

THE IMPACT OF ECONOMIC CRISIS ON HUMAN RESOURCES MANAGEMENT OF PUBLIC SECTOR

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Abstract

The paper comprises a comparative analysis of public sector human resource management reforms, caused by economic downturn, in 10 countries: Azerbaijan, Bosnia and Herzegovina, Estonia, Hungary, Latvia, Lithuania, Moldova, FYR Macedonia, Serbia and the Ukraine in the period of 2008- 2010. The main topics of the study were: approach to personnel cost cutting, civil service transformation trends, human resource management policy planning practice, strategic human resource management developments, approach to communication of government actions to the public and civil servants, and impact of cost cutting measures to motivation of civil servants and further development of public sector human resource management. The author summarizes and discusses the differing approaches to human resources management reforms, initiated by crisis, and argues the possibility of future development and innovation in the field. A strategic partner is a driver of change and innovation, a pro-active policy developer; the administrator supports and responds well to the policy of the government. In countries that participated in the study, this role has also been different, and an impact of HRM management measures, advancement of HRM practice and the future provisions of human resource development will be subsequently varied.

Key words: human resource management, public sector, civil service, economic crisis, performance management, innovation.

Classification JEL: M12 Personnel Management

1. Introduction

Within the framework of the multi-country activities of United Nations Development Program (UNDP), Regional Centre for Public Administration Reform (RCPAR), the State Chancellery of the Republic of Latvia, in co-operation with the Main Department of the Civil Service of Ukraine, the Ministry of Finance of Estonia, and the Institute of Administrative Sciences “Paul Negulescu” of Romania, implement the project Government action in response to economic downturn. The activity includes organization of *The 5th Annual Public Management Summer Institute “Restructuring Government to Overcome Crisis”* in Latvia that was followed by two in-depth training courses in Estonia and Ukraine, two comparative researches on public administration reform issues and an evaluation seminar scheduled to take place in Romania.

The first activity – the Summer Institute – was followed by two in-depth workshops covering the issues of functional reviews and human resource management. The workshop on Human resource management reforms was organized in Tallinn, on February 4-5, 2010 (the Seminar on Impact and Challenges of the Economic Crisis on Human Resource Management in the Public Sector). In order to increase the level of discussions in the workshops and to ensure that the information covered in the workshops is made available to public administrators in the region and abroad, two comparative researches – each on the theme of one of the workshops – has been carried out. The comparative research on challenges for public sector human resource development in economic downturn, this paper is based on, was one of them. The survey conducted by e-mails in February 2010. The report of the survey is forthcoming and will be available at RCPAR homepage www.rcpar.org.

2. The aim of the research

The main aim of comparative research on challenges for public sector human resource development in economic downturn was to consolidate experiences and lessons learned,

focusing on the challenges and their impact on human resource situation in future. Besides that, the aim was to draw the main conclusions and identify the main trends and approaches to public sector human resource management. Finally, the research aimed to produce recommendations for future development in field of public sector human resource management.

The research focused on the activities done or planned in the field of human resource management of public sector (with the emphasis on on-going initiatives or activities approved by the government) and the possible consequences of above-mentioned actions in short, middle, and longer term. Particular emphasis of the whole research was on the context of economic crisis and the eventual use of human resource management policies as part of the response to it.

3. Research methods and scope

The main research tools were a questionnaire and discussions with country representatives during the workshop. The questionnaire allowed for the comments and qualitative answers. Thus, the research based on opinions, experience, and views of human resource management professionals of respective countries. The application of countries to participate in the research was voluntary. The following countries participated in the study:

- Azerbaijan;
- Bosnia and Herzegovina;
- Estonia;
- Hungary;
- Latvia;
- Lithuania;
- the Former Yugoslav Republic of Macedonia, hereafter referred to as 'Macedonia';
- Moldova;
- Serbia;
- Ukraine.

The limitations

The research involved the actions carried out within and in regards with the central government – ministries and institutions directly subordinated to them. Besides that, the research focused on those aspects of HRM changes that are either motivated by the need to address the crisis through administrative reforms or that may have an impact on it. Thus, the timeframe for analyzed actions refers to the approximate period of economic crisis – the years from 2008 to 2010.

The core topics

The main themes of the research were:

1. Public sector cost cutting and downsizing measures undertaken by countries under pressure of economic downturn; the sequence and timing of actions of the government and the current approach to cost cutting and downsizing process by different countries and organizations.
2. Civil service transformation, particularly in the areas of
 - institutional or legal status of civil servants;
 - civil service remuneration system;
 - social guaranties of civil servants;
 - politicization of civil service (the extent to which the management of senior officials are subject to political influence).
3. Human resource management measures, carried out in the main areas of public sector strategic human resource management, e.g.:

- human resource planning – the planning ahead of the number of personnel required to carry out public administration functions; defining the competencies and skills necessary for the advancement of public services;
 - recruitment and selection – the attraction and selection of the personnel necessary to carry out public administration functions;
 - promotion, transfer, reduction and dismissal – the career progression of civil servants/public service employees – procedures of promotion, transfer to another position horizontally, reduction (transfer to a lower position), and dismissal;
 - performance planning and evaluation (performance management) – the approach to planning, managing, and assessing the performance of civil servants/public service employees. Performance means *what* has been achieved (goals, tasks) and the manner *how* it has been achieved (skills, attitudes, behaviors);
 - training and development – the procedures of provision and development of necessary professional qualification and competencies of civil servants/public service employees;
 - leadership development – the measures for development of leadership capacity of senior officials;
 - remuneration system – the system of remuneration of civil servants/public service employees, including base pay, flexible pay, benefits and perquisites (social guaranties).
4. Human resource management policy development and implementation practice and changes in the period of crisis, e.g.:
- Institutions, responsible for HRM policy planning and implementation;
 - scope and content of tasks of experts – policy planners;
 - involvement of social partners in the process of policy planning and implementation;
 - centralization/decentralization tendencies of policy planning and implementation;
 - international donor support programs to HRM policy planning and implementation initiatives;
 - *ex ante* and alike policy analysis initiatives undertaken by HRM policy planners and implementators in order to predict the impact of initiatives, provoked by economic crisis.
5. Communication measures carried out by the governments in order to inform and to involve the public and the public servants themselves into the formulation and implementation of decisions.
6. Impact of crisis on public sector development in the future, in particular:
- impact of initiatives provoked by crisis on motivation of civil servants/public sector employees;
 - possibility and evidence of innovative solutions in public sector human resource management practice;
 - possible beneficial and harmful impact (gains and losses) of the measures implemented in the public sector HRM in the middle and longer term.

4. Comparative analysis of findings

Approach to public sector cost cutting and downsizing

The study shows that among the ten cases analyzed in the research, three types of approaches to cost cutting can be detected:

1. **Minor cost cutting**, least effecting public servants remuneration or number, mostly focusing on optimization of other public sector expenses and natural reduction of number (Azerbaijan, Hungary).

In **Azerbaijan**, reduction of salaries or social guaranties was not accomplished as the Law on State Budget prohibits it. Although expenses of all state organizations were reduced, and expenses, specifically related to the maintenance of state bodies, were decreased, only the salary rise of civil servants was suspended in 2009. Also, the pension system of civil servants was kept unchanged.

Although **Hungary** was hit heavily by the economic crisis, it did not experience a significant effect on public sphere. There were no planned steps for cost cutting; only the public servants' „13th month” bonus was cancelled in 2009 as a part of Bajnai-package¹. The amount of reduction was the 8% of public servants' salary. In terms of numbers there was no cutting back, only step, made by the government, was freezing the public vacancies. Thus, Hungary experienced only the „natural” reduction of number of public servants (because of maternity leave, retirement etc.).

2. **Medium cost cutting**, effecting public servant salaries and the number of public servants for the proportion no more than 10% (Macedonia, Moldova).

In **Macedonia**, the anti-crisis measures taken by the government were more of *ex ante* nature and, because of already high unemployment rate, were firstly targeted to prevent large dismissal of employees. The real cost cutting measures were temporary ban on new employment in administration and no new employment for all permanently emptied jobs, re-assignment of civil servants to jobs that are deficient, 16% cut of current operational costs, reduction of number of official trips and a limit set for the number of delegation members. The total remuneration budget was reduced by 6.13% in 2010, comparing to previous year.

In **Moldova**, the government accomplished the optimization of number of employees in the public sector: a reduction of 3200 positions in 2008 and planned reduction by 4000 positions in 2009. In early December 2009, the government approved the Economic Stabilization and Recovery Program that included several cost cutting and downsizing measures in public sector. In addition, it was planned in the Budget Law of 2010 to reduce personnel expenditures by 5%. Nevertheless, the actual number of employees in central government institutions has not been reduced, on the contrary, the total number of employees increased by 1.7% in 2008 and by another 1% in 2009. In January 2010, the government of Moldova signed a Memorandum with International Monetary Fund (IMF) regarding economic and financial policies for the period of 2010-2012. The Memorandum stipulated a series of cost cutting and downsizing measures to be applied in public sector regarding personnel budget and number of personnel in budgetary sector as a whole.

3. **Severe cost cutting**, reducing personnel budget, public servants salaries and/or the number of employees for more than 10% (Bosnia and Herzegovina, Estonia, Latvia, Lithuania, Serbia, Ukraine).

Bosnia and Herzegovina, all measures done by the government affected mostly the area of salaries and other fees, starting at the end of 2008. With the establishment of Standby arrangement with IMF in 2009, salaries were reduced by 10%. In addition to salary, a fee for meal during working hours was reduced, and fees for transport of employees who live closer than 3 km from workplace were abolished.

In **Estonia**, personnel budget of central administration experienced first cuts in 2009. As the economic conditions worsened, the government (Cabinet of Ministers) took several additional decisions to cut personnel budget in 2009 in central government:

- all ministries (governmental areas) and constitutional institutions decreased their operational costs by 8% in 2009 (operational costs consist of personnel and other costs);

¹ The government of Hungary introduced the Bajnai-package, named after the new prime minister Gordon Bajnai.

- since March the 1st, 2009 - decrease of 7 % in the operational costs of all state agencies financed from the state budget (first negative state budget amendment);
- since July the 1st, 2009 - decrease of additional 3 % in the personnel costs of the governmental areas (second negative state budget amendment).

There was also a decrease of number of personnel by 3 % in 2008, another 3% were cut in 2009, and there is one more estimated reduction for 5 % in 2010, based on data ministries submitted to the Ministry of Finance in June 2009. For the state budget of 2010, the government decided that the personnel costs should be reduced additionally for 9% in 2010. In 2009 and 2010, there has been also decrease in the other costs related to the HRM – e.g., the budgets for training have been decreased as well as the business travels, contracts for studies, etc. The agencies are not paying the performance-based salary and other bonuses and allowances have been abolished or decreased.

The government of **Latvia**, in November 2008, issued a restriction to disburse bonuses. In January 2009, the Law “On Remuneration of Officials and Employees of State and Local Government Authorities in 2009” decreased the amount of remuneration of officials (employees) by 15% from the total amount of financing, specified or planned for the state or local government authority for the same purpose in 2009. It envisaged also other cost cutting measures:

- bonuses and gratuities not disbursed;
- vacation pay for the vacation of 2009 not disbursed;
- management contracts abolished;
- childcare allowance limited;
- allowance in the case of the death of a family member or dependant limited;
- supplement for the fulfilling of the duties of an official while he/she is absent limited to 20 percent of the monthly salary;
- limitation of dismissal allowance for employees.

In July 2009, another reduction of monthly salaries in public administration institutions by 20% done, and in January 2010, one more reduction by 5% was announced. The average salary decreased from 832 EUR in 2008 to 689 EUR in 2009 and 600 EUR in January 2010, – resulting in a total reduction of 28%. Simultaneously, the number of employees in state budget institutions reduced. In 2009, the reduction by 11% was implemented; in January 2010, there were 11% less employees in state budget institutions than in 2009 in average.

In **Lithuania**, Seimas (the Parliament) adopted decisions regarding decrease of remuneration of Civil servants on December 2008, April 2009 and July 2009. The budget of institutions reduced accordingly. The maximal authorized number of positions in ministries, governmental departments and agencies under ministries was reduced by 5.6% in 2009, although there was no real reduction of number of employees. The direct cuts of monthly remuneration varied from 5 to 20%, the average monthly salary was cut by 11%, in 2009 reaching a level of 867 EUR, compared to average monthly salary 974 EUR in 2008. In addition, the unpaid leave for 10 days was cut and a termination of new employment was announced.

The “retooling the machinery of government” was started aimed at restructuring the public service: in 2008, the institutional reform of police was implemented (new administrative scheme of 2 levels (formerly there was 3), united small territorial offices); in 2009, several government institutions were abolished and others were merged. A new ministry of Energy established by moving the respective department and staff of the Ministry of Economy into the newly established Ministry of Energy. Started in 2009, a reform of County governor’s administrations is underway; 10 county administrations will be abolished by the July 1, 2010.

In addition, other structural reforms are underway in the area of social care, health care, education, public administration, and energy sector.

In **Serbia**, the government adopted a Plan for Economic Stabilization of Republic of Serbia (June 2009), which prescribed saving in public sector for 89 billion RSD². In addition to that, The Law on Determination of the Maximal Number of the Employees in the Republic Administration was adopted in December 2009. The law determines the maximal number of employees in the institutions of public administration, including public agencies and institutions dealing with the compulsory social insurance. Also, the salary reduction was implemented: 10% (~40 EUR) for salaries in the net amount of RSD 40 000 and 15% (~100 EUR) for salaries in the net amount of RSD 100 000 and higher. It is planned to reduce the personnel budget of the General Secretariat by 23% in 2010. It is also planned to reduce the number of employees by 10 % (8000 people) until the end of 2010.

In the **Ukraine**, the first cost cutting measures adopted in autumn 2008, after the crisis started. It prohibited to hire public servants on vacancies that appear after December 1, 2008; hard economy was started on budgetary charges; in-plant-training budget diminished. In 2009, the average monthly remuneration of public servants in the Chief Department of Civil Service cut by 13% in 2009 and another 5% in 2010. There are plans to reduce the number of public servants by 20% in 2010.

Trends of civil service transformation

There have been no significant trends to transform the civil service as a consequence of crisis. The draft Civil Service Law, prepared in Estonia in this period, cannot be associated with the impact of crisis, as well; developments in Lithuania and Moldova are mostly a part of public service reforming process started before crisis. Only in Latvia and Macedonia, the crisis has served as a real catalyst to changes in civil service legislation. In Latvia, the cost cutting processes revealed that in some occasions civil servants were less protected by the legislation than employees under labor contract, thus, the crisis was a direct reason for reviewing the civil service legislation. Also, the new Law on Remuneration of State and Local Government Authorities Officials and Employees was developed in Latvia as a direct consequence of crisis. Both these initiatives are not only targeted to reducing and optimizing costs, but also forces for better structuring the civil service and public sector remuneration system. Some initiatives that seemed impossible to implement before crisis, now have come true, like introduction of public service remuneration system principles in the local authorities of Latvia. In Macedonia, for the first time a Law on Public Service is in a procedure for adoption in the National Assembly.

The level of politicization of civil service, the area of possible interference during the economic downturn and cost cutting (Randma-Liiv, 2010), estimated in the scale from 1 (minimum political influence) to 10 (maximum political influence) (SIGMA³, OECD⁴, 2007) is not perceived as high by HRM practitioners, except for Azerbaijan and the Ukraine (see Figure 1). Contrary to assumption, that “the tension between bureaucracy and democratically elected representation is growing” (Hardiman, 2010), no significant changes in the level of politicization motivated by crisis have been noticed by survey participants. As prompted by the earlier researches, it is possible that “the attitudes of civil servants are relatively more aligned with European standards than are the formal rules and actual practices of personnel policy concerning senior officials” (Meyer-Sahling, 2009).

² RSD – Serbian dinar. 1 Serbian dinar – 0.01 EUR

³ SIGMA: Support for Improvement in Governance and Management

⁴ OECD: the Organisation for Economic Co-operation and Development

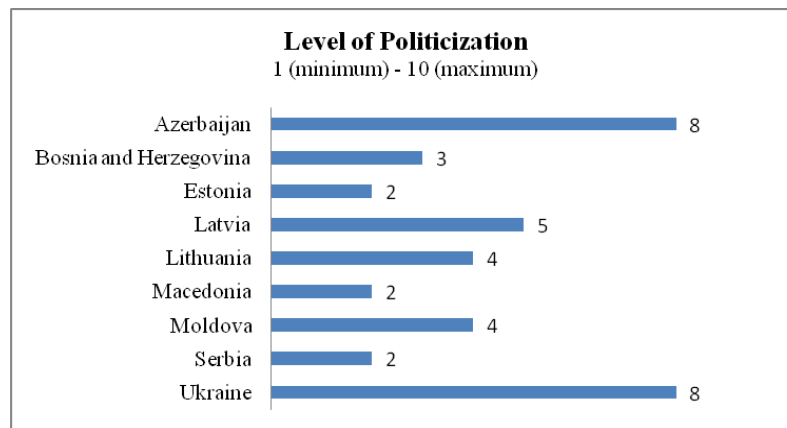


Figure 1: The level of politicization of civil service

Source: own survey

Strategic human resource management development

Strategic human resource management brought forward in most of the countries in 2008-2010. Impressive and comprehensive human resource management reforms have been implemented or are in the planning stage in Azerbaijan, Estonia, Hungary, Lithuania, Moldova. However, hardly any positive developments have been implemented as consequence of crisis; the Law on Remuneration of State and Local Government Authorities Officials and Employees adopted by Latvia is one of the few. Nevertheless, as survey participants hope, the processes of performance management development, training system advancement, optimization and automatization of processes should influence the future of public administration in a positive way (although “the use of performance-based public management tools in the context of Central and Eastern Europe has often been questioned” (Verheijen, 2007)). Adversely, if any important initiatives were stopped or postponed, that has been as a result of cutting public sector expenditure. Thus, Latvia has put on hold a major reform of performance management practice and stopped many training initiatives; Azerbaijan postponed salary rise in civil service; Macedonia postponed the planned pay raise; finally, the reduction of vacancies, done in almost every country, means reduction of career advancement possibilities for public servants in most of the countries.

Changes in HRM policy planning and implementation

No major changes have detected in the area of HRM policy planning and implementation. Still, in Estonia there has been a shift of responsibility for public sector policy development from the State Chancellery to Ministry of Finance. A similar process has discussed also in Latvia, motivated by the perception that public sector human resources is an issue of major expenditures, so the most competent institution in finances must manage it. In most cases, development and implementation of human resource management policy is the responsibility of an institution close to the centre of government.

The involvement of social partners like trade unions and employers into the decision and policymaking in HRM issues is perceived mostly as medium or less than medium (see Figure 2). Although in many countries law and policy planning culture stipulates the social dialogue, the real impact of social partners is low. One of the reasons is a low rate of participation of civil servants in the unions. Another one is a very specific angle of perception of public sector HRM issues by social partners, as well as a tight timeframe for decision-making during the crisis – it takes time to discuss thoroughly and plan together the human resource management reforms. During crisis, time is a scarce resource.

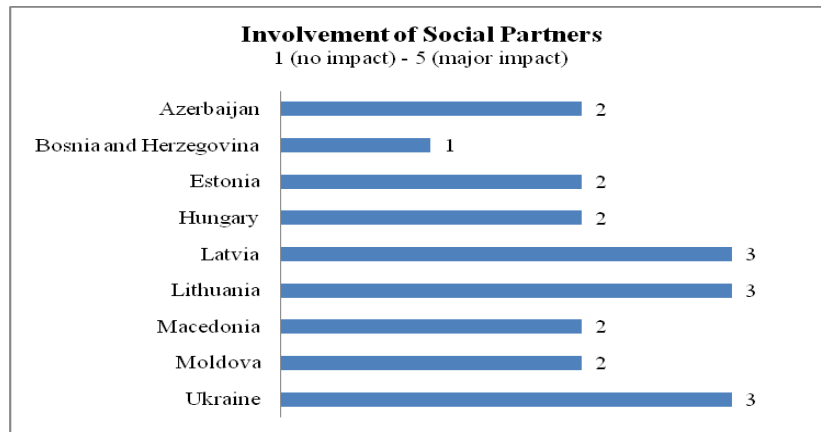


Figure 2: The involvement of social partners in HRM policy planning

Source: own survey

Concerning policy analysis and research initiatives as a part of HRM policy planning process, hardly any country had any comments or experience on that. It is well explained by Latvia that the time-frame and decision-making process during the crisis excludes a possibility to analyze the policy alternatives and to carry out time-consuming researches, even in countries where ex-ante policy analysis is an integral part of policy planning culture. As consequence, a risk of mistakes and ill prepared reforms is higher than ever.

As earlier surveys have shown, in transition countries, “central actors tend to have greater responsibilities than the actual management level” (Demmke, Hammerschmid, Meyer, 2006). Our survey reveals the centralization and decentralization tendencies of human resource management policy planning and implementation have not been significant (see Figure 3). It can be partly explained by the fact that the current HRM policy planning practice in most of the countries already is highly centralized, and during the crisis, the centralization tendencies are more often than decentralization trends (Randma-Liiv, 2010).

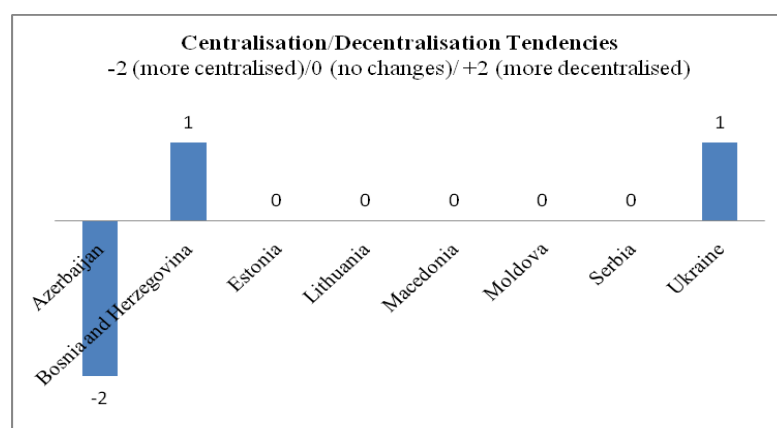


Figure 3: The centralization/decentralization tendencies of HRM policy planning and implementation

Source: own survey

Communication in times of crisis

The trends in internal and external communication do not reveal an advanced, creative or at least common approach to providing, sharing, exchanging and asking information. Moreover, although “communication is critical to generating broad support for reforms” (World Bank, 2009), it seems that not too much attention have been paid to necessity and importance of communication. In most cases, the formal channels of communication have used like press conferences, official newsletter, and web pages of the government or respective institutions. Inside the institutions, the communication strategy depends largely on the approach of respective manager, and the management culture differs largely both among countries as well among institutions in the same country.

Motivation, innovation and the possible impact of crisis in the longer term

The evaluation of impact of all the actions done in the light of crisis in the area of HRM were optional in the study, since it indeed can be difficult to assess the impact of very recent and – in many cases – ongoing reforms. Those who tried to assess the impact, list the following aspects of HRM initiatives as the most obvious gains, brought by crisis:

- direction towards result–orientation in the public service;
- automatization and optimization of processes;
- more efficient expenditure;
- more creative approach to training.

The losses are associated with the following factors:

- higher risk of corruption as a consequence of reduced remuneration;
- reduced means of motivation and career advancement possibilities and a subsequent outflow of qualified staff from public service;
- reduced possibilities for qualification and competency development and a subsequent drawbacks in professionalism of public service;
- risk of high turnover after the end of economic downturn, difficulties in retaining top performers;
- recruiting and selecting under-qualified personnel for key positions as a consequence of low attractiveness of civil service career;
- lower productivity and performance levels as a consequence of outflow of professionals and low of motivation.

The public servant motivation, although not studied in a structured way in any of the countries, in many cases has affected negatively and some signals of demotivation have noticed. The level of motivation has less affected in the countries where salaries in the private sector are lower or more unstable than in public sector. Nevertheless, although motivation to keep the job when there is 10 or more % of unemployment in the country is probably very strong, it is not a sustainable basis for public service development in the future.

At last, the innovation, which, as it has been said, could be a one of positive effects of crisis, has not been acknowledged yet in the public sector human resource management. Obviously, to become a driver of innovation and change, human resource professional misses something – maybe motivation, or perspective, or leadership, financial or moral support, or communication, or maybe something else. The answer to this question is beyond the scope of this research.

5. Conclusions

The research shows that the response to crisis by the governments of countries has been different – some of the countries have experienced minor decrease of personnel expenditure,

focused on more efficient use of resources and optimization of costs, while others cut significantly both number of staff and their salaries, more or less consciously implementing *minimize strategy* (Pollitt, Bouckaert, 2001). The reasons of these differences involve:

- differing starting-point – the level of development of public administration system, culture, principles, as well as advancement of human resource management and civil service at the moment when the crisis started;
- deepness of economic crisis – actual level of state income reduction and fall of GDP;
- basic approach of the government to public sector human resources: *expenses* vs. *investment in human capital*;
- political background – changes in the government, stability of the government;
- impact of external players like EU, IMF, WB;
- culture and traditions of the country and its inhabitants, including public servants.

Although “adequate pay is a key component in improving and sustaining the motivation, performance and integrity of public servants” (United Nations, 2005), most of the countries, under the pressure of crisis, have reduced the total remuneration of public servants, some of them admitting that even before cutting the level of pay was not competitive to the private sector.

No significant changes discovered in the level of politicization, also the centralization/decentralization tendencies of HRM decision-making have remained without significant differences. Obviously, the main emphasis by now have been put on structural, not ideological changes of civil services (Vintiša, 2010), although, for example, in Latvia the crisis have provoked more serious revision of civil service legislation. In a number of cases (e.g., Estonia, Lithuania, Moldova) a natural evolution of the civil service and important decisions made have coincided with economic crisis; these reforms should not be associated with the impact of crisis.

Policy impact analysis is not a popular and widely used tool in the process of drafting the HRM policy during crisis. Time pressure, obligations towards international creditors, the scale and number of immediate tasks HRM professionals are responsible for significantly reduce possibility to produce high quality policy and to predict the possible impact of it in the longer term. Consequently, the possibility of ill-prepared reforms is higher than ever.

Another underestimated area of policy planning and implementation is communication. In most cases, the manner how cost cutting measures were communicated was more of a formal nature, not likely able to support people, gain their involvement or at least understanding, and soften the impact of crisis on motivation and moral. The latest has not studied in any of the countries, however some signs of de-motivation have detected; in other cases, where public sector remained more stable than private sector, the motivation and moral of civil servants seem to be less affected.

It is not easy to assess the impact of crisis in the longer term on the development of HRM now, when many reforms have just started. Still, there is a hope that part of the reforms will help the countries to overcome crisis, for example, more focused performance management, strengthened accountability and responsibility of senior civil servants, optimized and automatized support processes, more advanced IT solutions. Though, there is no evidence to this assumption yet.

Finally, the signs of innovation the research aimed to find were not detected yet. Obviously, the reduced budgets, overload, low motivation and impossibility to use the advanced techniques of human resource management is not the most fruitful grounds for innovation. Nevertheless, a number of creative or smart solutions brought together by the study can serve as an inspiration for some real innovation in the future. As a most important gain, the research

reveals a number of examples of forth-looking measures taken by certain countries in response to crisis:

- the approach to involvement by stakeholders in HRM policy planning and implementation by Azerbaijan;
- the choice to cut costs in those areas, which do not adversely affect the functioning of the public sector by Bosnia and Herzegovina;
- the centralization and automatization of support services by Estonia;
- the establishment of civil servants' e-job bank, providing opportunity for job-seekers to find all the job opportunities in the public sector within a single website, as well as training strategy for public service of Hungary;
- the anti-crisis measures taken by the government of Macedonia, targeted to prevent large dismissal of employees, as well as the establishment of Human Resources Management Network among HRM units of Macedonian civil service for developing and promoting HRM functions and standards, and sharing best practices among HRM staff within civil service;
- the expansion of advanced principles of remuneration (job classification and grading according to their value, compatibility of pay levels with those in the labor market, performance evaluation and a link to individual salary), set for the central administration in 2007, nearly to the whole public service of Latvia;
- the approach to effective attraction and use of international assistance to the development of public sector HRM by Lithuania and Moldova;
- the package of social measures, provided by the government of Serbia, to soften the social impact of crisis;
- the extensive leadership training, flexibly adopting the training programs to the changes in economic situation, as well as priority of training over other expenses, demonstrated by the Ukraine.

Human resource management indeed is an important element of the governance of any organization, and "people are the 'human capital' of public organizations and (...) they should have every opportunity to use and develop their talents, with a view to providing better services to the public" (Horton, Hondeghem, Farnham, 2002). In the crisis, and, to be precise, also in a common situation the human resource management practitioner can play a role of a strategic partner or an administrator – service provider (Lawler, 2006). A strategic partner is a driver of change and innovation, a pro-active policy developer; the administrator supports and responds well to the policy of the government (Vintiša, 2010). In countries that participated in the study, this role has also been different, and an impact of HRM measures, advancement of HRM practice and the future provisions of human resource development will be subsequently varied. Undoubtedly, it is not only up to the human resource practitioner to choose one role or the other, in many cases there is a clear demand for a certain type of service, but the supply – the willingness and perspective, and the expertise – is more or less in our own hands.

Annex: UNDP Regional Centre for Public Administration Reform (RCPAR)

The Regional Centre for Public Administration Reform is a five-year regional project launched by the United Nations Development Program, Bratislava Regional Centre and primarily financed by the Hellenic Government. Through multi-country initiatives generated by network members and implemented in cooperation with UNDP country offices, the project aims at facilitating professional networking and cooperation between the countries in the region of Central and Eastern Europe and the Commonwealth of Independent States. Thematically, the Regional Centre focuses on strengthening capacities for policy-making and coordination;

improving public finance management; enhancing organization and staffing in the public sector; and promoting public service delivery.

The network is one of the cornerstones of the Regional Centre for Public Administration Reform and it consists of practitioners (senior civil servants), academics and other experts from the countries in the region. A systematic effort to expand the network is ongoing. In each country, the aim is to engage a government institution responsible for coordination of the national public administration reform efforts, as well as a set of thematic Focal Points in each of the thematic areas. Although there is an emphasis on government entities, non-governmental organizations and academic institutions may also become Focal Points.

Through its philosophy, design and operational mechanisms, the Project offers significant opportunities for countries in the region to engage in the formulation and implementation of multi-country activities (MCAs) funded by the Regional Centre. Network members are actively encouraged to propose ideas and develop proposals, involving a minimum of three countries in the region, within one of the thematic areas. The funding available for each initiative is around US\$100,000, and the project aims at generating at least six initiatives per year. Guidelines and application templates have been distributed widely in the network and are publicly available at www.rcpar.org.

Set up under the central UNDP online collaborative work platform, the project operates a workspace which was launched in June 2009. Its purpose is to provide a virtual meeting place for members of the Network of National Coordinators and Focal Points. By enabling members to launch or participate in online discussions, and use a variety of tools to share experiences and documents, the aim is to facilitate the generation of multi-country proposals and produce a large base of documentation and knowledge.

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