

## HUMAN RESOURCE MANAGEMENT IN THE CENTERS FOR DEVELOPMENT OF THE PLANNING REGIONS IN THE REPUBLIC OF MACEDONIA

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**Abstract:** *The centers for development of the eight planning regions have been established under the Law on Balanced Regional Development which was adopted in 2007 with the main goal to strengthen the capacity of networks and stimulating the development on regional level. In order to achieve effective and efficient operation of the centers, the management of human resources in these organizations becomes a matter of high priority because human resources are the agents of the important developmental activities in the region. This paper explores human resource management policies and practices that are adopted in the centers aiming to improve the capacity and competences of the employees, and enable them to perform effectively. Using qualitative research strategy, inductive content analysis of the documents was apply, and semi-structured interviews were conducted with eight executive directors who represent and manage the centers. Research results reveal the need for improvement in the way that human resources are managed and lack of appropriate financial support from local and national authorities and institutions. Also, the findings point to the need of increasing the number of employees in the centers, considering the scope of work and the real opportunities to apply for more developmental projects that are financially supported by the EU pre-accession funds as well as available funds of other foreign and international organizations and donors.*

**Keywords:** *Human resource management practices, employee competencies, centers for development of the planning regions, qualitative study.*

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### 1. INTRODUCTION

The centres for development of the planning regions are part of the integral institutional framework on regional development in the Republic of Macedonia. In addition to the Bureau for Regional Development and the local self-government units, the centres are among the main conveyors of the planning and implementation of the region development program.

After the Law on Balanced Regional Development [1] was adopted in May 2007, during 2008 and 2009 the municipalities commenced the establishment of the centres in the eight planning regions in Macedonia. The Decisions of Incorporation regulate their competences, obligations and responsibilities. The centres act as professional and administrative-technical bodies to the councils of the eight regions. As operating bodies, their responsibility is to prepare and implement planning documents and related region development action plans. Their tasks include preparing and submitting project applications; project implementation; public procurement required for the realization of the project activities; providing professional and technical assistance to the local self-government units; cooperation with the business sector and

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the non-governmental organizations in the preparation of development projects for all concerned parties.

The necessity for building the centres' institutional and human resource (HR) capacities as a requirement for achieving more intensive regional development was determined with the 2009-2019 Strategy on Regional Development of the Republic of Macedonia, Strategic Goal 2, and Priority 2.7. "Enhancing the planning and realization capacities for the development of the planning regions," [2] with an accent on the need for a systematic approach toward:

- Building the centres' capacities;
- Appropriate quantitative and qualitative staffing of the centres;
- Continuous improvement of HR through training.

The Strategy on Regional Development of the Republic of Macedonia was adopted in 2009, covering the period until 2019. Considering the 9-year time frame, the following question arises: "How many strategic priorities and measures referring to the centre capacity building are being implemented, and in what manner?"; "What are the weaknesses in the implementation process and future challenges?". Consequently, in this study, the following specific research goals were defined:

- Determining the centres' capacity and potential for expansion;
- Establishing the HR competencies; and
- Building the organizational capacity and competencies.

The empirical research was conducted with the application of a qualitative method. The collection of the primary empirical data was carried out with semi-structured interviews. The managers of all eight centres for development of the planning regions in the Republic of Macedonia were interviewed. In order to obtain additional data, the method of a qualitative (inductive) content analysis was applied. The analysis encompassed documents, laws, strategies, action plans, programs, as well as data from the centres' websites.

## **2. INSTITUTIONAL CAPACITY AND SIZE OF THE CENTRES**

In order to examine the centres' current institutional weaknesses, the respondents were asked the following question: "*How is the institutional capacity of the Centre, the need for professional staff and their profile determined?*"

The organization, work and financing of the centres are determined with the Articles of Incorporation. The centres have the right to employ not more than five full-time employees, with a permanent contract and salaries covered by the Ministry. The five employees are deployed in work positions according to the work requirements, and are the following: head of the centre, project coordinators covering different areas in the regional development and an administrator or advisor for legal matters and public procurement. Each of the centres hosts an additional regional business centre with a temporary contract employee in charge of offering support and consultation services to small and medium-sized enterprises in the region. Expanding the centres with an additional employee proved to be a positive step in the capacity building of the centres. However, experiences from some centres reveal that a temporary contract employment simultaneously creates, on the one hand, lack of job security, and on the other hand, unstable income due to the late payments from the Ministry competent to provide the employee's salary.

Due to the nature of working with projects and the changing scope of activities, the centres are given the opportunity of employing temporarily engaged workers, provided the centre itself is able to secure the salary. Building HR capacities with additional work force by temporarily employing staff is a frequent practice. The compensation for these employees is provided from the projects' budget or the centre's finances. Towards providing the necessary HR capacity for the long-term, there is a tendency to offer permanent contracts of such employees once their temporary engagement expires due to the knowledge, skills and abilities as well as experience they have gained by working on projects (for instance the Centre for Development of the Vardar Planning Region). The heads of the centres should recognize the importance of retaining employees to the overall performance results of the centres. Such a HRM practice is justified from at least two aspects: firstly, this profile of workers ranks highly on the labour market in Macedonia and is scarce, and secondly, considering the time and means invested in qualifying such staff, additional investment in orientation and training is quite insignificant and would burden the centre less financially since this employees have already been qualified to work on such work positions. This HR practice should be adopted, particularly for workers who, despite possessing the key competences, have also already been introduced with the working organization and fit well in the organizational culture.

Regarding the size of the centres<sup>94</sup> and how much it corresponds with the current working requirements, opinions among the heads of the centres differ. The Head of the Centre for Development of the Skopje Planning Region believes that the current level of staff satisfies the centre's needs. The Centre for Development of the Pelagonia Planning Region reports that *"generally, the current number of employees work efficiently, however considering the importance of the centres and their role in the regional development, the institutional and staffing capacity should be increased."* However, on the other hand, some of the heads of the centres emphasize that the current number of employees fails to satisfy the needs for efficient and effective working in increased work load periods (for instance, the Centre for Development of the Southeast Planning Region worked simultaneously on eleven projects at one time).

The idea for enlarging the centres by introducing new work positions is related with the expected increase of the development projects' budget on a national level. This would result with increased work load at the centres, which, in turn, would be unable to efficiently and effectively respond to the new work responsibilities and tasks with the current organizational and staff capacities.

The increase of staff members might be justified, however it should not result with unnecessary and unjustified investment and additional strain to the state and the municipal budget, in circumstances of "... widely accepted perception that the public service system provides a safe haven for lazy and incompetent employees..." [3]. New, unproductive employment and the accumulation of public servants could create overemployment and their potential incompetency could expose the centres to additional expenses for education and training, and furthermore, it might create an additional barrier to the organizational flexibility and efficiency of the working system. Consequently, the requests for expanding and reinforcing the centres with new employees should be generally based on: 1) future projections on the work volume, content and scope at the centres; 2) a valid analysis and assessment of the future work force requirements pursuant the projections and 3) strong justification for each new work position. Employee selection should consistently and rigorously follow the principles of expertise and competency for every work position.

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<sup>94</sup> The number of employees is used as an indicator of the organization's size.

### 3. EMPLOYEE COMPETENCIES

The term employee competencies denotes the employee's capability to perform their job, hence competent employees are those who meet their work position requirements. The concept of competencies refers to the knowledge, skills and abilities that increase the employees' working performance and productivity and are important factors for the organizational success [3], [4]. Maximum level of performance is achieved when the person's capability or talent is consistent with the needs of the job demands and the organizational environment. Boyatzis suggests three threshold clusters of competencies: 1) expertise and experience; 2) knowledge and 3) basic cognitive competencies. Additionally, he identifies three clusters of competencies as important factors for individual performance [4]:

- Cognitive competencies (systems thinking and pattern recognition);
- Emotional intelligence competencies (self-awareness; self-management competencies which include emotional self-awareness and emotional self-control);
- Social intelligence competencies (social awareness and relationship management competencies, such as empathy and teamwork).

In order to examine the level of competencies required to perform the tasks, the interviewed heads of the centres were asked to answer the following question and explain: *“To what degree do HR capacities satisfy the demands for efficient and effective work of the Centre? List which competencies do the employees possess and which are the competencies missing?”*

According to the act on systematization of work positions at the centres, the head and coordinators are required to have a higher education degree, without specifying the study field. Employees at the centres have different higher educational profiles and tasks are distributed equally among the employees qualified to perform several different ones. The head of the Centre for Development of the Southeast Planning Region thinks that: *“In addition to a faculty degree, which is mandatory, trainings and working experience are also important for working on projects. Professional improvement is in fact necessary, completed higher education is not sufficient.”* In this centre, the head explained the HR practices of work organization by stating the following: *“Employees are appointed to work assignments according to the areas required by the project and in accordance with their education, experience, but also the employees' affinities.”* The head knows the employee that would be the most productive for a certain task and the employees are guided towards tasks for which they are experienced. In most centres, the tasks are performed efficiently and head of the Centre for Development of the Southeast Planning Region stressed that: *“employees are qualified to prepare project applications and, more importantly, for the implementation of projects where work is more difficult due to the numerous problems they face during the implementation”*. Job-specific knowledge and skills are gained with experience and on-the-job training by more experienced colleagues. Regarding the lack of competencies, several of the centres stressed the need of employing an economist (accountant). Moreover, the heads inform that the infrastructural projects, of priority for the regions, impose the need of a civil engineer. The lack of such staff at the Centre for Development of the East Planning Region is dealt with by hiring engineers from the municipalities: *“infrastructural projects are mostly done by signing a cooperation contract with the municipalities, which results with exploiting the municipality's human resources. We usually ask the mayor for a civil engineer employed at the municipality, who is then hired at the centre, for the requirements of internal construction monitoring in order to prevent monitoring linked somehow to the contractor.”*

In addition to the mentioned professional and technical competencies, the centres also lack organizational knowledge, skills and abilities, among which strategic management. Such competencies are particularly important for the management staff (heads, supervisors, coordinators etc.), [3]. These are listed below in Table 1.

Table 1: Competencies of employed civil servants

Achievement orientation	Personal effectiveness
Analytical thinking	Persuasion
Building relationships	Problem resolution
Communication	Project management
Decision making	Resource management
Employee development	Strategic planning
Innovation	Teamwork
Integrity	Values diversity
Performance management	Business system thinking

To the above-listed competencies, Klingner and Nalbandian also add conflict resolution skills and working in a diverse demographic environment [3]. The heads of the centres articulated the necessity for project cycle management training, stressing as particularly important networking and lobbying training. The listed competencies refer mostly to maintaining the social and psychological surrounding in which the organization's technical core operates. Such social skills, in addition to the employee's knowledge, are an important predictor of job performance.

#### **4. DEALING WITH THE LACK OF PROFESSIONAL, TECHNICAL AND OTHER COMPETENCIES OF THE EMPLOYEES**

Public institutions need to respond to current and future challenges by building competencies in the following way: hiring new workers, signing temporary services contracts with organizations or individuals or training the current employees. Any lack of competencies can gravely disturb the work at the centres and decrease their efficiency. On the one hand, the legally prescribed maximum of five employees financed by the competent ministry and the centres' inability to cover the salaries of new employees on their own, often hinders the functioning of the organization. On the other hand, technical and technological innovations bring about changes in the work organization, which require a different type of competencies. Such fluctuating circumstances force the centres to adjust and deal with new challenges on a daily level by applying different work practices. Considering this, the heads of the centres were asked to answer the following question: *“Could you tell us more about the activities for employees capacity building and the implementation of training and development programs?”*.

Employees' competencies building is achieved through training and development processes, which implies identifying, planning and budgeting the training and development needs. The heads of the centres recognize the need for training and the importance of continuous learning, but their answers reveal almost complete lack of investment in trainings and lack of formally adopted training and development program. Instead, trainings are rather ad hoc activities, systematically not planned or projected beforehand. The reason lies in the absence of finances allocated to fund such needs. The only practice reinforced is staff training funded by donors from different projects, i.e. training budget exists only when it is included within the expenses of a specific project or program. The centres regularly allocate finances from their own budget, however, only for the purpose of training activities related to public procurement and archive work. A positive example in HRM is the head of the Centre for Development of the Southeast

Planning Region, whose master's degree in local and regional development provided her with the expertise for working on project applications for EU funds. She is also engaged as a trainer of the municipality staff and a mentor of her own employees within the centre.

The centres need to create a training and development policies and practices that would reflect a strategic HR approach. Their sustainability has to be grounded on maximizing the staff's competencies [5]. Considering the needs for building the competencies of employees, additional efforts are required towards time and financial investment for staff development, such as: designing orientation programs for new employees; on-the job training and off-the-job training; skills development through specialization or other additional education activities in the formal educational system, as well as applying the methods of mentoring and coaching [6], [7].

## 5. CONCLUSION

The general conclusion is that HRM in public institutions should rely on human resource practices which provide efficient and effective working. The organizational success and overall work performance depend on employee engagement and discretionary effort. The employees are the most productive when they possess competencies, have access to available resources, proper organizational conditions and opportunities for career development.

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