HUMAN RESOURCE DEVELOPMENT IN PUBLIC ADMINISTRATION: A CASE OF LATVIA

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Abstract

The goal of the article is to analyze disadvantages in human resource management that disallow achieving the strategic goals of public administration of Latvia, as well as to introduce the establishment process of public sector organization's human resource strategy. Based on a survey of civil servants and employees of ministries and other direct administration institutions of Latvia and using the statistical methods of analysis (calculation of average, group comparison), the author examines the factors influencing the work of intellectual employees of public administration. Conclusions of mentioned analysis are related to principles that should be used in human resource development strategies of public administrations with a traditional hierarchy and under the circumstances of a centralized human resource management do not promote loyalty and an increase in work effectiveness amongst intellectual workers which include civil servants and public administration institution workers. Upon initiating a position civil servants and workers express confidence of their opportunities to develop and build a career in public administration, evaluate the significance of the experience they are about to acquire; they feel motivated to develop and keep building a career in public administration.

Key words: public sector organization, strategy, intellectual work, human resource development.

Classification JEL: M12 Personnel Management

1. Introduction

Intellectual work is the basics of the intellectual organization's performance including the organizations of public administration, and the existence of them fully depends on knowledge, skills, competences, and attitudes of the intellectual workers. Trained professionally, motivated, and contributory personnel is very crucial precondition for successful implementation of public administration's mission and realisation of institutional functions and strategies. Goals of learning and growth of the organizational climate promotes the accomplishment of the strategy. In individual level, investing in human-resources promotes the growth of knowledge, skills and abilities, encouraging development and growth of the employee. On organizational level, it results in increasing productivity and efficiency. On society level, higher educated and developed individuals together with more efficient organizations provide growth of culture and economy, as well as improve the well-being of society.

2. Managing intellectual workers in public sector organizations

Human resource management is a coherent and strategic approach to the management of an organization's most valued assets – the people working there who individually and collectively contribute to the achievement of its objectives (Armstrong, 2006, p. 3). The term "human resource strategy" usually applies to a set of coordinated decisions and actions which formulates and directs human resource management (recruitment, positioning, utilizing, developing, and rewarding) in the context of achieving the organization goals (Cooper, Argyris, 1998, p. 279). In this process, the understanding of human capital as a value of the organization becomes important.

Human capital is characterized by the knowledge and skills of employees that can be considered as the most significant resource, particularly in intellectual organizations (Lengnick-Hall, Lengnick-Hall, 2003, p. 3). Also public organizations are considered as intellectual if

creating innovative approaches concerning fiscal policy, educational system, exploration and development, public purchasing procedures and other (Bounfour, Edvinsson, 2005, p. 173). Intellectual work is the basics of the intellectual organization performance, and the existence of the organization fully depends on the intellectual skills of personnel (Niedrīte, 2003).

P. F. Drucker (2007, p. 142) draws attention to six factors that are vital to productivity of intellectual workers, but as the demands of the intellectual worker's organization and performance environment vary, these factors may have a different influence and prospects of achievement. Considering that the decisions of public administration are being made and services are provided according to restrictions and priorities formulated by the politically administrative system, the most important factors that influence labour productivity of public administration's intellectual workers are the employee's understanding of the core of the task and the goals to be achieved; a chance to take part in and contribute intellectually to the management processes of both their work and the whole organization; a chance to continually learn and develop; the selection of qualitative work assessment methods; work conditions and the organization's inner culture that is both motivating and promotes a creative work atmosphere.

During the creation of the organization strategy, attention is paid to the production of a human resource development program (recruitment, learning, and career development) – it forms the human capital of organization. Most human resource development programs try to satisfy the needs of all workers, and therefore employees, whose work is strategically significant for the organization, do not receive enough investment. In the **strategic job family model** an organization focuses human resource development programs on several critical jobs that have a significant impact on the accomplishment of strategy, therefore ensuring a rapid process of actions and a rational resource spending (see Figure 1).

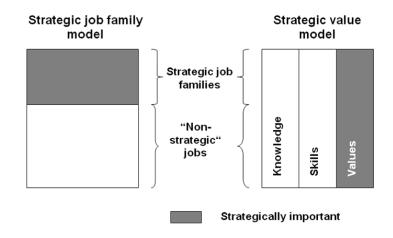


Figure 1: Human resource development models Source: Kaplan, R. S., Norton, D. P., 2004

However, this approach also describes up to 90% of workers as "non-strategic", and the organization might end up ignoring their reasonable need for development. The **strategic value model** (Kaplan, Norton, 2004, p. 235) holds a premise that the job of every worker is strategic – a strategy contains values and priorities which can be included in the goals and actions of every worker.

Personnel assessment is closely related to further development of employees. Assessing the performance of a worker in the previous period can help identify areas which need improvement, while the assessment of potential allows identifying the competences which may be crucial in

successful development of the worker's further career. The study that was carried out in several European countries (Mathews et al., 2001) shows that the worker's education needs are usually influenced by decisions of the supreme management and direct managers, thus pushing most other methods aside. That might lead to a conclusion that learning might be a process imposed by management, while it can also be interpreted as the assurance of strict management in matters of education quality. A variety of assessment methods for education needs can reduce the influence of subjective methods and the management's control processes.

Another important aspect of assuring a wholesome effective civil service management, including the development of human resources, is the approach of either centralization or decentralization of matters of personnel management and development in the public administration (Pollitt, Bouckaert, 2004, p. 94). Traditionally public administration systems tend to have a centralized personnel management. Organizations (institutions and agencies) have a relatively low chance to choose their personnel management system freely and develop it; they are obliged to function according to the current civil service law. Matters of administration of the civil service, organizing tests for recruiting and promoting, creation of a work pay policy and other functions are the responsibility of centralized structures (e.g. The State Civil Service Administration). It also ensures coordinated actions of organizations, objectivity and precision as well as high professionalism, but it also creates flaws such as bureaucracy, delays, and the inability to adapt to changes in external environment in time.

3. Human resource management in public administration of Latvia

The law "On State Civil Service", adopted in 1994, legally adjusted the status of workers of the public administration. Civil service positions were separated from political and employee positions, civil servants received higher demands as well as certain social security. The law provided a mixed system of the civil service, still including several principles of the career-based civil service system: a certain possibility to promote a civil servant after an internal competition, a possibility to put a civil servant in a different position as well as a certain duty to ensure a continuous improvement of civil servants' qualification.

The Civil Service Law, adopted in 2000, defines the status of a civil servant without putting an emphasis on the position title but rather on the position duties. Therefore common criteria for defining civil servants' positions in the public administration were established: a civil servant is a person who creates a sector policy or a strategy for development within a public administration institution, coordinates activities within a sector, divides or controls financial resources, develops documentation of legal standards or controls the compliance of these legal standards, creates or passes administrative standards or creates or passes other decisions involving individual rights.

Hence the further development of human resource capital of the public administration of the Republic of Latvia was created according to the **strategic job family model**, where strategic job families, classified by formal criteria included in the job description, incorporated 55-75% of the people employed in public administration institutions in the following years. This approach allowed the creation of a unified system of civil servant position classification throughout the public administration but it turned out to be ineffective from the point of view of strategic development of public administration human resource – the range of employees whose work was defined as strategically important for the organization turned out to be too wide, and the development programs failed to embrace the needs of all these employees effectively enough.

Although Latvia had gained progress and stability in the area of civil service development, several shortcomings were revealed in the system – lack of motivation, insufficient qualification, limited career opportunities, an education system that needed to be reorganized, both suppression of initiative and lack of control, "uniform honour" or local patriotism, corporative bonds and

corruption under the influence of which the civil servant makes decisions that are not in accordance with the public needs (Dravnieks, 2002).

After choosing an orientation to a significantly higher productivity and effectiveness as well as a qualitatively different inner value system in an organization and more determined actions, the search for a new, unified and strategically oriented solution began. In the creation of a **job classification system**, the main emphasis was put on making it possible to compare public administration work and job classification to the one used in the private sector, hence making it easier to plan wages, evaluate competitiveness, and prevent the outflow of qualified public sector workers to the private sector as this would mean loss of the knowledge and experience gained in the public administration, resources invested in raising the workers' qualification, reduction of administrative capacity of public administration and a constant need to spend notable resources for personnel training.

The potential of the aforementioned job classification system regarding development of public administration's human resources and improvement of the personnel management system has not been fully embraced. Unfortunately, the strategically crucial competences of public civil servants and public administration workers, which would make it possible to use the advantages of the Strategic value model rather than the Strategic job family model in the ensuring of development of public administration's human resources and raise the effectiveness of education and development programs, have not been identified and evaluated.

Overall strategies of public administration institution actions in Latvia focus on the development of sectors included in their field of competence, accomplishment of policy planning initiatives and reaching the goals and priorities of an organization associated with them. Still, the strategies do not include matters of targeted development of the organization itself and its human resources. The matters of human resource development are centralized and common between public administration institutions while personnel management departments are responsible for management support with administrative functions as well. Personnel recruitment, education, and development according to legal standards, documents of political planning, and practice for particular job groups is being planned according to the strategic goals of public administration. Personnel mobility is low, mostly being carried out in the hierarchy. The competence model has not been fully introduced to public administration, therefore job evaluation and wage establishing is done according to hierarchy.

In the year 2008-2009 due to the economical crisis human resource management solutions representing the "resource" model are dominant, for example, reduction of the number of civil servants and workers, wage and social security as opposed to rational revision of functions, and full embracement of civil servants' and workers' potential which would increase their work effectiveness. Therefore signs of the "*hard*" model are dominant in the human resource management of public administration in Latvia – it does not promote loyalty and an increase in work effectiveness amongst intellectual workers, which include civil servants and public administration institution workers as well.

4. Factors affecting the motivation, work effectiveness and development of civil servants and workers

The aim of this study was to ascertain the civil servants' and workers' of public administration institutions of Latvia sense of the mission, goals, and main objectives of their institutions, the role of workers in reaching these goals as well as their evaluation of opportunities to reach personal goals and personal development when working in a public institution. 381 civil servants and workers of ministries and central public institutions participated in the study, and the differences between density of socially demographic subcategories and proportional density in the sample were calculated.

The results of the study carried out by the author show that **the most important factors** that make a position in public administration seem attractive for respondents are social security and the opportunity to gain valuable work experience. Creative work, punctual, regulated work, a good salary, good opportunities for further career growth, and job prestige were also mentioned as significant factors in the answers of respondents in various groups.

The most important reason pointed out by respondents for not choosing to link their further career to public administration was inappropriate salary, lack of growth opportunities, fulfilment in public administration and job prestige as well as unsatisfactory work conditions and lack of certainty of work stability in the future.

Among factors that interfere with the ability to perform work tasks appropriately the most important is the *lack of motivation* – this was pointed out by a third of respondents. It is significant that when job prestige in public administration increases, the motivation of a civil servant or worker tends to decrease. A reason for this could be the lack of challenge as a result of routine as well as the mostly monotone duties and work methods in public administration institutions. These results show that the current system of human resource management and development in public administration does not provide sufficient constant motivation of intellectual workers – civil servants and workers in public administration institutions – and therefore does not provide support for qualitative service rendering according to society's needs.

Results of the study show that upon initiating a position civil servants and workers express confidence of their opportunities to develop and build a career in public administration, evaluate the significance of the experience they are about to acquire; they feel motivated to develop and keep building a career in public administration. As the length of service grows, so does the concern of the possibility to keep their jobs as well as wages and social security in the distant future, which does not work well as a development motivator. This approves the fourth hypothesis.

In the matter of opportunities to improve their skills in the necessary fields in courses and training organized by the State School of Administration, factors pointed out frequently by the respondents were personal initiative, opinion of the direct manager and the ministry's (institution's) budget. Other factors mentioned were a large amount of work, which limits these opportunities, and the content of courses, which does not satisfy the learning demands.

By linking the application of acquired knowledge and skills to work with the way of determining learning needs, the author has come to a conclusion that respondents who have *discussed learning needs* with their direct manager show considerably better results. None on them considers the knowledge and skills acquired through learning useless in work. Discussions with the direct manager include learning needs, their necessity, type and the potential use of knowledge and skills; learning effectiveness increases as a result.

Respondents, who evaluate and determine their learning needs through a discussion with their direct manager as well as the ones who get their learning needs determined according to work evaluation results, are certain that the learning is going to have an improving influence on their career statistically significantly more often than in the whole sample. Respondents, who hold the opinion that opportunities to improve in the necessary fields in the courses and training organized by the ministry (institution) or the State School of Administration depend on their own initiative, have shown a more optimistic look on the influence of learning to their career development. Apparently their experience on learning and career as well as personal observations allow considering active determination of learning needs and self improvement as a positive factor to career development. On the other hand, respondents who consider learning an "exclusive" process apparently base this opinion on their past negative experience or they lack initiative in facilitating personal development and growth. Therefore they do not link career development to learning.

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In order for the civil servants' and workers' investment in the organization to be more significant, learning needs should be evaluated according to evaluation of peculiarities of civil servants' and workers' education, previous job experience, age and position as well as according to the job performance evaluation results and competence demands.

Civil servants and workers in public administration institutions who have acquired a master degree or currently study in a higher education program, have worked in public administration for 6 to 10 years and those who already hold manager positions in public administration institution departments are comparatively *well informed of the institutions*' missions, goals, and work strategies. Their current position is mostly not their first position in a public administration institution. Civil servants and workers from these groups are able to determine the fields in which they need improvement and they use knowledge, skills and abilities acquired through learning in their work. In order to increase loyalty and work effectiveness of these workers it is necessary to motivate them by carrying out objective and development – oriented evaluation as well as strengthening confidence in opportunities of further development in public administration.

Civil servants and workers with a lower (secondary) education who do not study in high school and hold officer, clerk and similar positions of the lower job group on average show a poor awareness on institutions' missions, goals and work strategies, which is why it is often difficult for them to link personal goals with the organization goals. That in its turn makes the choice of a learning program and motivating these workers difficult. Explaining the organization mission and goals and discussions on development will make learning of these workers more effective and will allow to use the acquired knowledge, skills and abilities in their work; it will also give the civil servants and workers of these groups a will to develop and convince them that their work is significant for the organization and can promote their development.

Civil servants and workers of public administration institutions beyond 40 years of age, also the ones with more than 10 years of length of service in public administration, are experienced, know their duties well, evaluate their educational needs objectively as well as show an ability to use their recently acquired knowledge in work. Civil servants and workers from these groups do not associate education with career growth but they do recognize the influence it has on the work effectiveness. Although these workers do not always agree with the decisions made in the ministry or public administration institution, they *remain loyal to their work in public administration* and do not plan significant changes in their career. Still, in many cases these groups of civil servants and workers show insecurity concerning the possibility to keep their job upon changes, including a change of political management. Civil servants and workers of public administration institutions included in the aforementioned groups can be motivated to work effectively and with good quality, but stability, creative work, salary and social security is important to them when working in public administration.

Young (up to 30 years of age) civil servants and workers of public administration institutions as well as the ones with a length of service less than 5 years are proportionally secure about their opportunities to keep working in public administration and do not feel threatened by change, but in many cases these workers associate their future with moving to the private sector which they see as a better opportunity for development. They are motivated to learn and develop, and by supporting the building of these workers' careers it is possible to attain loyal, creative and effective civil servants and workers in public administration.

The aforementioned suggestions are oriented towards increasing the motivation of civil servants and workers in public administration institutions, to assure development opportunities and reaching of personal goals while working in public administration. Still, these efforts will not be effective in organizations with a traditional hierarchy and under the circumstances of a centralized human resource management in public administration. The goals of public

administration concerning human resource development are often different from the corresponding goals in particular organizations, and the missing development strategies of public administration organizations are replaced with development strategies of the fields these organizations are competent of. A real improvement in work effectiveness, motivation and developmental processes of civil servants and workers in public administration can be reached by creating a strategic approach to the human resource management in every organization of the public sector.

5. Ability of civil servants and employees to influence the content of decisions made in the ministry (institution)

Work productiveness of intellectual workers is also affected by a chance to take part in and contribute intellectually to the management processes of both their work and the whole organization (Table 1). This factor might be accomplished by giving civil servants and workers an opportunity to influence decisions made by the organization, including decisions on their tasks and the conditions of their execution, therefore ensuring corresponding motivation.

Row %		n	Never	No	More often no than yes	More often yes than no	Yes	Always
	Whole sample	381	22	21	19	21	13	3
	20-30	165	19	17	24	22	14	4
A = -	31-40	114	24	26	17	16	14	3
Age	41-50	75	30	20	13	25	11	1
	Above 50 **	27	8	28	24	28	8	4
Education	Secondary education	56	33	19	17	20	6	6
	First level (college) higher education*	46	42	19	9	16	12	2
	Bachelor's (academic) degree	79	16	18	26	26	12	3
	Professional bachelor's degree*	38	19	19	22	19	11	8
	Professional higher education	64	18	28	22	18	13	0
	Master's (academic) degree	69	12	26	15	22	23	2
	Professional master's degree **	28	15	12	27	27	12	8
	Doctor's degree **	1	0	0	0	100	0	0
	Up to 1 year	72	16	16	31	21	13	3
T 1 0	2-5	125	19	20	19	23	14	3
Length of service	6-10	71	25	21	18	19	12	4
	11-20	86	25	27	12	20	14	2
	More than 20 years **	27	28	16	16	28	8	4
Position	State Secretary, Institution Manager etc. **	16	33	13	7	27	13	7
	Deputy State Secretary, Deputy Institution Manager, Department Director etc. **	25	42	13	21	21	4	0

Table 1: Distribution of opinions in the matter of respondents' satisfaction with their abilities to influence the content of decisions made in the ministry (institution)

Deputy Department Director, Department Manager, Deputy Department Manager etc.	100	16	18	16	23	22	4
Senior Officer, Officer, Administration Officer, Clerk etc.	240	21	23	22	20	10	3

5

statistically significantly less than in total sample (α =0.05)

statistically significantly more than in total sample (α =0.05)

*
$$30 < n_i < 50$$

** $n_i < 30$

Source: own analysis of the year 2007 results of the questionnaire developed by the author for civil servants and workers in public administration

After evaluating distribution of answers from different respondent groups, the author concludes that 22% of respondents from the lower level manager group (deputy of department director, department manager, deputy department manager etc.) say that they are satisfied with their abilities to influence decisions made in the ministry (institution) (answer "yes") which is a statistically significantly higher rate (α =0.05) than in the whole sample. Meanwhile only 10% of the senior officers, officers, administration officers and clerks are satisfied with their abilities to influence decisions made in the ministry (organization) which is a statistically significantly lower rate (α =0.05) than in the whole sample.

The opinion that the abilities to influence decisions made in the ministry (institution) are completely unsatisfactory was expressed by respondents, age 41 to 50, at a statistically significantly higher rate (α =0.05) than in the whole sample as well as respondents in groups with a lower education level – secondary education and first level (college) higher education (33% and 42% of respondents).

Although most of the questioned civil servants of the state civil service and workers in public administration institutions expressed an opinion that the abilities to influence the content of decisions made in the ministry (institution) are insufficient or unsatisfactory, the distribution of answers to the question whether they are satisfied with the current ability to express their thoughts and opinions in professional matters and matters of work organizing shows that the opinions are not overall pessimistic. The distribution of respondents' answers is shown in Figure 2.

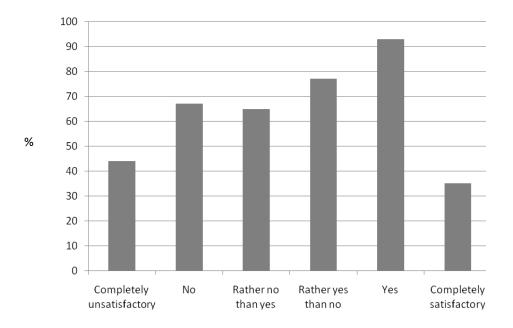


Figure 2: Distribution of opinions in the matters of the respondents' satisfaction with their current ability to express their thoughts and opinions in professional matters and matters of work organizing (% of number of respondents)

Source: own analysis of the year 2007 results of the questionnaire for civil servants and workers in public administration

More than a half (54%) of respondents is more or less satisfied with the current ability to express their thoughts and opinions in professional matters and matters of work organizing. However, the level of satisfaction depends greatly on whether the civil servant (worker) agrees with decisions made in the institution and whether he had a chance to influence these decisions, and whether he was satisfied with the ability to express his thoughts and opinions in professional matters and matters of work organizing (see Table 2).

		n	No, not at all	No	Most- ly rather no than yes	Most- ly rather yes than no	Yes	Yes, com- pletely
	Whole sample	381	22	21	19	21	13	3
How informed are You of the decisions made in the ministry (institution)?	I am only informed of the decisions I work with	87	24	27	21	16	9	4
	I am only informed of decisions that are related to my field of competence	243	22	21	19	23	12	3
	I am informed of almost every decision made in the ministry (institution) *	51	17	13	21	23	25	2

Table 2: Analysis of factors affecting respondents' satisfaction with their ability to influence the content of decisions made in the ministry (institution)

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	Never **	5	80	20	0	0	0	0
Do You agree with the decisions made in the ministry (institution)?	No **	30	64	18	7	11	0	0
	Mostly no	66	40	32	16	6	2	3
	Mostly yes	121	15	32	29	18	5	2
	Yes	145	9	9	18	34	26	4
	Always **	14	15	8	8	23	31	15
What are Your realistic abilities to influence the content of decisions made in the ministry (institution)?	Insignificant	128	56	19	12	5	4	4
	Modest	101	11	45	22	15	6	1
	Slight	64	0	8	43	33	13	2
	Sufficient	58	0	7	16	51	20	5
	Good**	27	0	0	0	36	64	0
	Very good**	3	0	0	0	0	33	67
Are You satisfied	Never *	44	76	7	12	2	0	2
with the current ability to express Your thoughts and opinions in professional matters and matters of work organizing?	No	67	41	43	14	2	0	0
	Mostly no	65	23	33	30	10	5	0
	Mostly yes	77	3	16	29	40	10	3
	Yes	93	3	14	14	38	26	6
	Always *	35	6	3	15	21	42	12

statistically significantly less than in total sample (α =0.05)

statistically significantly more than in total sample (α =0.05)

* $30 < n_i < 50$ ** $n_i < 30$

Source: own analysis of the year 2007 results of the questionnaire for civil servants and workers in public administration

In order to find out how various factors affect civil servants' and workers' satisfaction with their ability to influence decisions made in the organization, the influence of factors such as the civil servant's (worker's) support for decisions made in the ministry (institution), his/her abilities to influence decisions made in the organization and the provided ability to express his/her thoughts and opinions in professional matters and matters of work organizing was evaluated by using the method of structural equation modelling. Figure 3 shows results of the evaluation.

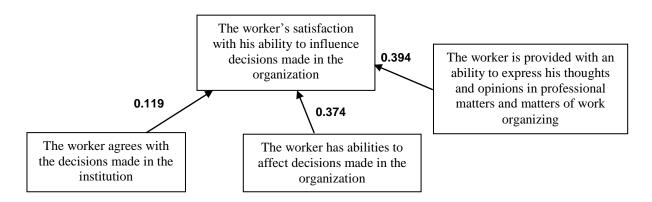


Figure 3: Evaluation of factors defining a worker's satisfaction with his ability to influence decisions made in the organization Source: own

This model shows that a civil servant's or a worker's in a public administration institution satisfaction with his/her abilities to influence decisions made in the organization is influenced directly by whether he/she agrees with decisions made in the ministry (public administration organization) (linear regression coefficient b = 0.119), whether he/she has abilities to influence decisions made in the organization (b = 0.374) and whether he/she is provided with the ability to express his thoughts and opinions in professional matters and matters of work organizing and whether the management considers these thoughts and opinions (b = 0.394).

In order for a civil servant or worker to be able to deliberately accomplish his/her ability to take part in decision making in the organization and therefore be aware of the significance on his/her work and become motivated to develop and improve his/her knowledge, skills and competences, it is less important to get his agreement with decisions made in the ministry or public administration institutions than to give him/her an opportunity to express his thoughts and opinions on professional matters and matters of work organizing.

6. Conclusions

Public administration organizations with a traditional hierarchy and under the circumstances of a centralized human resource management *do not promote loyalty and an increase in work effectiveness amongst intellectual workers* which include civil servants and public administration institution workers. Upon initiating a position civil servants and workers express confidence of their opportunities to develop and build a career in public administration, evaluate the significance of the experience they are about to acquire; they feel motivated to develop and keep building a career in public administration. As the length of service grows, so does the concern of the possibility to keep their jobs as well as wages and social security in the distant future, which does not work well as a development motivator.

In order for the civil servants' and workers' investment in the organization to be more significant, learning needs should be evaluated according to evaluation of peculiarities of civil servants' and workers' education, previous job experience, age and position as well as according to the job performance evaluation results and competence demands. However for a civil servant or worker to be able to deliberately accomplish his/her ability to take part in decision making in the organization and therefore be aware of the significance on his/her work and become motivated to develop and improve his/her knowledge, skills and competences, it is important to give him/her an opportunity to express his thoughts and opinions on professional matters and matters of work organizing.

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