There are some of the issues where regulation is weak or absent. There is the need for a recruitment plan, the role of the

HR Officer, the recruitment of technical and assistant staff in municipalities, the content of a public vacancy notice, and the introduction of interviews for the recruitment of administrative staff. The main major problems in recruitment include non-harmonized legislation, considerable costs for issuing public vacancies, long deadlines for application, and the fact that in the RS the Municipal Assembly draws up the list of experts for the interview panel (OSCE, 2007).

Recruitment creates long-term financial obligations and the recruitment and selection process should be planned carefully. When an organization fails to recruit properly, it limits its ability to meet its goals and increases costs, either because of the need to re-recruit or because of the need to hire additional staff to address the resulting gap in knowledge or skills (OSCE, 2007).

One of the areas of HRM within the structure of public administration in BiH where the last few years achieved some success is to recruit. It should be noted that some of the key elements of successful practices already included in the valid legal regulations USAID-SIDA Governance Accountability Project GAP 8 increased importance of merit as the basis for selection of candidates, which has managed to reduce the impact the policy. However, it is necessary to do a lot more especially in the area of recruitment, eg increase the number of qualified candidates as well as national diversity among them (in accordance with Census of 1991. years), and accelerate the process. Regarding the selection process candidates, the main disadvantages are related to the lack of consistency in the evaluation of candidates, the lack of burst checking references, lack of qualified professionals to manage human resources within the Commission for selection of candidates, etc (USAID, Sida – GAP, n.d.).

Current recruitment policy, based on open competitions for civil servants, has begun to provide all levels of government with more qualified and reliable civil servants. However, the analysis of civil service positions, and the definition of the related competency profiles will require further development. This will enable better forward planning of human resources. The current recruitment requirements overemphasise formal qualifications and seniority and give too little consideration to skills, capability, motivation, attitude and potential. This limits the ability of the administration and managers to identify and maintain high potential candidates and possible future leaders. The CSAs, together with representatives from across the civil service, should work together to develop a set of skills and competencies that will be identified and tested during the recruitment process (PARCO, 2007).

Building on and improving the existing recruitment policies to allow for greater flexibility, and include improved and alternative methods for the evaluation of candidates, will encourage a wider range of applicants, including young people to the civil service. Those involved in recruitment and selection must understand the established regulations, and must also be provided with the skills and capability to conduct good recruitment interviews and make objective judgments of candidates in an open and fair competition. Recruitment

policy also needs to consider equal opportunities across ethnicity, race, gender, and disability. It is important that diversity policies are prominent and implemented across BiH (PARCO, 2007).

Planning recruitment requires municipalities to assess their future needs based on the systematization. The aim is to ensure that a sufficient number of individuals have the necessary capabilities and experience to carry out municipal tasks. Funds must be included in the budget for the recruitment of new staff (OSCE, 2007).

The selection panel is an essential element of the recruitment process. Because members of the panel have to select the most suitable candidate, the composition of the panel is important and will have a direct bearing on the outcome of the selection process (OSCE, 2007).

2.5.5 Performance management and appraisal

Modern performance management is substantially more than an annual report on an individual's performance. The starting point must be clearly defined expectations and job descriptions, leading to agreed objectives and task assignments for individuals linked to organisational priorities. At the heart of the system, should be an annual dialogue between the individual and their line manager/supervisor, to agree future objectives and discuss how far the previously agreed expectations, and set objectives have been achieved. This practice is common in other European administrations, and would provide staff with objective feedback on their performance, recognizing achievement and encouraging them to do better by recognising strengths and potentials, and identifying areas for improvement. Skills development issues, such as training, should also be discussed, along with personal aspirations and opportunities for career development. An open and fair performance appraisal requires strong policy, supported by comprehensive leading documents, resources, and training to all parties involved (PARCO, 2007).

Above all, a comprehensive Performance Management cycle requires supervisors and staff who are equally committed to how the job should be effectively achieved, and to what it entails.

According to OSCE (2007) in FBIH, there are laws that envisage at least one obligatory annual performance appraisal for civil servants/employees. Civil servants with two consecutive positive annual grades are entitled to an award based on a certain percentage added to their salary. For employees in FBIH municipalities this reward can be given annually. Good grades also serve as the basis for career advancement and promotion. When a poor grade is awarded the civil servant undertakes a special training course to improve his/her performance. Two consecutive poor grades lead to termination of employment, following prior agreement of the FBIH CSA. Some municipalities have developed a detailed Internal Rulebook on appraisal in addition to the Rulebook on Performance Appraisal issued by CSA. This Rulebook details the criteria for allocating

grades and prescribes awards, which are additional to those regulated by law, and determined in accordance with financial situation of the municipality.

The current appraisal system in BiH has several shortcomings (OSCE, 2007). For instance, promotion after a successfully completed performance appraisal is rarely possible. If an employee has several good grades and exceptional professional qualifications, promotion is only possible once there is a vacant position for which the employee fulfils all requirements, (e.g. promotion of a specialist to senior specialist). In practice this means that, even though an employee fulfils all requirements for promotion, years could pass before there is a suitable position open for promotion. Promotion of civil servants in FBiH requires two consecutive good grades, which is quite a long time to wait. Awards for good grades require additional resources irrespective of whether there is an improvement in the efficiency of the municipal administration. Additionally, in some cases it is not possible to increase salaries as this may move the employee onto a higher salary grade, which is prohibited by law (OSCE, 2007).

Performance appraisals are used to monitor employees' performance while disciplinary measures are related to behaviour. It is possible that an employee shows good performance results but his/ her behaviour is inappropriate and requires disciplinary measures to be applied. On the other hand, if an employee's performance is unsatisfactory administrative measures are necessary. For example, civil servants with two poor grades face termination of service. In the RS, the employee subject to disciplinary procedure cannot be promoted until the process has been finalized (OSCE, 2007).

According to research of Duraković (2011), surveys showed that, when it is about monitoring and evaluation of work performance organizations, 43.86% of organizations have this HR actions and 57.14% of organizations do not monitor and evaluate work performance. Also, 21.43% of organizations perform employee feedback about his job performance, 57.14% do not perform it, and 21.43% did not give any answers.

According to USAID, Sida – GAP (n.d.) monitoring and evaluation of performance in public administration in BiH has traditionally been neglected, and, in main, did not exist until a few years. At this moment, some of the municipalities practice annual assessment of performance, however, most municipalities are still making great efforts to their managers perform this task. Where there can be assessed the performance present a number of questions, there can be set in conjunction with the efficiency of the process and impact that he has the motivation and development of employees. It is very likely that the deficiencies have been identified at higher levels of government and the present the local level. Some of these gaps relate to:

- Lack of adequate job descriptions (which creates confusion about the tasks and responsibilities of employees, and reduces the efficiency of the process setting goals).

- The absence of references in relation to setting targets for staff performance (There is no provision that would require reaching agreement on an Action Plan to be overcome such shortcomings in the execution of the tasks or meet training requirements. This information can occur during or after the interview, but is usually considered good practice to information obtained officially and formally recorded).
- Lack of clear parameters (vaguely defined categories such as personal characteristics are difficult to evaluate, so parameters must be relevant, measurable and realistic).
- Specifying roles in the process of evaluating performance (currently not envisaged role of human resources experts to oversee the process, he advised those who participate in it and supervised the process. Even if such a function is provided remains unclear as to who would carry out these activities in most institutions and to train experts to work in such procedure. Without the existence of clear guidelines from only a handful of managers can be expected to lead this process and consistently evaluate the effect, even within the same organization).

2.5.6 Training and Development

The planning of training and professional development, the assessment of training needs, as well as the selection of topics and participants, is not sufficiently transparent. Currently, there is limited understanding of the importance of training and professional development among both employees and management. There are almost no comprehensive annual plans for training and professional development (OSCE, 2007).

According to USAID, Sida – GAP (n.d.) common understanding of the training seems to have more the character of luxury but a necessity, which explains why it is not treated as a priority. Secondly present opinion refers to the fact that employees are sufficiently expert (as the insufficient effect occurs as a result of non-market wage). However, this attitude is based on the assumption that formal education offers practical skills, and will accordingly academic education to transform the skills necessary for a particular job, but in practice this is often not the case. That lack of understanding the difference between education and training more than is present in the public administration in BiH. Organizations send their employees to various seminars and workshops, usually organized by side donors, and each time they are asked to identify participants for the seminars. Leading management institutions usually only carried out the determination of the participants, although the criteria used for their choice is rather vague. This process is in most cases based on the opinions of people who made the choice to fully be in line with the course offerings. This practice will soon be needed to be replaced with a systematic analysis of training needs by managers. In this relationship, future training activities related to human resources management at the municipal level in BiH certainly should include the assessment of training needs as part of the curriculum.

In practice, municipalities in BiH allocate between 0.05 to 0.25% of their annual budget for the training and professional development of their employees. The FBiH CSA makes an annual training plan for civil servants based on information about needs and preferences provided by municipalities. FBiH municipalities are solely responsible for the training of other employees. In the RS, annual training plans are the responsibility of municipalities (OSCE, 2007).

Only half of the local government in FBiH employees surveyed were satisfied with the training opportunities on offer. The reasons for this are range from access to training through type of training on offer to the general quality of training opportunity available. Managers appear to be considerably more satisfied with the training opportunities provided than the civil servants and especially the employees / clerical staff they supervise (UNDP, 2009a). The majority of local government in RS employees are not satisfied with the training opportunities on offer, which can be attributed to a number of reasons ranging from access to training, the type of training on offer to the general quality of available training opportunities. However, it is noteworthy that managers appear to be more satisfied with the training opportunities provided than the administrative officers they supervise. This indicates that either managers do not communicate training opportunities to their staff or are provided with better general access to training (UNDP, 2009b).

When it comes to participation in training, some 61% of local government in FBiH employees participated in some form of training exercise over the past two years, largely thanks to the work of the CSA and the involvement of the international community. Naturally, some areas of municipal operations were targeted more heavily than others, with general administration, budget, and finance firmly in the lead in this regard (UNDP, 2009a). As for participation in training, some 42% of local government in RS employees have not attended a single training exercise over the past two years. Naturally, some areas of municipal operations were targeted more heavily with training than others: general administration, budget and finance firmly in the lead in this regard (UNDP, 2009b).

According to research of Duraković (2011), surveys showed that 85.71% of organizations have regular trainings for employees and 14.29% of organizations do not have it. Also, it showed that 71.43% of organizations have programs/instructions for staff development, and 28.57% of organizations do not have any programs for staff development.

The legislation of both the RS and FBiH states that training and professional development plans should be made by the head of the department. When amending current working practices, or introducing new methods and organisation of work, the employer is obliged to provide training and professional development for employees. The legislation of both the RS and FBiH specifies the individual and organised training and professional development of all employees. Individual training and professional development refers to the obligation for every employee to study regulations and professional literature that is relevant to his/her job on a regular basis. Organised training and professional development is partially

coordinated by administration bodies (FBiH CSA, cantonal ministries, RS ministries, Associations, and similar) (OSCE, 2007).

Training should be an integral component of a system of improved local self-government, enabling it to respond to changing requirements. Professional development should be recognized by managers as key to the implementation of new working methods. Professional development should be continuously supported financially and organisationally in order to improve the quality of work (OSCE, 2007).

Training and professional development helps the development of skills necessary for effective performance. Moreover, it creates the basis for efficient and effective municipal services. A systematic approach to training and professional development consists of three main steps (OSCE, 2007):

- Assessment of needs, planning, and adjustment to available financial resources;
- Training implementation;
- Evaluation of training.

Employees learn most through practical work experience. Therefore training programmes should consist of classes, off the job training and on the job training.

The administrations need to develop a learning culture which views training as an essential, rather than an optional extra. Staff will be encouraged, and allowed, to develop their personal potential. Specific training may be required for certain positions (such as strengthening drafting skills, or training in managerial skills). All training should be based on personal, organisational and performance needs. Further, the creation of a dedicated training facility for civil servants can be explored (PARCO, 2007).

Related to this, managers' abilities to recognise and meet needs have to be further developed. With no appropriate training needs assessment, training activities will still be based on offer, rather than on demand (PARCO, 2007).

Additionally, understanding the training as something provided as a reward for good performance or, the privilege of "yes-people", should be abandoned. Top managers (including ministers, heads, their deputies etc.), will be provided with an awareness of positive people management, leadership and strategic thinking. They must be role models for everyone (PARCO, 2007).

Agencies should develop a training strategy and programme of activities, based on the needs generated as a result of the current situational assessment, and in terms of common personnel and skills development needs identified across all institutions. In addition, individual intuitions have specific technical or professional training requirements that must also be managed effectively (PARCO, 2007).

Although PARCO has developed strategy for development of all HRM functions, ACIPS (2010) claims that the existing institutional and legal framework does not have sufficient

capacity to fulfil the actual needs for administrative education and training. Public administration reform has started without appropriate preparation when it comes to the education and training of its key actors.

The current situation is additionally aggravated by the fact that the mentioned reform measures, and especially the key ones that would significantly improve the quality of administrative education and training, as is the establishment of the Public Administration Institute, have not been implemented yet (ACIPS, 2010).

2.5.7 Salaries and awards

The issue of salaries and awards has not been solved systematically. Pay scales are too narrow, and do not award performance and responsibility. Wage rates are largely out of line for lower grade employees (at the state level particularly), and highly compressed for higher and mid-level employees. Some jobs with similar complexities have compensations that are significantly different (PARCO, 2007).

According to USAID, Sida – GAP (n.d.) this is an area where it is necessary to achieve significant progress in order to align with contemporary practices of HRM. Basically, the compensation practices in the public administration in BiH are largely conditioned by the overall financial constraints, present in all levels of government. However, no matter how small the amount of the budget, compensation cannot be seen as an instrument of management and use of elements to compensate for such recruitment, reward successful employees, or the structure of compensation based the evaluation of the work is extremely limiting. Basically, the problems that are present in conjunction with the ratio of civil service positions are also present in the case of other employees, including issues such as:

- Too small differences between the different grades of jobs;
- Lack of opportunities for advancement in career;
- Absence of increases at different levels of pay;
- Effects can affect any part of the salary;
- Not having a need to compete in a professional capacity in the market.

According to research of Duraković (2011), surveys showed that 57.14% of organizations do not have developed system for rewarding, and 42.86% do have system for rewarding.

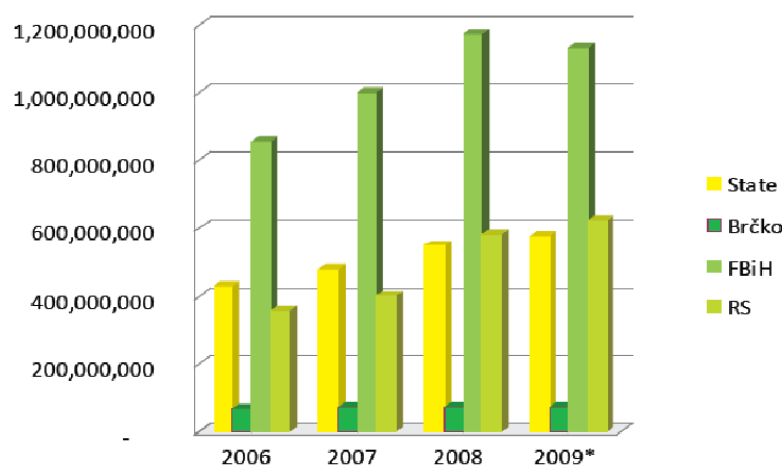
Federal Ministry of Health (2008) claims that complicated and different approaches to paying providers of health services, chronically suffer from lack of financial resources in the health condition rather low level of salaries of health workers in relation to other professions. There are numerous examples of dissatisfaction of health workers due to low social status, low wages, poor working conditions, workload and increasing demands placed before them reform.

PARCO (2007) claims that new salary system is high priority for all government levels. Improving the incentive structure requires targeting toward improving key skills. This

means that some functions will have to be cut back, and resources need to be focused on recruitment and retention of skilled staff who can ensure better public sector performance. Salary levels will be determined in accordance with classification of the position. If possible, a performance – related salary component will be introduced, such as bonuses or merit steps as to enable awards, but also sanctions, on the basis of an individual’s work performance.

In particular, the salary scheme determining the basic salary will require a common approach across BiH, facilitating both transfers and harmonization of salary. The aim should be to apply – in the medium terms – the same basic salary scheme across the country. Specific allowances to take account of differences in cost of living in the different centres will have to be considered. Possible supplements and allowances should be subject to coordination and framework agreements.

Figure 2: Expenditures on behalf of salaries and compensations at all 4 administrative levels, including cantons



Source: Association Alumni of the Center for Interdisciplinary Postgraduate Studies Alumni (ACIPS) (2010). *Quo vadis, Public Administration? Evaluation of Progress Achieved in the Implementation of Public Administration Reform in Bosnia and Herzegovina*, p. 13.

ACIPS (2010) concludes that, despite of increased contributions for salaries and compensations of employees working in public administration, the expected effect is not reached in the field of public administration reform. Apart from the fact that the number of employees has increased in public administration with an aim to get to the necessary new knowledge and skills in that manner, and apart from enormous increase of salaries and compensations as money stimulant for civil servants, it can be concluded that desired result is absent.

2.6 Obstacles of development of HRM in public sector in BiH

Very often is heard from the top functionaries that governmental institutions in BiH chronically suffer from lack of money which disable modernization and represent an obstacle to introduction of completely new functions and roles which are characteristic for every reform. Something similar is happening when is about public administration reform in BiH (ACIPS, 2010).

When it is about public administration reform arguments which are most often emphasized are (ACIPS, 2010):

- Civil servants are not sufficiently paid for the existing scope of work they do;
- Inexistence of material presumptions for more efficient work of civil servants;
- Within public administration work insufficiently trained people and the existing personnel who could bear reform burden are not adequately arranged.

The most frequently cited obstacles to quality training delivery were costs, the general lack and poor quality of practical training on offer, and the absence of a training needs assessment mechanism to ensure that supply meets demand effectively on the training market. The mayors interviewed expressed similar concerns, while also highlighting the absence of a coherent division of responsibilities between the various levels of government, including for the co-financing of relevant training events (UNDP, 2009a, 2009b).

Also, it is questioned three key factors which determine success of every reform in public sector, including public administration reform and so reform in HRM (ACIPS, 2010):

- Political will;
- Financial resources;
- Knowledge and skills.

It is well known that the output result of every activity is a product of factors of will, knowledge and financial support which can be represented by an equation: $RESULT = I CAN \times I KNOW \times I WANT$. This means that all three factors are needed simultaneously, or if only one of them is lacking the output result will also be missing.

Realistic indicators of political will in this moment in BiH are its key political leaders – top interpreters of political and ethno national interests. The logic of answering the question of whether there is enough administrative knowledge and skills to successfully conduct public administration reform is following: we cannot have knowledge and skills if we do not have operational and quality system of education and training within which the civil servants and future civil servants will obtain necessary knowledge and skills (ACIPS, 2010).

3 RESEARCH ON “HOW TO DEVELOP HRM IN PUBLIC SECTOR IN BIH”

The research begins with articulation of the research methodology and formulation of research questions. The following paragraphs present the research methodology, research questions and research process describing the interviews, data details, research analysis and results of interviews.

3.1 Methodology

The primary goal of this research work is to find out how to develop HRM in public sector in BiH. That includes to identify the basic factors for managing human resources, to understand the challenges of HRM in public sector, to explore in which condition is HRM in public sector in BiH, to find out strategies which could develop HRM in BiH, to obtain the views of managers in organizations of public sector in order to find out their opinion about HRM condition and find out which strategies would be the most appropriate for development, and to approve how development of HRM can effect on better organizational performance and results.

Keeping in view the goals of the study, primary data is collected through qualitative research, in-depth structured interview. 12 managers who work in institutions of the public sector and who manage with human resources are interviewed about their opinions, attitudes and global situation in their organization about managing human resources. Through this research it is found out how much managers and HR managers, if they exist in certain organization, pay attention to human resources in their organization and how well the HRM function is developed.

In-depth interviews are a method of gathering information from individuals about their behaviour, opinions, feelings, and experiences. The interview format can be unstructured, semi-structured, or structured (Denzin & Lincoln, 1994).

Unstructured format is flexible and relies only on a list of question topics. Unstructured interviews resemble a conversation more than an interview and are used to understand a target audience's complex behaviour. No categories of responses are imposed on the interview. Unstructured interviews are most appropriate when administered by experienced researchers to examine study an area about which little is known. Anthropologists use unstructured interviews during the early stages of investigating a socio-cultural phenomenon and during long-term fieldwork (PSI & AIDSMARK, 2004).

Semi-structured interviews facilitate the collection of new information with the flexibility to explore different topics in-depth with different informants. Their format is somewhere between unstructured and structured: they usually contain a one-page guide of open-ended questions that are asked of all informants in the same order. Semi-structured interviews are

best in situations where researchers will only have one opportunity to interview each informant (PSI & AIDSMark, 2004).

Structured interviews use previously coded questionnaires that are similar to surveys: they probe knowledge, attitudes, beliefs, and practices. Closed-ended questions are usually administered with a limited set of response categories and interviewers are instructed to never stray from the instrument. Responses may include multiple choice or Likert scales and, in some cases, open-ended questions. Structured interviews allow researchers to make comparisons among informants. Interviews by telephone, face-to-face interviews in informants' households, intercept interviews, and interviews associated with survey research are the most likely to be included in the structured interview category (PSI & AIDSMark, 2004).

In the research are used structured interviews in order to make maximal objectivity of answers of the informants. Also with structured interview mistakes in measuring are reduced. Structured interviews have enabled to make interviews more easily and effective for me and my informants because of time limitation of informants. I chose structured interviews because of better measuring and analysing results of interviews, and also because of easily comparing results of interviews. Informants are interviewed face-to-face and some of them by telephone and internet because of geographical distance. I tried to choose informants from all over the country because of better and accurate results. Structured interviews helped me to lead my in advance written questions, but if informants needed some explanation or information I explained everything and asked more questions to get detailed answers.

3.2 Data details

In designing interview questions I made these guidelines:

- Interviews with open and added questions like what, where, why, because I got better answers;
- Unambiguous questions – that means clear questions which require certain answers.
- Questions have to be related with theoretic model and research problem of master's thesis.

In Table 2 there are listed all questions which I used in structured interview and their relation with theoretic model and research problem. Every question refers to certain relation with theoretic model and research problem.

Table 2. Questions and their relation with theoretic model and research problem of master's thesis

Question	Relation with theoretic model and research problem
1. Which is your current position in your organization?	Relation of job position with HRM
2. How long you work at that position?	Work experience
3. Does your job description include functions of managing your employees?	Relation of job position with HRM
4. Is function of managing human resources your main or secondary function?	Relation of job position with HRM
5. How much employees work in your organization?	Possibility to have HRM department
6. Does your organization have department for human resources?	Possibility to have HRM department
7. If does, how many employees work in that department?	Possibility to have HRM department
8. If does not, how many employees do functions of human resources?	Possibility to have HRM department
9. Which of these functions of HRM are activities which are included in your organization: <ul style="list-style-type: none"> a. Human resource planning b. Job analysis c. Human resource procurement d. Human resource selection e. Monitoring of work performance f. Awards and motivation g. Education and training h. Career management i. Other functions: <ul style="list-style-type: none"> i. Making organizational climate and culture ii. Safety and protection of health at work iii. Relation of employees iv. Different services for employees v. Information system 	

(table continues)

(continued)

Question	Relation with theoretic model and research problem
10. If you did not choose all options, give me the reasons of absence of each function.	Involvement of HR functions in organization
11. Do you think that some of those functions are not necessary in your organization? Which functions are not necessary and why you think like this?	Involvement of HR functions in organization
12. Which are three the most important functions for you?	Involvement of HR functions in organization
13. Do you think that, if your organization does not have department for human resources, it should have such department?	Involvement of HR functions in organization
14. Do you think management pays enough attention to employees in your organization?	Involvement of HR functions in organization
15. Would you like to change attitude of your organization according to human resources, in other way – behaviour to your employees? In which way?	Will and attitude about development of HRM
16. What are constraints of development of HRM in your organization?	Will and attitude about development of HRM
17. How much is important existence of HRM department for improvement of your organization?	Will and attitude about development of HRM
18. If HRM better function, would organization performance be better and why?	Will and attitude about development of HRM

The purpose of this research was to examine a group of managers who have certain knowledge of human resources and who manage with employees in their organizations. All informants have finished at least university education and all of them work in organization of public sector.

Interviews were done in October and November 2011. Duration of interviews was approximately 35 minutes. This structured interview contains 18 questions, which 8 of them requires brief answer like yes/no, number or short explanation. Other 10 questions

are open questions which require open and detailed answers. Also, those questions contain added questions like “why” and “in which way”. Age of the informants was in range 30-55 years. Of 12 informants 6 of them are female, and 6 male.

Table 3. Main characteristics of informants

Characteristic	Number of informants
Current position at work:	
▪ Top manager	4
▪ First-level manager	7
▪ Manager’s assistant	1
Work experience on that position:	
▪ 0–3	6
▪ 4–6	3
▪ 7–10	3
Size of organization:	
▪ Small (1–49 employees)	7
▪ Middle (50–249 employees)	4
▪ Big (over 250 employees)	1

In the Appendix 2 there are transcriptions of all interviews. Because of anonymity of informants and organizations, I exclude names and associations which can expose identity of informants.

3.3 Research analysis and results

There are specific goals of interviews which give answers and which are consistent with objectives of the study (page 3). Specific goals of interviews give answer of following questions:

- Do organizations in public sector have department of HRM?
- How HRM is developed in organizations?
- How much they pay attention on existing of HRM and on their employees?
- Do organizations want to change condition of HRM in their organizations?
- Which are the main constraints of development of HRM?

In this chapter are presented brief summaries of each interview and some important answers categorized in tables because of better results comparing.

3.3.1 Interviews summaries

Next interview summaries are brief written version of interviews. Every interview summary explains the main thoughts of every informant and they are related to specific

goals of interviews. In summaries there can be seen informants' attitudes of HRM and their opinion about HRM in their organizations. Transcripts of all interviews are in Appendix 2.

Person A. HRM in this organization is seen as important but undeveloped department in organization. Department of HRM do not exist in organization, and only 2 employees do activities of HRM in department of secretary for legislative affairs. In this organization exist only two activities and they are education and training, and dealing with relation of employees. The problem of not existing of other activities is that climate in organization and circumstances do not allow other activities to develop and there are no incentives for improving HRM. Organization pay attention on their employees like Person A said: "...enough, but not planned and continuously as it should, only when it is necessary". The most important activities should be human resource planning, job analysis and making organizational climate and culture. Also, person A thinks that department of HRM should exist which would contribute to better performance of employees and which would make better relations and behaviours to employees through monitoring their work, assessment, sanctioning, rewarding, promotion and training. The main constraints for development are that there is no built monitoring system and human resource development, and also environmental impact. Organization performance would be better if HRM function better because it would create greater sense of responsibility, self-esteem and motivation of employees.

Person B. HRM in this organization is seen as important but also undeveloped department in organization. There is no special department for HRM and person cannot say exact number of employees who do activities of HRM, because there are 4 employees who are ahead and who do those activities the same as other activities. This organization is obligated to respect regulations of employment like Law of Civil Service. In organization exist human resource planning, job analysis, human resource procurement (but limited), education and training. Other activities are not developed like human resource selection, monitoring work success, rewarding and motivating employees and other functions. Person B said: "It is hard to do selection because civil servants are employed indeterminate and only big mistake for work duty can be result of transfer to another work place or dismissal." Monitoring of work success is regulated by Law of annual performance appraisal, but in practice it functions very weak. Rewarding and motivating employees in practice also is not applied because the salary depends on the level of qualification and the coefficient of the workplace, and there are no incentives for good work. Salary only increase by percentage based on years of work experience in current organization. There is a lot of space for change in HRM in this organization. The main constraint is relation between employees – everyone knows everyone, as person B said: "No one wants that someone because of him remain without a job or go to a place with less salary, because that employee does not cost him, wages are paid from the budget. If it is a private organization, half of staff in the public sector would remain without job." Existence of HRM department is important, but under this condition it is not possible because of many things – legal and financial constraints.

Person C. HRM in this organization is seen as important the same as other functions, but in practice lots of functions of HRM are not developed, even in organization exist these HRM functions: human resource planning, job analysis, monitoring of work performance, education and training, making organizational climate and culture, safety and protection of health at work, relation of employees, different services for employees. The reason for lack of other functions is part of the vagueness of law of rights of employees, and partly poor organization of administrative bodies in terms of adoption of different rules governing this area. The most important functions for organization are human resource planning, work performance monitoring, and rewarding and motivation their employees to give better performance. There is no need for special department of HRM in this moment, mostly because of trend of decreasing of employees' number in public administration. Person C thinks that attitude to employees is very good in organization, but there is lack of decisions that would make HRM better. The main constraint is legal framework, first of all Low of Civil Servants which defines rights, but not obligations. But better HRM would not lead to better performance of organization.

Person D. HRM in this organization is not developed the same as in other organizations, but there are some HRM activities which exist. Those activities are job analysis, human resource selection, monitoring of work performance, relation of employees and information system. There is no need for special department for HRM because there is Central Administrative Office which should take care of other activities. Person D considers that employees in this organization are treated well but it would be better if HR activities are more developed. Only awards and motivation, and education and training are activities which organization does not have but it should have, because they are very necessary, as Person D said. Also, career management is the only activity which is not necessary at all because organization should not have responsibility for someone's career. Generally, there are no constraints for development of HRM, but there is a lot of space for improvement. Person D said: "There are lots of activities which can influence on motivation of employees which could lead to better work performance."

Person E. This organization does not have department for HRM, but person E considers it should have because it would lead to better performance of organization. There are four employees who do HR activities beside other activities. Organization has all HR functions which are listed in interview and Person E considers that every function is necessary in his organization. But the most important functions for one organization are job analysis, education and training, and career management, especially last two functions because employees in this organization always have to learn more – organization invests in employees and they are one of the most important resource. Management pays enough attention on their employees, care about employees and relations to employees are very good, and there is no need for change. Constraint of development of HRM is inability of employment due to lack of financial funds. It is very important to have HRM department and it would be good to have it, but in comparison with other problems organization has, having HRM department in this moment is not essential.

Person F. This organization does not have special department for HRM because it is too small for such department – that is why only one employee does those activities. Person F says that HRM is very important and it has the same importance like other functions. Almost all function listed are involved in this organization: human resource planning, job analysis, human resource selection, monitoring of work performance, education and training, and all listed other functions. For human resource procurement they have limited financial funds. Legislation does not sufficiently allow rewarding and motivation of employees. In addition, in practice is not created the climate for selective evaluation of working ability of employees because conventional mentality of “do not get angry colleagues” and prefer more capable employees. Also, career management is hard to manage because education system is very confused. It is necessary to reform education system and to make accent on life-long education, which would affect on career management. Person F thinks that management pays almost enough attention to their employees in this moment within existing possibilities and there are no real and legal possibilities for radical change. The main constraint for development is negative influence from the former socialist-communist system. Mentality of managers and organizations are not adapted to a new modern system. It is necessary to keep the laws which prefer "not political orientation" of state government. Definitely, it is needed to separate political of professional function, and political structures that influence on political acceptability of employment in public administration.

Person G. This organization does not have special department for HRM, but those functions are under responsibility of department for legal issues and two employees do those activities. HR functions which are involved in organization are: human resource planning, job analysis, human resource procurement, human resource selection, monitoring of work performance, safety and protection of health at work, relations of employees, different services for employees and information system. For other functions Person G did not give exact reason for their absence. But, Person G thinks that all functions are necessary in his organization and department for HRM would lead to better performance of organization, and the existence of HRM department is important for improvement and for motivating employees. Even if department would lead to better performance in the future, now there is no need for change, because situation in organization is good for now as Person G said. Person did not say which constraints are problem, because management has not yet tried to change or improve functions of HRM, so has not came upon constraints.

Person H. This organization does not have special department for HRM because there is centre for education which does some of activities. Person cannot give exact number of employees in organization who do activities of HRM. All functions listed in interview are included in this organization because all functions are necessary and they are regulated by Law in the organization. The most important functions are education and training, and safety and protection of health at work. Person H thinks that in organization there is no

need to have special department for HRM because it would lead to higher costs unnecessary because all these functions are regulated by Law and are applied by employees. Also, management pays enough attention to their employees because work is standardized and still there is a need for further getting of better work performance from employees, like it was till now. But, Person H would not like to change the situation in this moment because in the organization everything is regulated by Law and it is also applied in practice. The constraint of development of HRM is lack of responsibility of management, as Person H said: "Improvement of HRM could be done by increasing responsibility of management – by continuous education and dynamic of legislative." The existence of HRM department is important for improvement and for motivating employees, which would lead to better organizational performance.

Person I. HRM in this organization is not seen as very important for improvement of organization. There is no special department of HRM and only one employee does activities of HRM. Even if it is a small organization, there is lot of space for improvement in HRM, but Person I thinks that there is no need for special department of HRM and that it would not lead to better performance of organization. Functions which are included in this organization are: human resource planning, job analysis, human resource procurement, human resource selection, monitoring of work performance, motivation only (no awarding), and other functions like making organizational climate and culture and safety and protection of health at work. For awarding employees in way of giving some extra money, there are no opportunities for that because of limited funds, but awarding in way of giving free days it exist in organization. For other functions like education and training, career management, relation of employees, different services for employees and information system, organization is small to manage with these functions and they are not necessary, as Person I said. The most important functions are job analysis, selection of human resources and monitoring work performance. Constraint of development of HRM in organization is only limited fund.

Person J. This organization employs 600 employees and it does not have special department for HRM. There are only four employees who do functions of HRM. Person J said that all functions listed in interview are included partly in his organization, only when it is necessary for certain moment and situation. Every function depends of nature and necessity of tasks in organization. Person J thinks that his organization should have department of HRM. Person J said: "I think management pays attention on their employees, but I am not sure if that is enough. Certainly, there is lot of space for improvement in that field." Organization should change its attitude to their employees, it should develop HR functions. Constraints of development are structure and complexity of this organization, as Person J said. The existence of HRM department is not prerequisite for success of this organization, but it would have positive effect on improvement of

organization. Therefore, organization's performance would not be directly better because of HRM, but it would have good effect on it if functions of HRM will practice well.

Person K. This organization is small and only one employee does activities for HRM beside other activities. There is no special department for HRM. In organization are involved all listed functions of HRM. Person K considers that all functions have the same importance and that all functions are necessary in his organization. But, special department for HRM is not necessary because organization does not have lots of employees, so current situation for now is good. Even organization manages with all function of HRM, it can be said that management does not pay enough attention to their employees – it can be far better. Person K said if he is in management – the main decision making, he would change the situation related with HRM it the way to pay more attention on education, awarding and motivation of employees. Constraint of development of HRM is ignorance of the importance of human resources and human potentials. For this organization is not of great importance to have separate department of HRM because it is small collective.

Person L. This organization is also small and does not have special department for HRM because number of employees are small. From listed functions of HRM only four functions are involved in this organization, and they are: human resource procurement, human resource selection, education and training, and making organizational climate and culture. Person L cannot give the exact explanation of absence of other functions, but he supposes that organization is too small for existence of all functions. Generally, all functions have the same importance, but all of them are not necessary for this organization, as Person L said. Management pays enough attention to their employees, because in organization it is obvious that satisfaction of employees leads to better work performance. According to that, Person L would not like to change the situation in his organization because attitude of organization according to human resources, behaviour to employees, is very good in organization. Constraints of development of HRM are first of all high costs of creating and maintaining department of HRM. Creating special department would not lead to better performance of organization, because organization is too small for that.

3.3.2 Managers' opinions about HRM importance

HRM is generally seen like very important function in organization. All managers consider that HRM is necessary for their and every organization. Table 4 shows how much examined organizations have special department for HRM and it can be seen that there is no organization which has special HRM department. Also, in interview was a question which asks from informants to say does they organization need special HRM department and what they think about that. It can be seen how much employees in each organization have a responsibility for managing human resources.

Table 4. HRM department existence and number of employees who do HR functions

	A	B	C	D	E	F	G	H	I	J	K	L
HRM department in organization	No	No	No	No	No	No	No	No	No	No	No	No
Organization should have HRM department	Yes	No	No	No	Yes	Yes	Yes	No	No	Yes	No	No
Number of employees who do HR functions	2	4	1	2	4	1	2	-*	2	4	1	2

Note. * Person H did not give the exact number of employees who do HR activities because many employees do those activities besides other activities.

As it is already seen, any organization do not have department for HRM. Usually, HR activities are under responsibility of department for general and legal issues.

5 of 12 examined informants think that in their organization it is necessary to create special department for only activities of HR because it is necessary to increase contact with employees, monitoring of their work, appraisal and evaluation, punishments and awards, improvement and promotion, education, greater sense of responsibility, self-esteem and motivation of employees. They think existence of HRM department is very important for improvement of their organizations.

For organizations which employ small number of employees it is excusable reason that there is no need for special department. But, there are organizations which could have department according to their number of employees and they still do not have it because of other reasons. The most common reasons for not existing HRM department are of decreasing employees' number in public administration, high costs of maintaining department, no real and legal possibilities for radical change. Those managers are aware that HRM is important, but they do not want to do any change because of many reasons like Person E said: "It is very important to have HRM department and it would be good to have it, but in comparison with other problems we have, having HRM department in this moment is not essential." As Table 4 shows, 7 of 12 informants said that HRM department is not necessary in their organizations, but the most of those 7 informants consider that HR functions should be developed in their organizations and that would contribute to better performance of employees.

In some organizations it is not defined who has to do HR activities and there are lots of employees who work those activities besides other activities. There are managers who

think that responsibility for HR should have only one person, for example like Person D said: “I think that existence of HRM department is unnecessary, because organizational and personnel policy is by law under the responsibility of the Municipal Mayor – top manager of the organization.”

Also, there are managers who think that their organizations function well like this and there is no need to change anything in organization. Person D said: “I think that my organization would not have better performance if human resource be better, because performance of organization depends on other things. Performance would be the same.” 3 of 12 examined informants are satisfied with current situation in their organization and think there is no need for any change related with HRM. They also think that development of HRM would not lead to better performance of organization.

When it is about how much management pay attention on their employees, most of managers think almost the same. Only 2 of 12 managers strictly think that management do not pay enough attention and that is a lot of space for improvement. The other 10 of 12 managers think that management pay attention to their employees. But, the most of them think that it is not enough, like Person A said: “...enough, but not planned and continuously as it should, only when it is necessary”. Common opinion is that HR activities should be more developed because of getting better work performance from employees. Person J said: “I think management pays attention on their employees, but I am not sure if that is enough. Certainly, there is lot of space for improvement in that field. If I am in management, I would like to change the situation. I would pay more attention on education, awarding and motivation of employees.”

Generally, managers consider HRM as important but because of many constraints which block or slow down HRM development, managers usually do not take any measures for changes.

3.3.3 Applied HRM functions in organizations

Next Table 5. shows how much functions of HRM, which were listed in the interview, each organization practice in their operations.

Table 5. HRM activities included in organization

	A	B	C	D	E	F	G	H	I	J	K	L
Human resource planning	No	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Partly	Yes	No
Job analysis	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Partly	Yes	No
Human resource procurement	No	Partly	No	No	Yes	No	Yes	Yes	Yes	Partly	Yes	Yes

(table continues)

(continued)

	A	B	C	D	E	F	G	H	I	J	K	L
Human resource selection	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Partly	Yes	Yes
Monitoring of work performance	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Partly	Yes	No
Awards and motivation	No	No	No	No	Yes	No	No	Yes	Partly	Partly	Yes	No
Education and training	Yes	Yes	Yes	No	Yes	Yes	No	Yes	No	Partly	Yes	Yes
Career management	No	No	No	No	Yes	No	No	Yes	No	Partly	Yes	No
Making organizational climate and culture	No	No	Yes	No	Yes	Yes	No	Yes	Yes	Partly	Yes	Yes
Safety and protection of health at work	No	No	Yes	No	Yes	Yes	Yes	Yes	Yes	Partly	Yes	No
Relation of employees	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Partly	Yes	No
Different services for employees	No	No	Yes	No	Yes	Yes	Yes	Yes	No	Partly	Yes	No
Information system	No	No	No	Yes	Yes	Yes	Yes	Yes	No	Partly	Yes	No

As it can be seen in Table 5, HR functions are generally often used in organizations. Function which is the most often used in organizations is job analysis – 9 of 12 organizations have this function. Next most often used functions are human resource planning, human resource selection, monitoring of work performance, education and training, and relation of employees – this function is used by 8 of 12 organizations. Next most used functions are making organizational climate and culture, and safety and protection of health at work – 7 of 12 organizations have those functions. Then, functions like human resource procurement, different services for employees and information system are used by 6 of 12 organizations. The least used functions in organizations are awards and motivation, and career management – 3 of 12 organizations have those functions. Those organizations which partly use some of functions are not included in this range.

The most of informants consider that all functions are necessary for their organizations. But because of different reasons, in organizations are not developed some functions. The most often reasons because of absence of some functions are that is not created real climate in organization, environment in organization do not allow activities to develop, the vagueness of law of rights of employees, poor organization of administrative bodies in terms of adoption of different rules governing this area, limited financial funds. Some informants were more certain and explained in details why some functions are not developed.

There are opinions of managers about each HR function in their organizations and reasons of their absence:

- **Human resource planning** is function which is often applied in organizations. Usual reasons of absence of this function are that is not created real climate in organization, it is not under their responsibility, or organization is too small to have this function.
- **Job analysis** is function which is the most often applied in organizations as is already mentioned. Reasons of absence of this function in some organizations are: it is not created real climate in organization, or organization is too small for to have this function.
- **Human resource procurement** is not so often used function. Half of organizations do not have this function because of vagueness of law of rights of employees, it is not created real climate in organization, and limited financial funds. In some organizations, this function is partly under their responsibility because they have to ensure approval from superior organizations which invite tenders for employees and give funds for salaries and benefits for future employees.
- **Human resource selection** is often applied function in organizations. Reasons of absence of this function are not created real climate and vagueness of law of rights of employee. Person B said very important fact when it is about public sector: “It is hard to do selection because civil servants are employed indeterminate and only big mistake at work can result to transfer to another work place or dismissal.”
- **Monitoring work performance** is also often applied function in organizations. Reasons of absence of this function are that is not created real organizational climate, organization is too small for this function. Monitoring of work success is regulated by Law of annual performance appraisal, but in practice it functions very weak.
- **Awards and motivation** is one of the least applied functions in organizations. Reasons of absence are that rewarding and motivating employees in practice are not applied because the salary depends on the level of qualification and the coefficient of the workplace, and there are no incentives for good work. Salary is only

increasing by percentage based on years of work experience in current organization as one person said. Legislation does not sufficiently allow rewarding and motivation of employees. Also, for awarding employees in way of giving some extra money, there are no opportunities because of limited funds, but awarding in way of giving free days it is possible.

- **Education and training** is often applied function in organizations and it is seen as very important function, even some organizations do not have it. Reasons of absence are small organization or not created organizational climate for this function.
- **Career management** is one of the least applied functions in organizations. Some managers think that this function is important but it is hard to manage this function, like Person F said: "Career management is hard to manage because education system is very confused. It is necessary to reform education system and to make accent on all-life education, which would affect on career management." But, most informants think that career management is not necessary for their organization because it should not be under their responsibility and that every person has to think about his career by his own decisions. Person B gave good explanation of absence of this function: "An employee is bound for the position at which he was received by the tender. Only if the position of senior-ranking officer becomes free, he can apply for the tender and thus achieve a transition to a better job or can resign if he does not like the job. There is no career management in my organization."
- **Making organizational climate and culture** is often used function in organizations and reasons for absence of this function are that environment and organizational climate is not created for this function or it is under responsibility of superior organizations. This function is not strictly included in some organizations, but it generally exists.
- **Safety and protection of health at work** is often used function in organizations and reasons for absence of this function are the same as previous function.
- **Relation of employees** is most often used function in organizations. This function is also not strictly included in some organizations, but it generally exists.
- **Different services for employees** are not so often used function in organizations. Half of organizations have this function. Other organizations do not have it because of common reasons like that environment and organizational climate is not created for this function or it is under responsibility of superior organizations.
- **Information system** is not so often used function in organizations. Half of organizations have this function. It has the same reasons of absence like previous function.

In the interview informants were requested to say which three HR functions should have every organization and which are the most important for them generally, even their organization do not have those functions.

The most often mentioned functions as most important in organizations, in top three named functions, are in order from most often named to not named functions: Job analysis and monitoring of work performance, human resource planning and education and training, making organizational climate and culture, awards and motivation and safety and protection of health at work, human resource selection and career management, human resource procurement, relation of employee, different services for employees, information system.

3.3.4 Constraints of HRM development

Very important thing in this thesis are constraints which stop or slow down development of HRM in public sector in BiH. Informants gave different answers when it is about constraints of HRM. 2 of 12 informants said that there are no constraints of HRM development because their organization function very well in every sense or they have not yet tired do some changes, so organization did not come across with constraints. Other informants gave certain answers and here are summarized constraints.

Legal constraints. Vagueness of law of rights of employees is one of the main constraints which slow down development of HRM. As informants said, Low of Civil Servants defines rights, but not obligations, and that is why legal framework does not induce employers to improve HRM in their organizations. Poor organization of administrative bodies in terms of adoption of different rules is also one of constraints.

Financial constraints. Financial constrains is also one of the main constraints. Organizations have lack of financial fund for creating and maintaining HRM department, and it requires high costs. They do not have any incentive for developing HRM. Some managers consider that today they have many other problems which are more important than developing HRM.

Negative influence from the former socialist-communist system. Organizations in public sector in BiH still have this negative influence because they move very slowly to modern system. They scruple to do any change or improvement, only when Law requires something they have to do it. Employees still have the same habit of “not working” and they do not have punishments because of that. But, usually they do not have any punishments for bad work neither awards for good work.

Relations between employees. This also can be one of the constraints. In organizations of public sector usually there is no competition between employees. Relations between employees – everyone knows everyone – are the main problem. Especially if organization is small, employees all know each other, and because it is the public sector, no one wants that someone because of him remain without a job or go to a place with less salary. It is

happening because that employee does not depend on other, wages are paid from the budget. If it is a private organization, half of staff in the public sector would remain without job, as one informant said.

Structure of organization. Some of informants said that constraint of HRM development is structure of organization – complexity of organization. But also, some of them said that their organization is too small for development. Probably, this is not real constraint of any organization, because there is no reasonable explanation for this constraint.

Ignorance of the importance of human resources and human potential. This is not the real constraint. It is more reason why organizations do not improve in any field. They ignore the importance and they always find other explanations for their failure. Organizations still do not have awareness of HRM importance like they should have.

3.3.5 Summary of findings

According to previous researches and this research it can be concluded that organizations in public sector in BiH generally do not have special department for HRM. Even if they have employees who are responsible for HR issues, they are usually responsible for other issues too like legal issues. There are no employees who will take care only for human resources. Because there are no dedicated persons for HR functions, it is obviously that HR functions cannot be implemented well in organizations. Persons who have assignment for HR functions in most organizations perform basic activities of administrative functions.

When it is about HR functions, results of interviews have shown similar results like previous researches.

Information system, as one of the most important function in organization, is not well developed in organizations. According to interviews information system is not so often used function in organizations and only half of organizations have this function. It is very low in range of importance of HR functions. But, managers are not aware how developing information system would lead to better communication, information flow, motivation and efficiency of employees.

Human resource planning is seen as very important function and as one of the most important function, but it is not developed enough and implementation is basic. There are no established mechanisms for HR planning as it should be. But informants find reasons of absence of this function in other fields which are not under their responsibility.

Human resource procurement, as recruitment and selection, are not well developed. According to previous researches and this research, legal issues are not well defined for this function. There is no good selection, and finding qualified employees through selection is not often used.

Monitoring work performance and appraisal informants find very important in organization but in practice it does not work well. There are some rules about appraisal, and it is done in

some organizations, but results of it do not lead to any changes as they should. Awards and motivation are related with that. Generally, there are no awards for good results, so there is no motivation for employees.

Education and trainings are seen as very important but probably not enough. In some organization it exists but it is not applied enough because of certain constraints. Those functions require certain costs so organizations are not generally ready to pay extra money behind other problems they have. They left that behind for waiting better times. Career management is in worst position then education and training, which means that it is not taken into consideration yet.

Other functions like relations with employees and organizational climate are not well developed. Those functions are not even analysed enough in previous researches. Informants did not give real answers for these issues because they are more occupied with major functions. Anyway, they mentioned several times that organizational climate is not well developed for certain functions. So it can be concluded that those functions are very important and that managers have to deal with them in appropriate way.

4 RECOMMENDATIONS FOR DEVELOPING HRM IN PUBLIC SECTOR IN BIH

Based on interviews of managers and previous researches related to HRM in public sector BiH there are certain issues which are shown through this thesis. Because of many constraints HRM is not well developed in organizations in BiH. Keeping in view all aspects of findings of the research study, the following issues are recommended for future course of action for the organizations in public sector.

According to Action Plan I – The Strategy for Public Administration Reform of PARCO (2007) there are certain actions that can be applied in organizations in public sector in BiH. Here are recommendations based on research in this work and based on already mentioned and proposed Action Plan which are recommendations for developing HRM in public sector in BiH.

Main recommendations which are not under organizations responsibility, they are more under government responsibility:

- Harmonization of HRM policies and required legal provisions need to be done and also new legislations should be adopted in order to improve HRM. Civil services need to define their range and scope to meet the needs of the different levels of organizations in public sector.
- CSAs should strengthen the policy role and create effective bodies that are responsible for HRM policy-making, defining general objectives and priorities in

HR development. Therefore, they should enhance the coordination and cooperation between the CSAs and organizations.

Because in BiH legal procedures are slow and public sector organizations generally work for government, organizations should take action and organize for themselves special action plan for improving HRM in their organizations in order to getting better performance. Here are recommendations under organizations and management responsibility:

- Managers' awareness of importance of HRM should be raised. It need to be secured specialized HRM capacity in administrative organizations and developed understanding of managers of modern HRM policies so that they are more actively involved in the development and motivation of employees. Organizations need to review existing organizational arrangements and introduce necessary changes in order to develop HRM as a strategic function.
- Bigger organizations should make some HRM department of group of employees which would focus only on HR functions. There need to be secured qualified employees with education and knowledge background of HRM and psychology. Smaller organizations do not have to create special department, but they have to procure qualified employees who would focus on HR functions (at least two responsible persons).

Recommendations for developing HR functions in organizations:

- Information management as one of the most important function should be developed with appropriate technology. It is needed to develop and implement a common software solution which allows each individual institution to update and have access to the data about its own civil servants and other employees. It is not a problem to manage and to maintain this application but it is very useful and it makes work easier.
- Managers have to better organize employees in order to improve HR planning. Also they have to know that they can take action inside their company. In organizations should be introduced and implement procedures for effective HR planning. Also job classification arrangement should be introduced to organizations including skills, knowledge, qualifications etc, requirements for differing levels of responsibility and activity.
- In organizations there is a need to introduce more competitive recruitment procedures. Simply filling positions is one issue, but to optimize recruitment results – to attract and identify “the best and the brightest” – requires a more coordinated and proactive approach. It should be ensure only appropriate. According to that it is needed to develop more time-efficient and cost-friendly process for applicants and the administration. More efficient screening of applicants based on new person/job specifications competency framework and job evaluation activity need to be created and also there need to be ensured that all selection committee member are fully

competent for the objective interviewing and evaluation of candidates. All levels need to ensure standardization and mutual recognition of professional exams among different levels of government. Also it is needed to introduce cost-friendly examination process.

- Organizations should employ young and qualified people into organizations of public sector. It is necessary to create working environment that allows development of high potential employees and to use promotions for career development and staff retention (especially for high achieving young employees). It should be ensured that current laws and regulations for performance appraisal are consistently implemented across all BiH public organizations. Results of performance appraisal should be presented to all employees and the best employees should be awarded or promoted. That could be one type of motivation, because performance management exercise need to have motivational value for employees and it has to be used for employee development. It should be created common standards for probationary work period and also need to be developed procedures for induction of new employees.
- Trainings need to be based on personal, organizational and performance needs. This requires training managers in the identification of training needs. All institutions need to undertake a training needs analysis of all current staff. New employees training and develop requirements can be identified during probation period. Individuals training and development needs can be discussed and identified as part of the performance management cycle. Agencies should develop and implement a training strategy and programme of activities, based common personnel and skills development needs identified across all organizations. It should be established an Institute for Public Administration (for the whole BiH) that will work as a training provider/curriculum designer for the Civil Service.
- It need to be reformed the salary structure so as to make it more attractive for existing and prospective staff and develop a common basic salary scheme and a common approach across BiH to both enabling transfers and harmonization of salary. These principles could be then further elaborated at all levels, as to take into account different costs of living and different possibilities in terms of budget.
- Organizations have to deal with disciplinary problems in a managerial rather than a legalistic manner. They need to develop HRM capacity in individual managers, and prepare and disseminate disciplinary guidance, rules and procedures, to include levels of authority and guidance on appeals procedures.
- Organizations have to ensure that employees in every institution are fully aware of their rights and duties. Safety and protection of health at work should be always on top of organizations' range of importance. If all HR functions function well, environment in organization would lead to better organizational climate and satisfaction of employees.

CONCLUSION

Over past few decades many changes had happened in organizations of public sector especially in field of HRM where bureaucratic model were changing into management model. Changes in HRM overtook whole world and it resulted with lots of differences of HRM in United States and Europe because of different legal environment, stronger trade unions and different approach to international HRM, and also resulted with significant differences between European countries. Public sector reform – New Public Management – contributed to changing and developing HRM by giving new principles for allowing a more flexible and responsive approach to questions of recruitment, selection, retention, training and development of public sector employees.

HRM management brought a new dimension of human capital which emphasizes employees as very important resource of organizations. Applying and using knowledge of all employees creates a new value in the business, and therefore in the organization and system. People are becoming base for every organization functioning.

Because of different characteristics of public and private sector, there are also differences between HR functions in public and private organizations. There are many obstacles for developing HRM in public organizations which are slowing down development of HRM management and they are changing from country to country.

BiH is country in transition which is moved back ten years by war in every way – political, economical and social. There are lots of consequences which are reflected on its slow development like bad legal regulation and often changes of it, political and economical instability, bad infrastructure, unfair competition on the market, low technological development, high rate of unemployment etc. Because of integration in EU, BiH has started to receive support from EU for balanced socio-economic development, competitiveness, and optimal use of human resources. The EU continues to support BiH in its efforts to strengthen democratic institutions, the capacities of state-level institutions and the rule of law, reform public administration, promote economic and social development and support civil society.

Public sector was changed by large privatization process during transition period in BiH. Privatization and transformation of ownership from the public into the private process has opened up a lot of changes not only in economic but also political, social, cultural and other spheres of social life. During last years public administration capacity in BiH has grown, with each government level increasingly fulfilling its basic responsibilities. Public sector organizations are dealt with lack of quality staff in the market. They have not been able to attract qualified professionals from private companies, and numerous international organizations, solely because of their non-market offer of payment. As a result, it is necessary to undertake changes to the principles and practice in almost all areas of public

administration. Making the modern practice of HRM is the process of common understanding of why it is so important and how it might be useful to any organization that applied it. Legal framework in BiH is done in some field of HRM but it is not well developed and it does not cover all HR functions. Even if some regulations exist, they are not fully implemented in organizations. Process of public reform administration deals with making public administration more effective, efficient and accountable, and therefore it deals with developing HRM too.

The situation of HRM in BiH is very complex. Beside legal framework, there is lack of unified procedures and requirements hamper mobility within the territory and the procedures are often lengthy, cumbersome and costly. HRM tools are not always fully implemented. There is a need to develop CSAs in order to improve their approach to HRM and then to improve it in other organizations.

According to research in this work, it is obvious that organizations of public sector have to do almost radical change of HRM. Some organizations have all HR functions, some of them have only few HR functions, but it is sure that those functions are partly involved or not enough developed. Legal, financial, negative influence from former system, relations between employees – all of these are constraints which are concluded by examined informants. But, the most significant constraint is that managers are not still aware of real importance of HRM. Organizations should put human resources at the first place in organization, to make managers to put people at first place and take care about their employees. Even the most organizations claims they have human resource planning, it is not planned in appropriate way. Performance appraisal is involved in organizations, but promotion of it is rarely possible. Recruitment and selection process are not planned carefully and it has constraints for improvement. Information management is also not developed and it requires certain information technologies. Training and development is not treated as a priority and it is not used so much in organizations. Salaries and award are not solved systematically. Pay scales are too narrow, and do not award performance and responsibility. Wage rates are largely out of line for lower grade employees. Awarding in money or in some other way is maybe used in some organisations, but very rarely, which is related with weak motivation in organizations.

However, organizations of public sector need to develop HRM in appropriate way and improve and strengthen existing HR functions. It would be good that organizations first start with introducing managers and employees with importance of HRM. Applying information system would be a good start for development of HRM. Then, performance appraisal, motivation and awards would lead to better work performance and results. Training and education of current employees would raise their potentials which would also lead to better results. HR planning and recruitment should enhance further employment. Finally, policy and system of HRM should be developed in accordance with the specifics of organization, its strategy, its business, culture and needs of each particular organization.

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APPENDIXES

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Appendix 1: General information of BiH, Croatia and SNM (people, economy, public spending, public sector employment and wages)

1.1 People	BiHⁱ	Croatia	SNGⁱⁱ	1
Population				a
Total estimated population (,000), 2003	4,162			
Female estimated population (,000), 2003	2,103			
Male estimated population (,000), 2003	2,059			
Sex ratio (males per 100 females), 2003	98			
Average annual rate of change of pop. (%), 2000-2005	1.13			
Youth and Elderly Population				b
Total population under age 15 (%), 2003	17	17	19	
Female population aged 60+ (%), 2003	18	25	21	
Male population aged 60+ (%), 2003	13	18	16	
Human Settlements				c
Urban population (%), 2001	43	58	52	
Rural population (%), 2001	57	42	48	
Urban average annual rate of change in pop. (%), '00-'05	2.19	0.75	0.15	
Rural average annual rate of change in pop/ (%), '00-'05	0.29	-1	-0.47	
Education				d
Total school life expectancy, 2000/2001	..	11.9	10.3	1
Female school life expectancy, 2000/2001	..	12.1	10.6	1
Male school life expectancy, 2000/2001	..	11.7	10.0	1
Female estimated adult (15+) illiteracy rate (%), 1991	..	2.7	..	2
Male estimated adult (15+) illiteracy rate (%), 1991	..	0.7	..	2
Employment				e
Unemployment rate (15+) (%), 2001	..	15.8	..	1
Female adult (+15) economic activity rate (%), 2001	..	45	..	2
Male adult (+15) economic activity rate (%), 2001	..	62	..	2

Notes: ⁱ Bosnia and Herzegovina; ⁱⁱ Serbia and Montenegro

1.2 Economy	BiHⁱ	Croatia	SNGⁱⁱ	2
GDP				a
GDP total (millions US\$), 2002	5,249	22,421	15,555	
GDP per capita (US\$), 2002	1,274	5,122	1,459	
PPP GDP total (millions int. US\$), 2002	22,820	43,625	..	
PPP GDP per capita(int. US\$), 2002	5,537	9,967	..	
Sectors				b
Value added in agriculture (% of GDP), 2003	14.9	8.4	..	
Value added in industry (% of GDP), 2003	32.1	30.1	..	
Value added in services (% of GDP), 2003	53.0	61.5	..	
Miscellaneous				c
GDP implicit price deflator (annual % growth), 2003	0.9	2.4	6.4	
Private consumption (% of GDP), 2003	91.8	61.2	85.8	
Government consumption (% of GDP), 2003	22.3	20.4	19.4	

Notes: ⁱ Bosnia and Herzegovina; ⁱⁱ Serbia and Montenegro

Source: United Nations (2003). Department of Economic and Social Affairs (DESA). Division for Public Administration and Development Management (DPADM). Bosnia and Herzegovina – Public Administration Country Profile. S.1.: United Nations, p. 3.

1.3 Public Spending	BiH ⁱ	Croatia	SNG ⁱⁱ	
Public expenditures				iii
Education (% of GNP), 1985-1987	a
Education (% of GNP), 1995-1997	..	5.3	..	a
Health (% of GDP), 1990	..	9.5	..	
Health (% of GDP), 1998	..	9.5 ⁱⁱⁱ	..	
Military (% of GDP), 1990	b
Military (% of GDP), 2000	..	3	..	b
Total debt service (% of GDP), 1990	
Total debt service (% of GDP), 2000	..	12.8	..	

Notes: ⁱ Bosnia and Herzegovina; ⁱⁱ Serbia and Montenegro; ⁱⁱⁱ 1999

1.4 Public Sector Employment and Wages						
<i>Data from the latest year available</i>		Bosnia and Herzegovina 1991-1995	Bosnia and Herzegovina 1996-2000	Europe & Central Asia average ^{iv} 1996-2000	Central & Eastern Europe average ⁴ 1996-2000	Middle income group average ⁴ 1996-2000
Employment						
Civilian Central Government ^v	(,000)	..	5.1			
	(% pop.)	..	0.14	0.61	0.45	0.59
Sub-national Government ⁵	(,000)	..	77.2			
	(% pop.)	..	1.99	0.61	0.45	0.59
Education employees	(,000)	..	18.9			
	(% pop.)	..	0.49	1.58	1.43	1.20
Health employees	(,000)	..	8.0			
	(% pop.)	..	0.21	1.15	1.04	0.70
Police	(,000)	..	..	
	(% pop.)	..	..	0.68	0.31	0.30
Armed forces	(,000)	99.0	101.5			
	(% pop.)	..	..	0.87	0.77	0.46
SOE Employees	(,000)	..	1,496			
	(% pop.)	..	39.70	20.1	8.3	3.61
Total Public Employment	(,000)	..	..	
	(% pop.)	..	..	..	..	6.05
Wages						
Total Central gov't wage bill	(% of GDP)	..	..	6.0	6.7	8.5
Total Central gov't wage bill	(% of exp)	..	..	13.1	14.4	21.6
Average gov't wage	(,000 LCU)	..	3.64			
Real ave. gov't wage ('97 price)	(,000 LCU)	..	..	
Average gov't wage to per capita GDP ratio		..	1.8	6.3	1.1	4.2

Source: United Nations (2003). Department of Economic and Social Affairs (DESA). Division for Public Administration and Development Management (DPADM). Bosnia and Herzegovina – Public Administration Country Profile. S.1.: United Nations, p. 4.

Appendix 2: Transcription of interviews (A–L person)

Person A

1. Which is your current position in organization?

My current position is secretary for organizational and financial tasks.

2. How long you work at that position?

I work at this position for 8 years.

3. Does your job description include functions of managing your employees?

Yes, in my job are included also activities for managing human resources.

4. Is function of managing human resources your main or secondary function?

Activities for managing human resources are my secondary function, but it is very important function.

5. How much employees work in your organization?

In my organization are employed 46 employees.

6. Does your organization have department for human resources?

No, organization do not have special department for human resources. But, there are employees who do activities like personnel evidence and trainings, and they work in department of secretary for legislative affairs.

7. If does, how many employees work in that department?

There is no special department for HRM.

8. If does not, how many employees do functions of human resources?

There are 2 employees who do those activities.

9. Which of these functions of HRM are activities which are included in your organization:

- a. Human resource planning**
- b. Job analysis**
- c. Human resource procurement**
- d. Human resource selection**
- e. Monitoring of work performance**
- f. Awards and motivation**
- g. Education and training**
- h. Career management**
- i. Other functions:**
 - i. Making organizational climate and culture**
 - ii. Safety and protection of health at work**
 - iii. Relation of employees**
 - iv. Different services for employees**
 - v. Information system**

g. Education and training

iii. Relation of employees

10. If you did not choose all options, give me the reasons of absence of each function.

Other activities like human resource planning, job analysis, human resource procurement, human resource selection, monitoring of work performance, awards and motivation, career management, making organizational climate and culture, safety and protection of health at work, different services for employees are not developed in my organization because is not created real climate in organization for those activities.

11. Do you think that some of those functions are not necessary in your organization? Which functions are not necessary and why you think like this?

I think that all functions are necessary in my organization, but environment in organization do not allow other activities to develop.

12. Which are three the most important functions for you?

All of functions are important, but the most important functions for me are job analysis, monitoring of work success and making organizational climate and culture.

13. Do you think that, if your organization does not have department for human resources, it should have such department?

I think that my organization should have department for HRM because organization would function better.

14. Do you think management pays enough attention to employees in your organization?

I think that management pay enough attention to their employees, but it is not planned and continuously like it should be. Management pay attention only when it is necessary.

15. Would you like to change attitude of your organization according to human resources, in other way – behaviour to your employees? In which way you would like to change?

Yes, I would like to change situation of HRM in my organizations. First, it is necessary to create special department for only activities of HR, and then it would be necessary to increase contact with employees, monitoring of their work, appraisal and evaluation, punishments and awards, improvement and promotion, education.

16. What are constraints of development of HRM in your organization?

The main constraints for development are that there is no built monitoring system and human resource development, and also environmental impact. There is no incentive for developing HRM.

17. How much is important existence of HRM department for improvement of your organization?

The existence of HRM department is very important for improvement of my organization. In scale 1-5, importance is on 4.

18. If HRM better function, would organization performance be better and why?

I think that organization performance would be better if HRM function better because it would create greater sense of responsibility, self-esteem and motivation of employees.

Person B

1. Which is your current position in organization?

My current position is first-level manager for social welfare.

2. How long you work at that position?

I work 4 years at this position.

3. Does your job description include functions of managing your employees?

Yes, in compare with other employees who work in my sector (there are also 2 other sectors where are ahead minister's assistants). But my activities are only giving tasks to employees according to their work and job positions.

4. Is function of managing human resources your main or secondary function?

It is hard to say is it main or secondary function because this activity I do every day.

5. How much employees work in your organization?

In my organization are employed 13 employees, but in my sector 3 employees.

6. Does your organization have department for human resources?

My organization do not have department for human resources.

7. If does, how many employees work in that department?

My organization do not have department for human resources.

8. If does not, how many employees do functions of human resources?

All decisions about all segments of organization, and so making decisions about human resources, are made by board of minister and his three assistants. Ministries, organizations of civil service, are obligated to respect regulations of employment like Law of Civil Service. Therefore work and job description are well-defined by Rules of internal organization and systematization.

9. Which of these functions of HRM are activities which are included in your organization:

- a. Human resource planning**
- b. Job analysis**
- c. Human resource procurement**
- d. Human resource selection**
- e. Monitoring of work performance**
- f. Awards and motivation**
- g. Education and training**
- h. Career management**
- i. Other functions:**
 - i. Making organizational climate and culture**
 - ii. Safety and protection of health at work**
 - iii. Relation of employees**
 - iv. Different services for employees**
 - v. Information system**

a. Human resource planning

- b. Job analysis
- c. Human resource procurement (yes and no)
- g. Education and training

10. If you did not choose all options, give me the reasons of absence of each function.

For human resource procurement I said “yes and no” because need for new employees Ministry notify Commission of Civil Service who invite tenders for employees, but before that it is necessary to ensure approval of Ministry of Finance because they will give funds for salaries and benefits for future employees.

When it is about human resource selection, it is hard to do selection because civil servants are employed indeterminate and only big mistake for work duty can be resulted by transfer to another work place or dismissal.

Monitoring of work success is regulated by Law of annual performance appraisal, but in practice it functions very weak.

Rewarding and motivating employees in practice also is not applied because the salary depends on the level of qualification and the coefficient of the workplace, and there are no incentives for good work. Salary is only increasing by percentage based on years of work experience in current organization.

Career management? In what sense? An employee is bound for the position at which he was received by the tender. Only if the position of senior-ranking officer becomes free, he can apply for the tender and thus achieve a transition to a better job or can resign if he does not like the job. There is no other career management in my organization.

Other functions like making organizational climate and culture, safety and protection of health at work, relation of employees, different services for employees and information system are not included strictly but some of them generally exist.

11. Do you think that some of those functions are not necessary in your organization? Which functions are not necessary and why you think like this?

I think that only this career management in not necessary because I do not know why someone else should think about managing a career of someone from employees.

12. Which are three the most important functions for you?

Except human resource planning, which is very important for proper development of an institution, I think it is very important to monitor work performance and motivate employees to achieve the maximum capabilities of them, and reward those who really work hard and they would be motivated to work even better. In our country in public sector motivation and reward is very rare and employees who work in the public sector are unmotivated because they have the same salary – those who do and those who do not work or work poorly.

13. Do you think that, if your organization does not have department for human resources, it should have such department?

I think that our Ministry is too small to have HR department because we are tied by regulations for the employment, transfer or promotion. Due to limitations in budget funds we cannot hire any professionals to perform activities of the Ministry, much less

to employ people in the department of human resources, which again would not have the great opportunity to do the thing because of all the legal and financial constraints related to labour relations in public administration.

14. Do you think management pays enough attention to employees in your organization?

I think management do not pay enough attention to employees because it does not seek to establish a legal and sub-assumptions concerning the performance appraisal and career development opportunities for capable and motivated employees and it is not included into the work organization and job scheduling to employees.

15. Would you like to change attitude of your organization according to human resources, in other way – behaviour to your employees? In which way you would like to change?

Yes, I would like to change it. As noted above, I would pay special attention to evaluation of work performance of the employees (e.g. quarterly appraisal), and rewarding especially capable and successful employees. Also, I would enable easier circulation of workers between all state agencies, not only this ministry, and the ability to facilitate transfer to other lower-paying jobs in the event that an employee cannot perform its duties as expected (e.g. after double-evaluated as insufficient), and also in case of transfer to better paying jobs if he works well (e.g. annual score excellent).

16. What are constraints of development of HRM in your organization?

Relations between employees – everyone knows everyone – are the main problem. My organization is small, we all know each other, and because it is the civil service, public sector, no one wants that someone because of him remain without a job or go to a place with less salary, because that employee does not cost him, wages are paid from the budget. If it is a private organization, half of staff in the public sector would remain without job.

17. How much is important existence of HRM department for improvement of your organization?

I think that existence of HRM department is important, but under this condition it is not possible because of many things I already mentioned – legal and financial constraints.

18. If HRM better function, would organization performance be better and why?

Normally that would be better performance that can be done everything that was discussed above, but the existence of the Human recourses in Ministry would not much affect the state of affairs because, as I already said above that the department would be bound by legal regulations.

Person C

1. Which is your current position in organization?

My current position is municipal mayor.

2. How long you work at that position?

I work 7 years at this position.

3. Does your job description include functions of managing your employees?

Yes, my job includes functions of managing my employees.

4. Is function of managing human resources your main or secondary function?

It is hard to say is it main or secondary function because every function has the same importance, but certainly one of them is HRM.

5. How much employees work in your organization?

In my organization are employed cca 70 employees.

6. Does your organization have department for human resources?

My organization do not have department for human resources.

7. If does, how many employees work in that department?

My organization do not have department for human resources.

8. If does not, how many employees do functions of human resources?

Only one person does functions of HRM, but according to Law of Local Government this should be function which interfere municipal mayor.

9. Which of these functions of HRM are activities which are included in your organization:

- a. Human resource planning
- b. Job analysis
- c. Human resource procurement
- d. Human resource selection
- e. Monitoring of work performance
- f. Awards and motivation
- g. Education and training
- h. Career management
- i. Other functions:
 - i. Making organizational climate and culture
 - ii. Safety and protection of health at work
 - iii. Relation of employees
 - iv. Different services for employees
 - v. Information system

a. Human resource planning

b. Job analysis

e. Monitoring of work performance

g. Education and training

- i. Making organizational climate and culture
- ii. Safety and protection of health at work
- iii. Relation of employees
- iv. Different services for employees

10. If you did not choose all options, give me the reasons of absence of each function.

The reason for lack of these functions is part of the vagueness of law of rights of employees, and partly poor organization of administrative bodies in terms of adoption of different rules governing this area.

11. Do you think that some of those functions are not necessary in your organization? Which functions are not necessary and why you think like this?

I think that all of these functions are necessary for my or any organization.

12. Which are three the most important functions for you?

I think that the most important functions for one organization are human resource planning, work performance monitoring, and rewarding and motivation their employees to give better performance.

13. Do you think that, if your organization does not have department for human resources, it should have such department?

I think that in this moment my organization do not have need for department of HRM, mostly because of trend of decreasing of employees number in public administration.

14. Do you think management pays enough attention to employees in your organization?

I think management do pay enough attention to employees in my organization and there is no need to change this situation.

15. Would you like to change attitude of your organization according to human resources, in other way – behaviour to your employees? In which way you would like to change?

I think that attitude to our employees is very good in my organization, but there is lack of decisions that would make HRM better.

16. What are constraints of development of HRM in your organization?

The main constraint is legal framework, first of all Law of Civil Servants which defines rights, but not obligations.

17. How much is important existence of HRM department for improvement of your organization?

I think that existence of HRM department is unnecessary, because organizational and personnel policy is by law under the responsibility of the Municipal Mayor.

18. If HRM better function, would organization performance be better and why?

I think that my organization would not have better performance if human resource be better, because performance of organization depends on other things. Performance would be the same.

Person D

1. Which is your current position in organization?

My current position is manager of department for making decisions for rights.

2. How long you work at that position?

I work 6,5 years at this position.

3. Does your job description include functions of managing your employees?

Yes, my job includes functions of managing my employees.

4. Is function of managing human resources your main or secondary function?

Managing human resources is my secondary function.

5. How much employees work in your organization?

In my organization are employed 30 employees.

6. Does your organization have department for human resources?

My organization do not have department for human resources.

7. If does, how many employees work in that department?

My organization do not have department for human resources.

8. If does not, how many employees do functions of human resources?

Two persons do functions of HRM in department for general, legal and personnel issues.

9. Which of these functions of HRM are activities which are included in your organization:

- a. Human resource planning
- b. Job analysis
- c. Human resource procurement
- d. Human resource selection
- e. Monitoring of work performance
- f. Awards and motivation
- g. Education and training
- h. Career management
- i. Other functions:
 - i. Making organizational climate and culture
 - ii. Safety and protection of health at work
 - iii. Relation of employees
 - iv. Different services for employees
 - v. Information system

b. Job analysis

d. Human resource selection

e. Monitoring of work performance

iii. Relation of employees

v. Information system

10. If you did not choose all options, give me the reasons of absence of each function.

Human resource planning, human resource procurement and other functions like making organizational climate and culture, safety and protection of health at work and different services for employees are not in the responsibility of Central Administrative Office. Awards and motivation, and education and training unfortunately my organization do not have, but I think it should have, it is necessary.

11. Do you think that some of those functions are not necessary in your organization? Which functions are not necessary and why you think like this?

I think that career management is not necessary because every person has to think about his career by his own decisions. Organization should not have any responsibility for that.

12. Which are three the most important functions for you?

I think that the most important functions for one organization are job analysis, work performance monitoring, and education and training.

13. Do you think that, if your organization does not have department for human resources, it should have such department?

I think that my organization do not have need for department of HRM, because there is Central Administrative Office which do some main functions for human resources.

14. Do you think management pays enough attention to employees in your organization?

Yes and no. Yes, because there are employees who make decisions about HRM as I already said. No, because those activities should be more developed.

15. Would you like to change attitude of your organization according to human resources, in other way – behaviour to your employees? In which way you would like to change?

I think that attitude of my organization to employees is very good and there is no need to change it.

16. What are constraints of development of HRM in your organization?

There are no constraints.

17. How much is important existence of HRM department for improvement of your organization?

I think it is important.

18. If HRM better function, would organization performance be better and why?

I think that my organization would have better performance if human resource is better. There are lots of activities which can influence on motivation of employees which could lead to better work performance.

Person E

1. Which is your current position in organization?

My current position is director of organization.

2. How long you work at that position?

I work 3,5 years at this position.

3. Does your job description include functions of managing your employees?

Yes, my job includes functions of managing my employees.

4. Is function of managing human resources your main or secondary function?

Managing human resources is my secondary function.

5. How much employees work in your organization?

In my organization are employed 132 employees.

6. Does your organization have department for human resources?

My organization does not have department for human resources.

7. If does, how many employees work in that department?

My organization does not have department for human resources.

8. If does not, how many employees do functions of human resources?

Four persons do functions of HRM.

9. Which of these functions of HRM are activities which are included in your organization:

- a. Human resource planning**
- b. Job analysis**
- c. Human resource procurement**
- d. Human resource selection**
- e. Monitoring of work performance**
- f. Awards and motivation**
- g. Education and training**
- h. Career management**
- i. Other functions:**
 - i. Making organizational climate and culture**
 - ii. Safety and protection of health at work**
 - iii. Relation of employees**
 - iv. Different services for employees**
 - v. Information system**

All of these functions of HRM exist in my organization.

10. If you did not choose all options, give me the reasons of absence of each function.

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11. Do you think that some of those functions are not necessary in your organization? Which functions are not necessary and why you think like this?

I think that all of these functions are necessary in my organization.

12. Which are three the most important functions for you?

I think that the most important functions for one organization are job analysis, education and training, and career management. Especially these two last because our employees always have to learn more and expand their knowledge. Employees are very important resource for us.

13. Do you think that, if your organization does not have department for human resources, it should have such department?

I think that it would be good for my organization to have special department for HRM.

14. Do you think management pays enough attention to employees in your organization?

Management is the only who takes care about employees, so that means that management pay enough attention to employees.

15. Would you like to change attitude of your organization according to human resources, in other way – behaviour to your employees? In which way you would like to change?

I think that my care about employees and relations to employees are very good, and there is no need to change it.

16. What are constraints of development of HRM in your organization?

Constraint of development of HRM is inability of employment due to lack of financial funds.

17. How much is important existence of HRM department for improvement of your organization?

It is very important to have HRM department and it would be good to have it, but in comparison with other problems we have, having HRM department in this moment is not essential.

18. If HRM better function, would organization performance be better and why?

I think that my organization would have better performance if human resource is better.

Person F

1. Which is your current position in organization?

My current position is director of organization.

2. How long you work at that position?

I work at this position for 2 years.

3. Does your job description include functions of managing your employees?

Yes, in my job are included also activities for managing human resources.

4. Is function of managing human resources your main or secondary function?

It is hard to say is it my main or secondary function, because it is very important function so it has the same importance like other functions.

5. How much employees work in your organization?

In my organization are employed 5 employees. It is small organization.

6. Does your organization have department for human resources?

No, organization do not have special department for human resources, because it is small.

7. If does, how many employees work in that department?

There is no special department for HRM.

8. If does not, how many employees do functions of human resources?

There is 1 employee who does those activities.

9. Which of these functions of HRM are activities which are included in your organization:

- a. Human resource planning
- b. Job analysis
- c. Human resource procurement
- d. Human resource selection
- e. Monitoring of work performance
- f. Awards and motivation
- g. Education and training
- h. Career management
- i. Other functions:
 - i. Making organizational climate and culture
 - ii. Security and protection of health at work
 - iii. Relation of employees
 - iv. Different services for employees

v. Information system

- a. Human resource planning
- b. Job analysis
- d. Human resource selection
- e. Monitoring of work performance
- g. Education and training
- i. Other functions:
 - i. Making organizational climate and culture
 - ii. Safety and protection of health at work
 - iii. Relation of employees
 - iv. Different services for employees
 - v. Information system

10. If you did not choose all options, give me the reasons of absence of each function.

For human resource procurement we have limited financial funds. Legislation does not sufficiently allow rewarding and motivation of employees. In addition, in practice is not created the climate for selective evaluation of working ability of employees because conventional mentality of “do not get angry colleagues” and prefer more capable employees. Also, career management is hard to manage because education system is very confused. It is necessary to reform education system and to make accent on all-life education, which would affect on career management.

11. Do you think that some of those functions are not necessary in your organization? Which functions are not necessary and why you think like this?

I think that all functions are necessary in my organization.

12. Which are three the most important functions for you?

The most important functions are human resource planning, education and training, and making organizational climate and culture.

13. Do you think that, if your organization does not have department for human resources, it should have such department?

I think that my organization should have department for HRM because organization would function better.

14. Do you think management pays enough attention to employees in your organization?

I think that management pays almost enough attention to their employees in this moment within existing possibilities.

15. Would you like to change attitude of your organization according to human resources, in other way – behaviour to your employees? In which way you would like to change?

No, I would not change the situation in this moment because there are no real and legal possibilities for radical change.

16. What are constraints of development of HRM in your organization?

The main constraint for development is negative influence from the former socialist-communist system. Mentality is not adapted to a new modern system.

17. How much is important existence of HRM department for improvement of your organization?

The existence of HRM department is very important for improvement of my organization. I can say it is of great importance.

18. If HRM better function, would organization performance be better and why?

I think that organization performance would be better if HRM function better. It is necessary to keep the laws which prefer "depoliticization" of state government. Definitely, it is needed to separate political of professional function, and political structures that influence on political acceptability of employment in public administration.

Person G

1. Which is your current position in organization?

My current position is independent referent.

2. How long you work at that position?

I work at this position for 2 years.

3. Does your job description include functions of managing your employees?

No, in my job are not included activities for managing human resources.

4. Is function of managing human resources your main or secondary function?

I do not manage human resources.

5. How much employees work in your organization?

In my organization are employed 55 employees.

6. Does your organization have department for human resources?

No, organization does not have special department for human resources, but those functions are under responsibility of department for legal issues.

7. If does, how many employees work in that department?

There is no special department for HRM.

8. If does not, how many employees do functions of human resources?

There are 2 employees who do those activities in department for legal issues as I already said.

9. Which of these functions of HRM are activities which are included in your organization:

- a. Human resource planning
- b. Job analysis
- c. Human resource procurement
- d. Human resource selection
- e. Monitoring of work performance
- f. Awards and motivation
- g. Education and training
- h. Career management
- i. Other functions:

- i. **Making organizational climate and culture**
- ii. **Safety and protection of health at work**
- iii. **Relation of employees**
- iv. **Different services for employees**
- v. **Information system**

- a. Human resource planning
- b. Job analysis
- c. Human resource procurement
- d. Human resource selection
- e. Monitoring of work performance
 - i. Safety and protection of health at work
 - ii. Relations of employees
 - iii. Different services for employees
 - iv. Information system

10. If you did not choose all options, give me the reasons of absence of each function.

For functions that are not included in my organization like awards and motivation, education and training, and career management, I cannot give exact answer for their not existence.

11. Do you think that some of those functions are not necessary in your organization? Which functions are not necessary and why you think like this?

I think that all functions are necessary in my organization.

12. Which are three the most important functions for you?

The most important functions are human resource planning, job analysis, and safety and protection of health at work.

13. Do you think that, if your organization does not have department for human resources, it should have such department?

I think that my organization should have department for HRM because organization would function better.

14. Do you think management pays enough attention to employees in your organization?

I think that management pays enough attention to their employees because of getting better work performance from employees.

15. Would you like to change attitude of your organization according to human resources, in other way – behaviour to your employees? In which way you would like to change?

No, I would not change the situation. My organization functions good like this.

16. What are constraints of development of HRM in your organization?

There are no constraints because management do not want or have not tried yet to improve managing of human resources.

17. How much is important existence of HRM department for improvement of your organization?

The existence of HRM department is important for improvement and for motivating employees.

18. If HRM better function, would organization performance be better and why?

I think that organization performance probably would be better in future if HRM function better, but development is not necessary in this moment.

Person H

1. Which is your current position in organization?

My current position is main secretary.

2. How long you work at that position?

I work at this position for 1 year.

3. Does your job description include functions of managing your employees?

Yes, in my job are partly included activities for managing human resources.

4. Is function of managing human resources your main or secondary function?

Managing human resources is one of the main functions.

5. How much employees work in your organization?

In my organization are employed cca 100 employees.

6. Does your organization have department for human resources?

Organization do not have special department for human resources, but there is centre for education which does those activities.

7. If does, how many employees work in that department?

There is no special department for HRM.

8. If does not, how many employees do functions of human resources?

There are no employees who do only functions of human resources, that is why I cannot give real number of those employees.

9. Which of these functions of HRM are activities which are included in your organization:

- a. Human resource planning
- b. Job analysis
- c. Human resource procurement
- d. Human resource selection
- e. Monitoring of work performance
- f. Awards and motivation
- g. Education and training
- h. Career management
- i. Other functions:
 - i. Making organizational climate and culture
 - ii. Safety and protection of health at work
 - iii. Relation of employees
 - iv. Different services for employees
 - v. Information system

- a. Human resource planning

- b. Job analysis
- c. Human resource procurement
- d. Human resource selection
- e. Monitoring of work performance
- f. Awards and motivation
- g. Education and training
- h. Career management
- i. Other functions:
 - i. Making organizational climate and culture
 - ii. Safety and protection of health at work
 - iii. Relation of employees
 - iv. Different services for employees
 - v. Information system

10. If you did not choose all options, give me the reasons of absence of each function.

All functions are included in my organization.

11. Do you think that some of those functions are not necessary in your organization? Which functions are not necessary and why you think like this?

I think that all functions are necessary and they are regulated by Law in my organization.

12. Which are three the most important functions for you?

The most important functions are education and training, making organizational climate and culture, and safety and protection of health at work.

13. Do you think that, if your organization does not have department for human resources, it should have such department?

I think that in organization there is no need to have special department for HRM because it would lead to higher costs unnecessary because all these functions are regulated by Law and are applied by employees.

14. Do you think management pays enough attention to employees in your organization?

Yes, I think management pays enough attention to their employees because work is standardized and still there is a need for further getting of better work performance from employees, like it was till now.

15. Would you like to change attitude of your organization according to human resources, in other way – behaviour to your employees? In which way you would like to change?

No, I would not change the situation. Because in my organization everything is regulated by Law and it is also applied in practice.

16. What are constraints of development of HRM in your organization?

Improvement of HRM could be done by increasing responsibility of management – by continuous education and dynamic of legislative.

17. How much is important existence of HRM department for improvement of your organization?

The existence of HRM department is important for improvement and for motivating employees.

18. If HRM better function, would organization performance be better and why?

I think that organization performance probably would be better in future if HRM function better in sense of expanding knowledge of employees.

Person I

1. Which is your current position in organization?

My current position is director of organization.

2. How long you work at that position?

I work at this position for 2 years.

3. Does your job description include functions of managing your employees?

Yes, in my job are included activities for managing human resources.

4. Is function of managing human resources your main or secondary function?

Managing human resources is my main function.

5. How much employees work in your organization?

In my organization are employed 20 employees.

6. Does your organization have department for human resources?

Organization do not have special department for human resources.

7. If does, how many employees work in that department?

There is no special department for HRM.

8. If does not, how many employees do functions of human resources?

There is one person who does functions of human resources.

9. Which of these functions of HRM are activities which are included in your organization:

- a. Human resource planning
- b. Job analysis
- c. Human resource procurement
- d. Human resource selection
- e. Monitoring of work performance
- f. Awards and motivation
- g. Education and training
- h. Career management
- i. Other functions:
 - i. Making organizational climate and culture
 - ii. Safety and protection of health at work
 - iii. Relation of employees
 - iv. Different services for employees
 - v. Information system

- a. Human resource planning
- b. Job analysis

- c. Human resource procurement
- d. Human resource selection
- e. Monitoring of work performance
- f. Motivation *only*
- i. Other functions:
 - i. Making organizational climate and culture
 - ii. Safety and protection of health at work

10. If you did not choose all options, give me the reasons of absence of each function.

For awarding employees in way of giving some extra money, there are no opportunities for that because of limited funds, but awarding in way of giving free days it exist in my organization. For other functions like education and training, career management, relation of employees, different services for employees and information system, my organization is small to manage with these functions.

11. Do you think that some of those functions are not necessary in your organization? Which functions are not necessary and why you think like this?

I think that functions which we do not have (education and training, career management, relation of employees, different services for employees and information system) are not necessary in organization because it is too small as I already said.

12. Which are three the most important functions for you?

The most important functions are job analysis, selection of human resources and monitoring work performance.

13. Do you think that, if your organization does not have department for human resources, it should have such department?

I think that in organization there is no need to have special department for HRM because is small organization.

14. Do you think management pays enough attention to employees in your organization?

Yes, I think management pays enough attention to their employees. If you do anonym survey (it is done by English Development Agency) you can see that relationships between employees are at high level.

15. Would you like to change attitude of your organization according to human resources, in other way – behaviour to your employees? In which way you would like to change?

No, I would not change the situation, because in my organization everything functions well.

16. What are constraints of development of HRM in your organization?

Constraint of development of HRM in my organization is only limited fund.

17. How much is important existence of HRM department for improvement of your organization?

The existence of HRM department is not important for improvement of my organization because it is small.

18. If HRM better function, would organization performance be better and why?

The department of HRM is not necessary, so I think it would not contribute to better performance.

Person J

1. Which is your current position in organization?

My current position is Associate Personnel.

2. How long you work at that position?

I work at this position for 2 years.

3. Does your job description include functions of managing your employees?

Yes, in my job are included activities for managing human resources.

4. Is function of managing human resources your main or secondary function?

Managing human resources is my secondary function.

5. How much employees work in your organization?

In my organization are employed cca 600 employees.

6. Does your organization have department for human resources?

Organization do not have special department for human resources.

7. If does, how many employees work in that department?

There is no special department for HRM.

8. If does not, how many employees do functions of human resources?

There are 4 employees who do functions of human resources.

9. Which of these functions of HRM are activities which are included in your organization:

- a. Human resource planning
- b. Job analysis
- c. Human resource procurement
- d. Human resource selection
- e. Monitoring of work performance
- f. Awards and motivation
- g. Education and training
- h. Career management
- i. Other functions:
 - i. Making organizational climate and culture
 - ii. Safety and protection of health at work
 - iii. Relation of employees
 - iv. Different services for employees
 - v. Information system

All functions are included partly, only when it is necessary for certain moment and situation.

10. If you did not choose all options, give me the reasons of absence of each function.

Every function depends of nature and necessity of tasks in organization.

11. Do you think that some of those functions are not necessary in your organization? Which functions are not necessary and why you think like this?

I think that all functions are necessary.

12. Which are three the most important functions for you?

Every function depends of nature and necessity of tasks in organization.

13. Do you think that, if your organization does not have department for human resources, it should have such department?

I think that my organization should have special department for human resources.

14. Do you think management pays enough attention to employees in your organization?

I think management pays attention on their employees, but I am not sure if that is enough. Certainly, there is lot of space for improvement in that field.

15. Would you like to change attitude of your organization according to human resources, in other way – behaviour to your employees? In which way you would like to change?

I would like to change the attitude to employees, first of all to develop those functions of HRM because they are not enough developed in my organization.

16. What are constraints of development of HRM in your organization?

Constraints of development are structure and complexity of this organization.

17. How much is important existence of HRM department for improvement of your organization?

The existence of HRM department is not prerequisite for success of this organization, but it would have positive effect on improvement of organization.

18. If HRM better function, would organization performance be better and why?

I think that organization's performance would not be directly better because of HRM, but it would have good effect on it if functions of HRM will practice well.

Person K

1. Which is your current position in organization?

My current position is director's assistant – but first-level manager – Head of Legal and Administrative Affairs

2. How long you work at that position?

I work at this position for 3,5 years.

3. Does your job description include functions of managing your employees?

Yes, in my job are included activities for managing human resources.

4. Is function of managing human resources your main or secondary function?

Managing human resources is my main function.

5. How much employees work in your organization?

In my organization are employed 17 employees.

6. Does your organization have department for human resources?

Not in principle, but human resources are managed in my sector, and one employee performs personnel issues besides other issues.

7. If does, how many employees work in that department?

There is no special department for HRM.

8. If does not, how many employees do functions of human resources?

As I already said, one employee does function of human resources.

9. Which of these functions of HRM are activities which are included in your organization:

- a. Human resource planning**
- b. Job analysis**
- c. Human resource procurement**
- d. Human resource selection**
- e. Monitoring of work performance**
- f. Awards and motivation**
- g. Education and training**
- h. Career management**
- i. Other functions:**
 - i. Making organizational climate and culture**
 - ii. Safety and protection of health at work**
 - iii. Relation of employees**
 - iv. Different services for employees**
 - v. Information system**

- a. Human resource planning
- b. Job analysis
- c. Human resource procurement
- d. Human resource selection
- e. Monitoring of work performance
- f. Awards and motivation
- g. Education and training
- h. Career management
- i. Other functions:
 - i. Making organizational climate and culture
 - ii. Safety and protection of health at work
 - iii. Relation of employees
 - iv. Different services for employees
 - v. Information system

10. If you did not choose all options, give me the reasons of absence of each function.

All functions are included in my organization.

11. Do you think that some of those functions are not necessary in your organization? Which functions are not necessary and why you think like this?

I think that all functions are necessary and my organization has all functions of HRM.

12. Which are three the most important functions for you?

All functions have the same importance.

13. Do you think that, if your organization does not have department for human resources, it should have such department?

In the form of a special department it is not required since the organization does not have a lot of employees, and in this form in which is organized work of human resources is enough.

14. Do you think management pays enough attention to employees in your organization?

Even my organization manages with all function of HRM, I can say that management does not pay enough attention to their employees – it can be far better.

15. Would you like to change attitude of your organization according to human resources, in other way – behaviour to your employees? In which way you would like to change?

If I am in management, I would like to change the situation. I would pay more attention on education, awarding and motivation of employees.

16. What are constraints of development of HRM in your organization?

Constraint of development of HRM is ignorance of the importance of human resources and human potential.

17. How much is important existence of HRM department for improvement of your organization?

In organization where I am employed is not of great importance existence of a separate department of HRM, as I said this is a small collective.

18. If HRM better function, would organization performance be better and why?

No, because for my organization is not of great importance existence of a separate department of HRM.

Person L

1. Which is your current position in organization?

My current position is director's assistant.

2. How long you work at that position?

I work at this position for 3 months.

3. Does your job description include functions of managing your employees?

Yes, in my job are included activities for managing human resources.

4. Is function of managing human resources your main or secondary function?

Managing human resources is my secondary function.

5. How much employees work in your organization?

In my organization are employed 15 employees.

6. Does your organization have department for human resources?

There is no special department for human resources.

7. If does, how many employees work in that department?

There is no special department for HRM.

8. If does not, how many employees do functions of human resources?

There are two employees who do functions of human resources.

9. Which of these functions of HRM are activities which are included in your organization:

a. Human resource planning

- b. Job analysis**
- c. Human resource procurement**
- d. Human resource selection**
- e. Monitoring of work performance**
- f. Awards and motivation**
- g. Education and training**
- h. Career management**
- i. Other functions:**
 - i. Making organizational climate and culture**
 - ii. Safety and protection of health at work**
 - iii. Relation of employees**
 - iv. Different services for employees**
 - v. Information system**

- c. Human resource procurement
- d. Human resource selection
- g. Education and training
 - i. Making organizational climate and culture

10. If you did not choose all options, give me the reasons of absence of each function.

I cannot give you the exact explanation of absence of other functions, but I suppose that my organization is too small for existence of all functions.

11. Do you think that some of those functions are not necessary in your organization? Which functions are not necessary and why you think like this?

Generally, I think that all functions are necessary, but for my organization not.

12. Which are three the most important functions for you?

All functions have the same importance.

13. Do you think that, if your organization does not have department for human resources, it should have such department?

In the form of a special department it is not required since the organization does not have a lot of employees, organization is small and cost of special department would be very high.

14. Do you think management pays enough attention to employees in your organization?

I think management pays enough attention to their employees. In my organization it is obvious that satisfaction of employees leads to better work performance.

15. Would you like to change attitude of your organization according to human resources, in other way – behaviour to your employees? In which way you would like to change?

I would not change the situation in my organization, because I think that attitude of organization according to human resources, behaviour to employees, is very good in my organization.

16. What are constraints of development of HRM in your organization?

Constraint of development of HRM is first of all high costs of creating and maintaining department of HRM.

17. How much is important existence of HRM department for improvement of your organization?

In organization where I am employed is not of great importance existence of a separate department of HRM, as I said this is a small collective.

18. If HRM better function, would organization performance be better and why?

No, because for my organization is not of great importance existence of a separate department of HRM. Creating special department would not lead to better performance of organization.

Appendix 3: HRM functions named top 3 in interviews

HRM function	How many times was named in top 3
Human resource planning	4 times
Job analysis	5 times
Human resource procurement	<i>Not named</i>
Human resource selection	1 time
Monitoring of work performance	5 times
Awards and motivation	2 times
Education and training	4 times
Career management	1 time
Making organizational climate and culture	3 times
Safety and protection of health at work	2 times
Relation of employees	<i>Not named</i>
Different services for employees	<i>Not named</i>
Information system	<i>Not named</i>