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CIVIL SERVICE REFORM IN SERBIA –OVERCOMING IMPLEMENTATION CHALLENGES

Abstract

Similar to other countries in the region, Serbia embarked on a process of comprehensive civil service reform over the past couple of years. The motivation for the reform has been the need to strengthen the civil service capacity, lessen political interference and improve the efficiency and effectiveness of civil service functioning. Following the passage of the Government Public Administration Strategy in 2004, two key pieces of legislation: Civil Service Law and Law on Civil Service Salaries were adopted in 2005 and 2006 respectively and their implementation commenced in mid 2006 and early 2007.

The objective of the paper is to analyse key elements of new civil service legal framework and point out its main implementation challenges. The paper restricts itself to the following reform elements of civil service system – attempts to depoliticise and professionalise senior civil service cadre, enhance effectiveness and impartiality of recruitment and selection process, and make the civil service a more attractive employer through reform of its remuneration system. The authors argue that although important progress has been made in putting in place the civil service legislation which is in line with European standards, significant efforts need to be invested in order to implement and sustain this ambitious reform programme. The greatest challenges that lie ahead are ensuring the civil service professionalisation and competitiveness and creating an environment of trust, participation, shared values and objectives in which civil servants' performance and talent will be able to be fully recognized and appreciated.

Key words: civil service reform, professionalisation, depoliticisation, European standards, human resource management, capacity building

Introduction and background of reforms

Unlike most Central and East European countries, Serbian civil service has a distinct tradition of professionalism and high degree of impartiality which was retained under most of the period under communism.¹ The Serbian and ex Yugoslav civil service tradition is based on the Habsburg model, which implies a conservative continental European approach to the state and its management, including a high degree of civil servants job security.

However, a high degree of professional prestige that the civil service enjoyed during Tito's rule was seriously undermined throughout the 1990s, when a number of qualified personnel left the administration. Political loyalty became the key principle for recruitment and career advancement, especially regarding senior civil service posts which became excessively politicised. This has left the civil service to rely on politicians and the personnel who above all appreciated job security of the civil service and certainty of career advancement, regardless of the inadequate working conditions (including remuneration levels).

When the new democratic Government came to office in 2001, it was faced with a lack of competent staff who would be able to carry out a comprehensive Government economic and social reform programme. The system of public administration also suffered from the weak institutional capacities of the ministries and other Government agencies and support structures, significant lack of horizontal coordination mechanisms and an underpaid and understaffed career civil service, constantly facing the problem of a 'brain drain', as most capable civil servants were continually leaving the administration.

Another important problem was continuation of the politicisation of senior civil service posts, which were subject to simple Government appointment/dismissal. Frequent government reshuffles have resulted in the turnover of a substantial number of senior civil servants, with the majority of them usually being replaced after arrival of the new Minister. This has created serious problems for the effective management of ministries and has had an adverse effect on the continuity of both policy-making and implementation processes.

¹ Sevic Z, Rabrenovic A (1999), "Civil Service of Yugoslavia: Tradition vs. Transition", in: T. Verheijen, (ed.), *Comparative Civil Service Systems: Central and Eastern Europe*, Edward Elgar, Cheltenham, pp. 47-82.

Furthermore, there was an absence of modern human resource management principles which would ensure impartial and merit based recruitment and promotion. Although elements of human resource management system were regulated by the law (Law on Labour Relations in State Organs)², they were not defined in a precise and clear way, opening up a space for various legal interpretations and fairly discretionary implementation.³ Promotion practices were based mainly on work experience and professional competences and not on merit. Moreover, there was no established system of systematic, planned civil servants training which would develop knowledge and skills of civil servants and improve the quality of work, which further exacerbated already weak civil service capacity.

The immediate answer to the capacity problem was first found through donor funded schemes which provided for the funding of external experts that would fill the gap. The high number of expatriates willing to return to Serbia on a temporary basis, as long as the financial conditions were adequate, provided a good basis for the introduction of this kind of solution. Although this solution provided short-term benefits, it was unsustainable in the long run and became a part of the civil service problem rather than an opportunity for development.⁴

The Serbian Government soon recognized the need for in-depth reform of the civil service system in order to be able to recruit and retain staff of the right quality and to motivate them to produce the highest quality results. The initiation of comprehensive civil service reform was undertaken under the Kostunica Government (2004-2007), which initiated substantive legislative changes, preceded by adoption of the overall Public Administration Reform Strategy in 2004. This was followed by relatively quick preparation and adoption of the package of public administration reform laws: Law on Government,⁵ Law on Public Agencies,⁶ Law on State Administration,⁷ Civil Service

² Law on Labour Relations in State Organs, “Official Gazette of the Republic of Serbia” No. 48/91, 66/91, 39/2002.

³ For example, although it contained rules on recruitment, the Law on Labour Relations in State Organs did not contain the rules on selection procedure to facilitate selection of the most competent candidates.

⁴ DFID, World Bank, (2004), *Serbian Civil Service: Assessment of Pay and Benefit System*, (PricewaterhouseCoopers).

⁵ Law on Government, “Official Gazette of the RS”, No. 61/05.

⁶ Law on Public Agencies, “Official Gazette of the RS” No. 18/05.

⁷ Law on State Administration, “Official Gazette of the Republic of Serbia” No. 79/05.

Law,⁸ all adopted in 2005, and the Law on Salaries of Civil Servants and Employees,⁹ adopted in 2006.

Three years after the adoption of the new civil service legal framework there are a number of challenges in its implementation, since normative regulation itself cannot provide efficient and professional operation of the civil service system. The objective of this paper is to present key elements of the new civil service legal framework and point out its main implementation challenges. The paper shall analyse the alignment of new legislation with European principles and explore in more depth the following reform elements of the civil service system: attempts to depoliticise and professionalize senior civil service cadre, enhance effectiveness and impartiality of recruitment and selection process, and make the civil service a more attractive employer through reform of its remuneration system.

Changes of the civil service legal and institutional framework – towards the European principles

One of the key drivers for civil service reform in Serbia was the objective to meet the EU accession requirements. Although the EU legal system leaves autonomy to member states regarding their institutional and administrative organization, preparation for membership gradually worked as a factor and incentive to shape and develop structures and institutions capable of meeting the obligations and needs of EU membership.¹⁰ Thus, the development of administrative capacity, which includes the requirement to establish professional and depoliticised civil service, become an important criterion for EU accession. Candidate countries have become obliged to comply with general European principles of public administration, which existed within the “European Administrative

⁸ Civil Service Law, “Official Gazette of the RS”, No. 79/05, 81/05, 83/05, 64/07, 67/07.

⁹ Law on Salaries of Civil Servants and Employees “Official Gazette of the RS”, No. 62/06, 63/06, 115/06, 101/07.

¹⁰ B. Lippert, G. Umbach (2005), *The Pressure of Europeanisation – from post-communist state administrations to normal players in the EU system*, Institute for European policy, Berlin.

¹¹ These principles were developed by joint initiative of OECD and EU „SIGMA“ programme in the 1990s. See: Sigma paper No 27 “European principles for Public Administration”, Paris, OECD, 1998

Space”.¹¹ The idea of “European Administrative Space” was that, in spite of the differences of institutional configurations of the EU-15, a degree of convergence existed among them at least at the level of general principles.¹² The creation of general European principles of public administration was further facilitated by the jurisprudence of the European Court of Justice¹³ and by the constant interaction among civil servants from the Member States.

New Serbian civil service legislative framework comprises all key European public administration principles which should encourage creation of a professional, efficient and accountable civil service. For example, a new Civil Service Law contains and elaborates the following European principles: principles of legality (rule of law), impartiality and political neutrality of the civil service. Special attention has further been devoted to the principles of equality, protection of citizen’s rights and of protection of public interest, accountability for results, transparency of operation, equal access to all posts under equal conditions, civil servants’ promotion and professional development and legal protection of their civil service rights.

Serbian authorities have further followed the EU recommendation/requirement to establish central civil service structures in change of the reform implementation. To this end, a new institution - the Human Resource Management Service of the Government of Serbia was formed in December 2005, as a central, professional body responsible for management and development of Serbian Government human resources. The Human Resource Management Service was granted the authority to guide and monitor implementation of new civil service legislation and is responsible for a number of important tasks: advertising all vacancies in the civil service, participation in competition commissions, record keeping, civil service training etc. The legislation also provided the basis for establishment of another central Government institution, High Civil Service Council, which is responsible for establishment and monitoring of civil service principles and has an important role to play in recruitment of senior officials.

¹² SIGMA paper 44, prepared by J. M. Sahling, (2009), *Sustainability of Civil Service Reforms in Central and Eastern Europe Five Years after Accession*, OECD, Paris.

¹³ J. Schwarze (1992), *European Administrative Law*, (Sweet and Maxwell), pp. 4-5.

Key European principles of professionalisation and depoliticisation of civil service, impartiality and objective recruitment of personnel, as well as competitiveness of civil service as an employer were addressed through various provisions of the new legislative package. We shall analyse the way these objectives were put in place in the new legislation and challenges which lie ahead in each of these areas for their effective implementation.

Depoliticisation of senior civil service – overly ambitious objective?

The issue of professionalisation and depoliticisation of the senior civil service has attracted significant attention of Serbian policy makers. It was understood that without a professional senior administrative layer it would be difficult to move the overall economic and social reform process forward and prepare the country for the EU accession. However, Serbian policy makers were also aware that an unstable political environment in the country would not allow for a too radical break with the existing overt politicisation practices. Therefore, instead of attempting to fully depoliticise senior civil service posts and provide them the same status as to career civil servants, other solutions were sought in order to provide sufficient flexibility for ministers to be able to establish good and confident working relationships with their top level officials.

The first step in attempting to reduce politicisation of high ladders of Serbian bureaucracy was to draw a line between political and administrative personnel. The Law on State Administration thus established a clear distinction between political posts and senior civil service posts. The positions of a Minister and a State Secretary (which used to be called Deputy Minister) are pure *political posts*. A State Secretary is appointed and dismissed by the Government on a Minister's proposal and his/her mandate terminates with the termination of a Minister's mandate.¹⁴ A Secretary of Ministry position (which corresponds to some extent to the UK permanent Secretary) and Assistant Ministers posts (Heads of Sectors/Departments) are, in turn, envisaged to be senior *civil service* posts. The Law introduces mandatory recruitment by open and internal competition for these positions and establishes professional requirements that potential

¹⁴ Article 24 of the Law on State Administration, "Official Gazette of the Republic of Serbia" No. 79/05.

candidates have to meet in order to apply for senior civil service posts: university education and at least 9 years of relevant work experience.¹⁵

It is important to note that senior civil servants do not have a permanent position, but are appointed by the Government for a period of 5 years,¹⁶ which goes beyond the mandate of any individual Government and should thus reduce politicisation. Although this may not be a fully satisfactory solution, we are of the opinion that it constitutes an important improvement from the previous system in which posts of Secretary of Ministry and Assistant Minister were subject to simple Government appointment, often based solely on political grounds. In order to allow Ministers to get ‘political advice’ the Law on State Administration allows Ministers to appoint up to three special advisors,¹⁷ which would form Ministerial Cabinets.

As expected, practice has shown that depoliticisation of senior civil service personnel has been one of the key challenges of the Serbian Government. As soon as Kostunica’s majority Government was formed in May 2007 and the Cvetkovic’s Government in July 2008, there was growing pressure from new coalition partners for making (political) appointments to senior positions without competition procedures. In order to find a compromise, coalition partners agreed to extend the deadline for the completion of competition procedures for senior officials until December 2009 and allow for temporary political appointments to senior positions (which are allowed under transitory provisions of the law). This compromise solution was expected to satisfy all interests and keep the current legislative framework in place, which is an achievement in itself, as full depoliticisation of the senior civil service cannot

¹⁵ The requirement of 9 years of relevant work experience has been criticised as too restrictive and negative as it ignores the fact that democratic changes in Serbia began only in 2000 and therefore ensures that most senior positions are obtained by personnel who gained their experience only under the Milosevic’s regime (see CMI, *Corruption in Serbia 2007: Overview of Problems and Status of Reforms*, draft paper, 11 May 2007). However, we are of the opinion that this requirement needs to be looked at from a broader systematic perspective, as the intention to restrict placement of inexperienced political party personnel to these important positions and instead give better chances to current career civil servants to obtain these positions in the future. However, it would indeed be important that this provision is not used too restrictively in practice, especially in the first round of appointments made under the new Civil Service Law.

¹⁶ Paragraph 3, Article 25 and paragraph 3 Article 26 of the Law on State Administration.

¹⁷ Article 27 of the Law on State Administration.

be expected in a complex political environment such as the Serbian one. However, the deadline for competition-based senior civil service appointments has again been extended to December 2010, by the amendments of the Civil Service Law which are expected to be adopted by the Parliament in the near future. This demonstrates that depoliticisation is a highly sensitive issue which is difficult to sort out even during the mandate of a single Government and that the future Government changes and reshuffles will keep bringing this issue back to the center of the attention of both politicians and civil servants.

Recruitment and selection of candidates: increasing fairness v. reducing efficiency?

The new civil service legal framework has introduced an important degree of centralisation of the recruitment process, which represents an important novelty in the Serbian civil service management. Before initiation of reforms, the Serbian civil service system was highly decentralized, which suited the tradition of strong ministerial autonomy and weak center of Government institutions and had an adverse effect on the creation of a comprehensive civil service system. Centralisation tendencies of the recruitment process are exemplified in centralised announcement of all civil service vacancies by the newly established Human Resource Management Service and its involvement in carrying out and monitoring the recruitment process. However, it is important to emphasise that individual ministries/agencies still have an important role to play in the recruitment and selection process, and the final decision on employment still rests with the Minister or head of institution. It should also be noted that civil servants, including senior civil servants, are actually employed by sectoral ministries and not by the Government as a whole. Nevertheless, a high degree of centralisation of the recruitment process has taken away the freedom that ministries and other public bodies had before and brought about resentment towards institutions which are in charge of management of the civil service, as will be discussed later in this section.

The principle of professional civil service is underlined by the introduction of mandatory competition for all civil service posts, based on open or internal competition. Internal competition procedures must precede open competition, in order to facilitate horizontal mobility and creation of a career civil service system. The only exceptions are competition procedures for senior personnel, in which case open competition will precede internal competition only for the first round of competitions. This is a positive development, replacing the earlier practice where the Minister was able to decide whether to call an open com-

petition or not. In this way the principles of equal access to public administration posts and of political impartiality in the civil service are strongly emphasized.

Impartiality in the recruitment procedure is expected to be ensured through creation of special commissions to select and propose the candidates to be recruited, as requested by new legal framework. For most civil service posts (excluding the senior civil service posts) a recruitment commission comprises of a representative of the Human Resource Management Service, whose role is to ensure a consistency in the recruitment process, and another two members who are representatives of the institution which is filling the vacancy. As regards the senior appointments, centralisation of recruitment process is more apparent, as the head of the recruitment commission is always a member of the High Civil Service Council. The second member of the Commission is an external member, mainly from academia, while the third member is from a ministry/agency which is filling up the vacancy.

Furthermore, impartiality and objective selection of candidates is emphasised through detailed regulation of recruitment and selection procedure. The selection procedure includes evaluation of competences, knowledge and skills required for a certain post, with prior determined criteria for selection for a certain post. There are several recruitment/selection tools – a written test, interview or other means. The recruitment commission makes a list of candidates with best results and submits it to the manager of the organization who will make a final decision on the selection.

Although recruitment provisions are based on valid European principles, the general feeling in the civil service is that recruitment procedures have become overly time- consuming and formalistic. In contrast to previous, fairly quick recruitment practices, new recruitment procedures are now taking quite a long time (around 5-6 months), which is a source of frustration both for ministries and applicants. At times, recruitment provisions are interpreted in a fairly rigid way, which adds to existing dissatisfaction. By way of example, the Human Resource Management Service has been requesting all candidates to provide written confirmations from previous employers, which may be difficult or impossible to obtain, especially for civil servants who worked in the former federal Yugoslav administration that no longer exists. When the traditional autonomy of ministries (which used to be fully in charge of recruitment process) is further taken into account, there is a natural tendency to resist implementation of recruitment requirements and develop negative attitude towards institutions which are responsible for their implementation, such as the

Human Resource Management Service. At the same time, individual institutions are trying to find ways to circumvent the existing legal requirements. The most often found way to go around the civil service law provisions is to hire temporary personnel that have the same rights and responsibilities as permanent personnel, but just limited duration of their employment contract.¹⁸

The question which may be posed is whether the problem in implementation of recruitment provisions should be sought in the Government's lack of capacity or 'obedience' to implement them, or are there some other causes for encountered implementation challenges? Putting aside natural Government resentment to reducing the scope of its authorities, it may be argued that the way European principles of impartial and competitive recruitment are implemented in practice does not respond to the needs of the Serbian civil service. This is mainly due to fairly dynamic labour market conditions in Serbia, which are exemplified in a quite high turnover of civil servants, as a significant number of civil servants is still continuously leaving the civil service. High turnover of staff and competition with the private sector necessitates that the recruitment and selection process be carried out in an efficient and timely manner, in order to allow civil service institutions to replace civil servants who have left administration and quickly attract available qualified staff. Therefore it would be important to ensure that civil service recruitment and other HR procedures are able adequately to respond to the needs of the civil service bodies and prospective applicants otherwise their purpose will not be fulfilled and legally prescribed procedures will not be (fully) implemented in practice.

Reform of the civil service pay system and introduction of performance appraisal

Reform of the pay system was central to the civil service reform package. An inadequate civil service pay system was seen to be one of the major impediments to building a professional and stable civil service, especially to recruit and retain young and professional staff. In order to address this serious problem, a new Law on Salaries of Civil Servants and Employees was

¹⁸ By way of example, Serbian Minister of Economy and Regional Development, Mladjan Dinkic, recently admitted that his Ministry has the same number of permanent and temporary employees, around 150 in each category (!). And he further argued that both categories of employees should have the same status during the planned reduction of the number of civil servants. This practice was later criticised in the first Regular Annual Report of the newly established State Audit Institution.

adopted in July 2006 and started being implemented in January 2007. It is a modern law, with the emphasis on performance in decisions on career and wage advancement, which constitutes a clear break with the traditional seniority based rewards model under the previous system. In order to be able to implement the Law, the Government has increased the civil service wage bill (which constitutes around 0.7 of the general government wage bill) by 41.2 percent, raising the general level of salaries for most civil servants and especially young university graduates. Furthermore, a common pay framework has for the first time been established throughout the civil service,¹⁹ with the exception of the Ministry of Interior.

The new legislative framework has significantly increased the decompression ratio (the difference between the lowest and highest salary) from 1:4.9 to 1:9, which made a positive impact on the ability of the civil service to attract top civil service personnel. However, the practice has also shown that significant decompression of the civil service pay systems can be a “double edge sword”, as senior civil servants, who are often politically affiliated, are the main beneficiaries of the salary decompression, while mid and lower level civil servants may feel that the level of their salaries is inappropriate in comparison with top level civil servants.

The new pay system relies on a new, position-based job classification system. It is important to note that a Serbian traditional career-based system has been reformed through introduction of principles of position-based systems, such as equal pay for equal work and performance appraisal.²⁰ In contrast to

¹⁹ This was done through inclusion of the Tax, Customs and Treasury Administration under the new pay system. These institutions had separate pay systems and paid higher salaries for equivalent jobs than the rest of the civil service. The new pay law integrated all these institutions under one common pay framework, which has provoked dissatisfaction in these institutions, as the level of their salaries for a number of positions was frozen. As there is no valid argument for these institutions to be under special pay regime, their integration in the common pay framework was considered to be a positive development. However, in 2009, the Tax Administration has, through separate legislation, provided the basis for creating a separate pay system again and it is expected that the Customs administration will follow their example in the near future.

²⁰ Extensive training sessions, assisted by the donor community, were held in mid 2006 to help Ministries and Special Organisations implement the new classification system, regulated primarily by the Government Decree on Job Descriptions and Classification of Posts. The process was successfully completed in June 2006 in order to allow for the new Civil Service Law to come into force on July 1, 2006 and new Law on Civil Servants Salaries on January 1, 2007.

a career-based systems, where promotion and pay is based on a system of grades attached to the individual rather than to a specific position, in position based systems promotion and pay are linked to positions and jobs rather than length of service with a focus on selecting the best-suited candidate for each position, whether by external recruitment or internal promotion or mobility.

A performance appraisal system has begun to be introduced gradually in order to motivate staff to show their best potential. The Government adopted a Decree on performance appraisal which contains modern principles of an individual's performance assessment and detailed guidance on the conduct of this process. The first performance appraisals were conducted and completed in early 2008 and the second were finalised in early 2009, with mixed results. Key, and fairly common challenge, with conducting performance appraisal is that in some institutions a high proportion of staff is awarded the highest performance marks, which significantly reduces effectiveness of performance appraisal as a human resource management instrument for staff motivation.

Another key issue was how to link pay with performance. Namely, experiences of other countries in the application of performance assessment systems have demonstrated that achieving the appropriate implementation of the procedure and an objective assessment of performance takes at least four to five years. It is therefore a usual practice that in the first couple of years of the implementation of a new performance assessment system a transitional regime of promotion to higher pay step within the pay level for the work post is applied. The Law on Salaries of Civil Servants and Employees also stipulates a transitional and simplified performance assessment regime based on the scope and the quality of work which will be applied from 2007 to 2011. Only from 2011 a new performance assessment framework is expected to be fully established and linked to pay. Due to effects of economic crises, no performance related pay increments were paid to civil servants in 2008 and 2009, which has, to some extent, made things easier in relation to introduction of performance related pay.

Although introduction of pay for performance may be a very attractive idea, experience from OECD countries shows that the transition to performance pay systems is not at all easy, as it implies much deeper changes in organizational and cultural values. A number of studies have indicated that pay for performance requires high levels of organizational trust, based on common or shared values and objectives between executives and employees and consensus about measures of both individual and organizational success, where the ability to link individual performance to organizational goals is strong.²¹ In such an environment the focus is on continuous dialogue between executives and civil servants, infor-

mation sharing, negotiation, mutual respect and transparency.²² It is also suggested that performance related pay requires a mature and well-established civil service culture and a stable political and policy environment.²³ This, of course, questions the effects that pay for performance schemes may have in Serbia and other countries in the region.

Despite significant improvement in reforming the civil service pay system and enhanced ability of the Serbian civil service to attract and retain personnel, effects of the economic crises have to some extent undermined the achieved reform results, as the level of salaries for higher paid positions was reduced by 10-15%. Furthermore, there are still systematic weaknesses that need to be addressed in order to make civil service pay system more effective. The main one relates to fixed seniority allowances in the calculation of total pay, which amounts to 0.4 per cent of salary for each year of service, subject to a maximum of 20 years, which puts civil servants with higher number of years in service in more advantageous position to younger personnel. Further action will also be required to remove remaining anomalies and track internal and external market pay rates to maintain competitiveness of civil service posts.

Conclusion

Over the past couple of years, Serbia has made an important progress in reforming the civil service and human resource management system. A comprehensive legislative framework has been adopted and its implementation is progressing, and a new institutional structure to support to implementation has been put in place. New regulations created the legal basis which should provide professional, efficient, effective and high quality work of state administration.

However, significant efforts still need to be invested in order to implement and sustain this ambitious reform programme. In order to effectively implement the reform, it is necessary to introduce management instruments which will fill in the gaps between formal rules and informal practice and build administrative capacities in Ministries and other civil service bodies, with special focus on newly

²¹ Ingraham P.W. (1993), “Of Pigs and Pokes and Policy Diffusion: Another Look at Pay-for-Performance”, *Public Administration Review*, July/August 1993, Vol. 53, No 4, pp. 348-356; OECD, (2005), *Performance Related Pay Policies for Government Employees*, OECD, 2005.

²² OECD, *ibid.*

²³ *Ibid.*

created human resource management units, which should be the leaders in HRM reform process.²⁴

Similar to other South and East European countries, the Serbian experience has pointed out the unrealistic expectations of achieving major outcomes of depoliticisation simply through passing civil service legislation and setting up central HMR bodies. It looks that securing of outcomes from reform activities in this area requires much more than that: an establishment of specific alliance-building with political parties and interest groups to provide sufficient incentives for joint tackling of patronage and politicization.²⁵ In this sense, certain constraint of overly fragmented party systems and lessening of levels of polarization between political parties would be a desirable development, as it would provide a basis for building the trust between the rival parties, which should enable smoother political power succession and greater administrative stability.

The solution for now seems to be acceptance of reality and allowing of a certain level of moderate politicization, rather than to insist of the introduction of classical British model of full separation between the two key governance actors. It has been argued in the literature that the 'front door' politicization is better than 'back door' or covert politicization. The advantage of the more overt approach to political involvement is that it makes the role of political appointment of public servants clearer to the participants in the political process and to the public.²⁶ Furthermore, whereas there are numerous arguments to favour a more impartial and permanent civil service, it is not always the case that this form of governance does produce the most efficient direction of policy and programs. Allowing appointment of a limited number of politically affiliated personnel does not necessarily mean that the appointees will be incompetent, as the German and French civil services have been proving for some years. Indeed, the German system seems to provide a good balance between securing the interests of politicians and career civil servants, as there are opportunities for mandarins who are unsympathetic towards the new regime to take study leave or be moved to a variety of less politically sensitive roles.

²⁴ HRMS of the Republic of Serbia (2006), *Capacity Analysis of HRM Units in State Administration Organs*, (report prepared by Zorica Vukasinovic and Slavica Kapetanovic), www.suk.gov.rs

²⁵ The World Bank (2003), *International Public Administration Reform: Implications for the Russian federation*, (the World Bank, Washinton DC).

²⁶ Peters, Vass, Verheijen (2005), *Coalitions of the Unwilling? Politicians and Civil Servants in Coalition Governments*, NISPAcee, Bratislava.

Bearing in mind the tradition of strong ministerial autonomy and weak center of Government in Serbia (and most South East European countries and other CEECs) it is to be expected that the Government Human Resource Management Service will be faced with a number of difficulties. We are of the opinion that keeping the centralized human resource structures, at least for a certain amount of time, is a good idea, as such structures do have a potential to enhance professionalism in the civil service in the course of its establishment as an institution. However, it is also important that the Human Resource Management Service demonstrates certain level of flexibility in its work, especially related to human resource management procedures, which include efficient recruitment and selection of personnel. Furthermore, it would be important for the Human Resource Management Service to focus much more on career development opportunities of civil servants and develop areas such as labour market research, career tracking and related issues. It seems that due to absence of these development functions, Human Resource Management Services in many Central and East European countries were perceived as overly administrative and conservative and found little support when politicians moved to abolish them.²⁷

Although stability of employment is often cited as the one of the main advantages of working in the civil service and public sector in general, it looks that such incentive is no longer functioning well in competitive labour markets and that other elements, such as possibilities for career development and higher pay are becoming much more important. It is therefore important to insist on keeping the competitiveness of civil service as an employer and maintaining the civil service salaries at a competitive level with the private sector. In order to be successful, pay reform has to be properly linked to civil servants' career advancement and the overall process of human resource management, which has a substantial impact on the quality of staff to be attracted and retained. To the extent that the career advancement process is perceived as too slow, too inflexible, or based on factors other than merit, the most-talented and ambitious civil servants or candidates will most likely find alternative employment. One of the options in this respect is to consider 'fast track' programs, such as those applied in UK, which would enable qualified and highly motivated staff to assume additional responsibilities quickly and gain the recognition that goes with it.

Lastly, successful civil service reform requires an effective leadership and creation of trust and ongoing dialogue between civil servants and politicians,

²⁷ The World Bank (2006), *EU 8 Administrative Capacity in the New Member States: the Limits of Innovation?*, (The World Bank).

information sharing, negotiation and mutual respect. The only way to allow civil servants to develop their full creative potential is to provide them with well-designed tasks and involve them in the decision making and policy process. This requires effective and participatory leadership both at senior and mid-management levels, which, unfortunately, is not so easily found in the Serbian traditional and transitional environment. Therefore, it seems that one of the greatest challenges for the Serbian civil service is to create an environment of trust, participation, shared values and objectives in which performance and talent will be fully recognized and appreciated.

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REFORMA JAVNE UPRAVE U SRBIJI –PREVAZILAŽENJE IZAZOVA IMPLEMENTACIJE

Slično kao i druge zemlje u regionu i Srbija je u nekoliko poslednjih godina započela proces sveobuhvatne reforme javne uprave. Razlog za to je bila potreba da se kapaciteti javne uprave ojačaju, da se smanji uticaj politike i poboljša efikasnost javne uprave. Sledeći vladinu strategiju razvoja javne uprave iz 2004. doneta su dva veoma važna zakona – Zakon o javnoj upravi i Zakon platama javnih službenika. Ti zakoni su usvojeni 2005 i 2006, a sa njihovom primenom se počelo se sredinom 2006. i početkom 2007. godine. U ovom članku se govori o tim zakonima, kao i o izazovima u njihovoj primeni

Ključne reči: reforma javne uprave; profesionalizacija, depolitizacija, evropski standardi