

MANAGEMENT PRACTICES IN THE CIVIL SERVICE IN BOSNIA AND HERZEGOVINA

PAPER



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1. INTRODUCTION

This paper treats of the question of general management capacity in public administration organisations in Bosnia and Herzegovina (BiH). The term “general management capacity” means a combination of two elements that are essential to enable efficient management of the affairs of administrative authorities in BiH. These elements are:

- a) the level of key managerial competences displayed by managers; and
- b) conduciveness of the environment to adopting and using contemporary managerial practices.

Although the civil service reform in BiH has been going on for more than a decade, activities aimed at enhancing general management capacities, with the exception of those implemented under the EU HRM project¹, have largely been limited to occasional training workshops targeting middle management personnel.

On the other hand, that there is a need to increase managerial capacity in public administration (both generally as well as specifically in BiH) is clearly indicated by a number of analyses and studies done in the last twenty years by organisations such as SIGMA and TI BiH². The shared common message of all these documents could be encapsulated in the form of a warning: without quality managers there is no efficient administration!

The aim of this paper is to highlight the necessity for developing general management capacity in civil service organisations in BiH. The main contention is that the management methods used in the civil service need to be adjusted to the context, but this adjustment process in no way means that the administrative organisations should “defend” themselves against greater influence from management as a practice.

2. WHO MANAGES PUBLIC ADMINISTRATION IN BiH?

The right answer to this question would be that public administration is run by managers at different levels in line with the responsibilities and powers conferred on them.

¹The project was funded by the EU and implemented in 2014–2015. The main objective was to improve HRM procedures and practices in public administration structures in BiH. One of the most important outcomes of the EU-HRM project was the introduction of so-called competence interviews (for the present only at the state level), which is particularly relevant for this paper.

²The necessity to enhance management capacity is explored in more detail in SIGMA reports and documents at <http://www.sigmaxweb.org/publications/>, as well as in EU Progress Reports for BiH and Western Balkans countries (http://ec.europa.eu/enlargement/countries/package/index_en.htm). Also, this topic has been dealt with, directly or indirectly, by studies conducted by NGOs in BiH, such as Transparency International BiH (<https://ti-bih.org/wp-content/uploads/2014/09/Upravljan-je-ljudskim-potencijalima-u-strukturama-javne-uprave-u-BiH-izazovi-u-procesu-pracenja-reformi1.pdf>) and Foreign Policy Initiative BH (http://vpi.ba/wp-content/uploads/2016/05/Struktura_upravljaja_drzavom_u_BiH.pdf).

³The terms menadžer [manager] and rukovodilac [executive] are used interchangeably in the paper to denote civil servants working as secretaries in institutions, assistant ministers and directors, as well as heads of lower-level organisational units.

However, the decision-making power, pursuant to the applicable legislation governing public administration and civil service in BiH, rests largely with the head of the institution⁴ (minister, director, etc.). Other executives have an obligation to plan, organise, run and supervise tasks within their scope of work, but their decision-making powers are extremely limited. This is best illustrated by the existing expenditure authorisation practice, where assistant ministers/directors have very little power when it comes to, for example, authorising procurement of a particular item. Similar is true of the influence on the recruitment process, as assistants do not have a say in deciding who from the institution will be included in the selection commission, even if the advertised vacancy is for a post in their organisational unit. The only thing that can happen is for the head of the institution to temporarily transfer some of his/her powers to the secretary or one of the assistants. However, these are still powers that belong to the head of the institution but are for some reason temporarily delegated to others. This centralisation of decision-making is a problem that generates at least three other, very serious problems.

First, a manager who has a minimal decision-making power (and therefore minimum accountability) cannot be properly motivated to do anything else but go through the motions. If the head of an institution happens to be someone who sets goals, seeks results and respects a different opinion, then those occupying managerial positions, too, tend to put in an extra effort. Otherwise, there is a genuine risk that work is reduced to perfunctory and mediocre performance. The way managers behave is, of course, often copied and followed by non-managerial personnel, which ultimately results in a situation where mediocrity breeds mediocrity. If this pattern of behaviour is allowed to settle in for decades (as is the case in BiH), it is certain to become part of “organisational culture”, and such things are notoriously difficult and slow to change.

Second, given that the net salaries of senior and middle management personnel range, roughly, between KM 1,200 (head of department) and KM 2,000 (assistant minister, secretary), the question is why pay so expensively people who perform administrative rather than managerial jobs. Tasks and responsibilities belonging to a workplace constitute the basis for the formation of salaries. Therefore, in order to achieve a balance between the demands of the managerial job, on the one hand, and the salaries managers receive for it, on the other, it is necessary to either have their decision-making powers and responsibilities expanded or their existing salaries reduced. Of course, it is not in the interest of good and efficient public administration to have mediocre executives with average incomes working in administrative structures, but exactly the opposite – good quality executives (managers) with decent incomes. Therefore, it would make sense to expand senior and middle managers’ decision-making powers (and responsibilities, of course!). This would produce two important effects: a) the head of an institution would have more time to deal with strategic issues; b) managers at lower levels would be motivated to perform better because they could make their own decisions on matters falling within their remit.

⁴The terms *institucija* [institution] and *organ uprave* [administrative authority] are used interchangeably to refer to an independent administrative organisation or an administrative organisation operating under a ministry.

Third, if, in the performance of his/her work, the head of an institution cannot rely on a team of competent and motivated managers at lower levels, the institution will suffer the consequences. These consequences can be in the form of untimely and/or wrong decisions of the minister/director (due to superficial analyses, poor policies and other similar failures at lower levels), and in the case of ministries can be manifested through the formation of a parallel structure made up of people from the minister's office who de facto take control over the preparation of information, analyses and anything else need for decision-making.

Given the above, the following conclusions can be drawn:

- administrative organisations in BiH are run by heads of institutions, because they have the decision-making power and bear overall responsibility;
- managers at lower levels are generally in charge of running day-to-day operational activities, but have very limited decision-making powers (especially with regard to matters that have financial implications);
- unless decision-making is decentralised, contemporary management practices will be very difficult to implement because managers will lose a sense of purpose in their work;
- decentralisation is necessary, but is not sufficient in itself; giving powers to someone who has no natural predisposition to be a good manager is just as dangerous as denying powers to those who are capable.

3. HOW TO IMPROVE MANAGERIAL EFFICIENCY?

It has been said earlier that the first step towards enhancing managerial efficiency is to give executives (managers) greater powers and greater responsibility. This helps create a new environment in which the executive personnel (managers) would have to make their own decisions, which would, as a consequence, provide a better insight into their competence levels. After obtaining an objective and clear idea of the managerial qualities of managers, it will be possible to tackle a range of other issues.

First, civil service organisations in BiH should have in place a competence framework for managers. This means that every manager, regardless of his/her seniority level or professional area, should have specific necessary knowledge, skills and personal characteristics that will be part of his/her job description. Once the required competences are identified, one can verify whether (and to what extent) the existing managers have them. However, the problem will be possible to uncover only through a combination of testing the existing management staff (to see how much they know and can do as managers) and analysing performance assessment results (used as a kind of benchmark). One possible approach to conducting this kind of managerial audit in administrative organisations in BiH could imply the following:

- managers scoring 50% and below on managerial audit tests would be considered unfit to continue performing their jobs. Such managers would be offered a transfer to a lower level position (anywhere within the existing administrative organisation) or early retirement, or even dismissal with severance pay provided for by law.
- managers scoring 80% and above would retain their managerial posts without having to go through an additional training programme.
- all other managers would have to undergo compulsory professional development programmes. Such training would be organised in the form of formal courses and participants would be evaluated by the instructors. Those failing to meet the expectations should be dismissed from managerial posts in the same way as proposed for those who initially score less than 50% on testing.

Second, it is necessary to improve the candidate selection method in recruitments to managerial posts. This would increase the prospects of recruiting the best candidates. In practical terms, this means that it is necessary to consider introducing the testing of managerial skills and abilities, consisting of a written and an oral test. The written test would help gain an insight into the candidate's analytical and problem solving skills as well as the ability to formulate a course of action (policy-making role). The oral test would be reserved primarily for evaluating candidate's communication skills. Of course, both tests would be based on the nature of the given post and the challenges it entails.

If administrative organisations in BiH firstly approached the issue of decentralisation of decision-making in a serious and conscientious way, and then conducted a managerial audit and introduced a new type of selection to managerial positions, this would create an entirely different environment in the work of administrative organisations. Heads of institutions would continue to have the primary role in determining the strategic direction of their institutions, but would be assisted in the implementation of these strategies by a structure made up of professional and skilled people who make decisions and take responsibility.

4. CHALLENGES IN MANAGING ADMINISTRATIVE ORGANISATIONS IN BiH

The aim of this chapter is to contextualise the emphatically advocated decentralisation of decision-making and insistence on increasing the general management capacity of managers in the administrative organisations in BiH.

Specifically, this paper should not be understood as a call for "managerisation" of administration and its implementation in accordance with the principles applying to the private sector. Administration needs professional and capable managers, but they must act as support (and, if necessary, a corrective) to political leadership. Managers who were recruited by competitive examination (civil servants) must not participate in determining the political course of changes. This should remain the prerogative of those who have the status of elected persons and who receive their mandate on the basis of election results. Thus, an effective administration, in the spirit of the European Adminis-

trative Space principle, is one in which there is a clear delimitation between political representatives (those who change depending on the outcome of the election, i.e. the ability to implement the ideas of their parties) and professional civil servants (those who change depending on their performance).⁵

The problem of administrative structures in BiH is that the final decision on recruitment of people to senior managerial positions in administrative authorities (i.e. secretary of the ministry, assistant minister/director) is made by the head of the respective administrative authority. In itself, this approach is not necessarily problematic, because in many EU countries the head of an institution has significant powers over recruitment of managers at lower levels.⁶ However, BiH (like most other countries in the region) is a country beset by high levels of corruption and with political parties that demonstrate “...a particular appetite for positions in the civil service”.⁷ In such an environment, leaving recruitments to managerial positions to the discretion of a minister poses a serious risk. In such delicate social circumstances a minister (who owes its position to the party) is highly unlikely to be able to say “no” to a party directive. Will assistant ministers or secretaries of ministries thus recruited ever be able to maintain political neutrality towards those who gave them the job? Will they be able to resist the interference and guard the public interest when this interest is jeopardised by the one who gave them the job?

So, in order for administrative organisations in BiH to become more efficient, it does not suffice for managers to be competent, but they should also be given greater powers and responsibilities. Furthermore, it is essential that these managers are both professional and independent in their work.

Lastly, we need to mention another important issue which is a vital prerequisite to introducing better management practices in public administration, namely the question of management performance indicators. For example, can a head of a procurement department be considered unsuccessful for failing to procure a particular item, if the reason for this is the fact that the market price of the item being procured is much lower than the price offered by the best bidder? Is an officer whom it takes one whole month to handle a particular case necessarily less efficient than his/her colleague who has handled three times as many cases during the same period of time? Theory, but also practice, suggests that the head of the procurement department from the above example need not necessarily be ineffective if the procurement is not realised, because the economic logic (but also the public interest) dictates that one does not procure an over-priced product. Also, an officer working on a complex case, although nominally performing less efficiently than his/her colleagues who handle less complex cases, is probably investing the same (or even greater) level of effort, energy and time as the others, so it

⁵SIGMA paper no. 23, Preparing Public Administrations for the European Administrative Space, p. 145

⁶More information about the influence of political appointees on recruitments in the civil service in the EU Member States can be found in the study Recruitment in Civil Service Systems of EU Member States and in some Candidate States by Francisco Cardona. The study is available from <http://www.sigmaxweb.org/publications/36762218.pdf>.

⁷SIGMA Paper No. 48, Jan Meyer Sahling, Professionalisation Civil Service in the Western Balkans, p. 39. The document is available from [http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=GOV/SIGMA\(2012\)1&docLanguage=En](http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=GOV/SIGMA(2012)1&docLanguage=En)

would be unfair to call him less efficient. These examples show that efficiency in public administration is a relative thing. The amount of work done may or may not be an indicator of success. Managers in public administration are obliged to safeguard the public interest and therefore must bring the principles of efficiency and economy into line with those of legality and transparency. While in the private sector a manager who refuses to execute an instruction by his/her superior is almost certain to lose his/her job, in public administration refusing to comply with some instructions is the only way not to lose one's job.

However, it is important to note that as much as the amount of work done needs to be considered in the context of the principle of legality and protection of public interest, so must the work performed in accordance with the law and for the public good be maximally efficient and economical. Otherwise, there would be no need for the performance assessment of civil servants, as compliance with regulations would be the only criterion. Modern administration requires efficiency, and compliance simply goes without saying.

5. CONCLUSION AND RECOMMENDATIONS

Development of general management capacity in public administration organisations in BiH should be given more attention. The fact that in over a decade of organised reform efforts in BiH there has been no study on this subject and not a single technical assistance project focusing on the development of basic managerial skills in administration, clearly shows that this simple question has remained on the fringes of reform activities. With this paper TI BiH seeks to bring up the question of general management capacity as one of the key issues of the overall public administration reform in BiH, because without good managers there is no quality administration. In order to gain better understanding of the multifarious aspects of this issue and identify the actual extent of this problem, conditions need to be created for conducting an in-depth analysis and comprehensive study – something that TI BiH is set on doing in the coming period.

What we can already say with a fair amount of certainty is that managers in civil service should be recruited by way of a streamlined and modernised recruitment system based on verification of managerial competence. Furthermore, it is necessary to decentralise decision-making and thus open up the possibility for lower management structures to make independent decisions, but also to take responsibility for the consequences of those decisions.

At the same time, governments at all levels in BiH should seriously consider carrying out an audit of the existing management personnel through civil service agencies. This would help not only gain a better picture of the knowledge and skills of the existing managers, but also create conditions to appropriately react in situations where managers do not meet even the minimum necessary requirements, or where they are identified as needing additional training.



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BANJA LUKA
Gajeva 2
78000 Banja Luka

SARAJEVO
Mehmed Bega Kapetanovića Ljubušaka 4
71000 Sarajevo

www.ti-bih.org