

MANAGING HUMAN RESOURCES IN A SMALL STATISTICAL OFFICE

Invited paper submitted by:

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INTRODUCTION

The issue of human resources is a complex issue and every organization that has the goal to produce efficient and productive operation should dedicate special attention to it. Within the current context of European integration, stabilization and association and the process of globalization, it is a high priority to adopt appropriate Human Resources Management policies and strategies in NSI.

In the case of the State Statistical Office of the Republic of Macedonia (SSO of RM), as a small statistical office from less developed country, human resources management requires complex approaches and continuous transition of Human Resources Management policy.

The State Statistical Office of the Republic of Macedonia, in the management process, puts specific emphasis to rationalize the use of the available resources, both financial and human. Indeed, statistical offices in small countries, in general, have lower budget resources to perform the same activities.

Having in mind the scarce financial resources that directly influence the high flow of skilled labour force and, in that direction, especially efforts made to retain young people to work in the Office, the State Statistical Office of the Republic of Macedonia is putting special emphasis on human resources development and creating strong policy for recruitment, induction, training and development, and promotion. This would be in close relation with establishing culture of quality, integrity and professionalism.

The State Statistical Office of the Republic of Macedonia, as a small office facing the challenges of increasing demands for statistics that are reliable, timely, internationally comparable and comprehensive, recognized the benefit of constant training of its employees in order to respond to these challenges. Developing the key competencies that allow individuals in the organization to perform current and future jobs through planned learning activities, and ensuring a match between the individual and organizational needs, is essentially a strategic process and is closely connected with several practices like management development, professional skills training, mentoring, customer service training, organizational-development consultations, environment, etc.

Practical steps are already taken in the streamline at the State Statistical Office of the Republic of Macedonia, like the new training plan based on best practices, the mentoring system, the Code of Ethics, the Cost Efficiency System etc. Together with encouraging and promoting of professionalism by and under leadership of the Director General, human resources will be the real gear in coping with globalization and information technology.

This paper has three main objectives: first, to review the process of the country's transition when NSO's changes were very complex and specific, second, to review the significant progress within the human resources structure till nowadays, and third, to provide an overview of the current human resources development policy of the State Statistical Office of the Republic of Macedonia in the context of managing human resources in an efficient and effective manner.

1. SYSTEMIC CHANGES

After the independence of the Republic of Macedonia in 1991, according to the new position of the Office as a State Statistical Office in the area of statistics and the new challenges in front of it, radical changes were made to the educational and the age structure of the employees.

In the period from 1991 to 1997, the main activities of the State Statistical Office were directed towards the realization of the programmes, establishing of new surveys, training of the employees through participation in international events, learning of foreign languages etc. However, all these activities were made without having a systematic approach, and certainly without human resources management policy. Besides, although significant organizational changes were made, the residing typical administrative culture dominating the behavior of the staff limited the progress in achieving substantially better performance. Substantial changes in this culture are indispensable, particularly since the limited resources require much bigger flexibility to the rapidly changing needs.

As it was mentioned, in this indeed difficult period, priority was given to the realization of the annual programme with the available limited resources, driven by the needs of the external factors. In addition, a significant step forward was made in 1997, when the Law on State Statistics was adopted. The Law regulated the official statistics and it strengthened the position of the Office as a coordinator of the statistical system in the Republic of Macedonia. Furthermore, the State Statistical Office started with the programming of its work for five (5) years, and the first Five Year Statistical Programme was prepared in 1998. All these improvements contributed to the strengthening of the State Statistical Office and to the beginning of its capacity building, including the human resources management. However, a lot of time was needed before we started with the systematic approach to human resources development. Namely, the preparations for the first plan for human resources development, was initiated in 2007, and it was finalized in 2008.

2. SIGNIFICANT PROGRESS WITHIN THE HUMAN RESOURCES STRUCTURE

Regarding the staff sufficiency, in the period between 1991-2008, the staff number was significantly increased by 44%, which contributed to the reorganization of the Statistical Office into a modern and effective state institution oriented towards providing quality statistical data for the Government and the state officials, as well as for the users from the wider public.

Current situation

The State Statistical Office, currently employs a total of 252 persons, of which 172 work in the central office in Skopje and 80 are distributed throughout the 8 Regional Departments. The gender structure is 70% female and 30% male. The average age of employees is 45 years. 67 % of the employees have a faculty education, and the average working experience is 18 years which presents high loyalty towards the institution.

The main characteristic of the transformation of the Office, at the view of the educational structure of the employees, is the significant increase in the number of employees with a faculty education. This is a consequence of the increase of the educational structure in the whole country, as well as because of the need for application of the scientific methods in the realization of the statistical activities, the realization of the international cooperation and the application of modern informatics equipment by the employees in the Office.

In accordance with the analyzes of the available staff structure and the needs for optimizing the work processes, the State Statistical Office plans to increase the number of employees with faculty education, especially with economic and IT background, and to reduce the number of the employees with higher and upper secondary education.

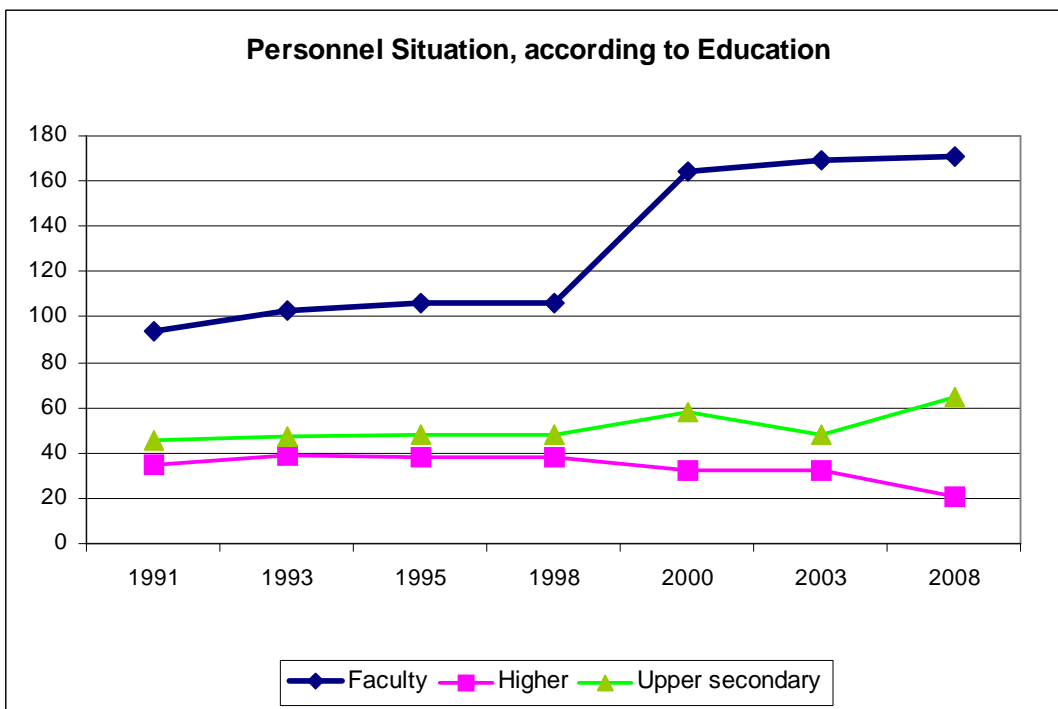


Figure 1: Employees by education level in the period 1991-2008

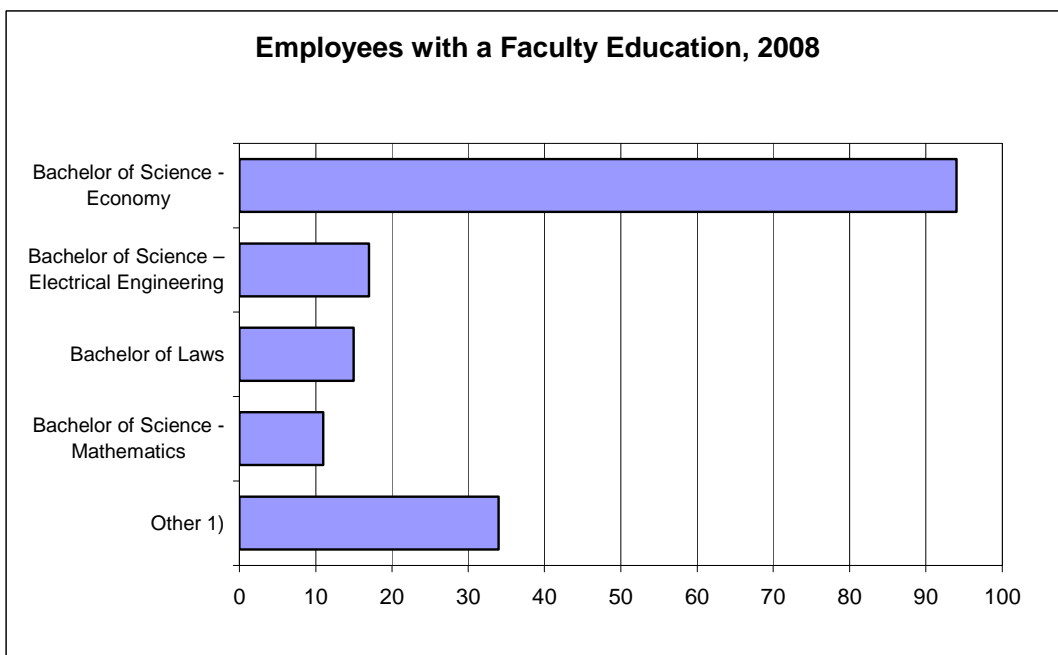


Figure 2: Employees by type of university degree, 2008

1) Other includes: Bachelors of Science- Geography, Chemistry, Forestry, Mechanical Engineering, Agriculture, Architecture, Construction, Technology and Geodesy; Bachelor of Art - Sociology, Philosophy and Bachelor of Literature - Philology

The new Act for Systematization and Organization of 2008, foresees 350 working posts, which are planned to be fulfilled by 2012. It is characteristic that for all working posts with faculty education preconditions are the knowledge of at least one foreign language and the working with PC.

The Office invested a lot in the learning of English language. Since 1993, the State Statistical Office from its budget started to finance massive language learning. Later, in the school years 2004-2005, and 2005-2006, approximately 25 % of the employees attended English language courses. The above contributed to the fact that from the persons with faculty education, 80 % speak one of the world languages.

The staff from the State Statistical Office is well trained. For illustration, during 2007, the employees participated in 95 international events and 76 expert missions. In total, 641 persons had a possibility to be trained. 27 % out of the total individual trainings belong to the National Accounts. The improvement of national accounts statistics is a very high priority in all current projects in the State Statistical Office. Through this process it is easy to identify gaps in other statistics. Actually, the developments of business statistics and social statistics are going on at the same time. The new IT strategy (2009-2011) is under preparation and it will serve as IT support to all policies in the Office.

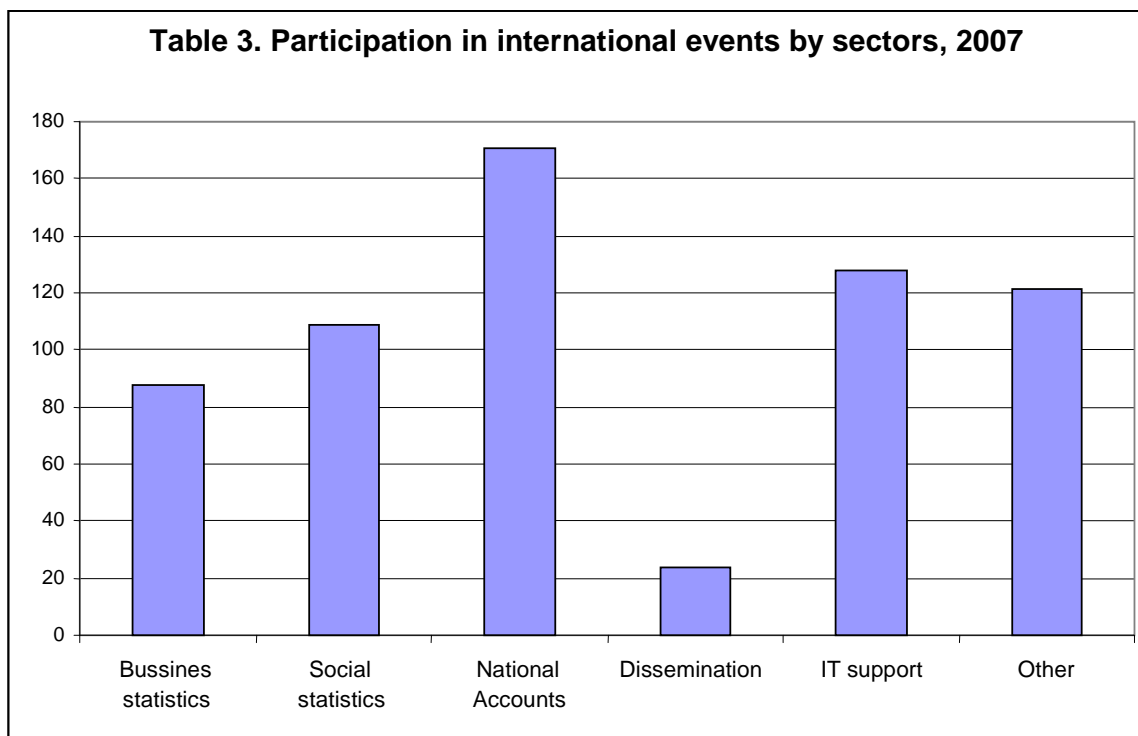


Figure 3: Participation in international events by sectors, 2007

Status of the employees – In 2000 the Law on Civil Servants was brought. In accordance with the Law, all employees in the State Statistical Office have a status of civil servants.

The State Statistical Office, as part of the state administration, has to respect completely the Law on Civil Servants. However, due to the specificities of the work domain of the Office, certain stipulations in the Law are actually limiting regarding the adequate promotion in the career, updating and development of the human resources that are at disposal of the Office. Due to all these factors, the State Statistical Office prepared its plan for human resources development and implements many activities for education and development of the human resources in accordance with the particular needs of the Office.

The intensive activities on appropriate human resources policy are one of the reasons for the decrease of the fluctuations of the human resources.

In the period from 2001-2004, the highest fluctuation of employees was registered. 35 persons left the Institution, due to retirement, establishing of analytical/statistical departments in many banks and

hiring of statisticians for much higher wages than in the state administration. However, this fluctuation decreased due to the harmonization of the wages among the civil servants (before this the salaries in the SSO were the lowest among the public administration) and to the new human resources development plan that is an important support to the strengthening of the State Statistical Office.

Milestones in the human resources structure

The first significant change within the staff structure was made in 1991, by increasing the number of high-qualified staff and retiring of 45 persons with lower educational level.

Starting from 1993, the State Statistical Office begins with a systematical approach towards learning of foreign languages, application of the modern statistical methods and using of the modern informatics equipment that was being supplied permanently.

The second significant change within the staff structure came after the Law on State Statistics was brought and after intensive involving of the Office in the international statistical cooperation . Consequently, in the period from 1999-2000, 65 persons with faculty education were employed, mostly with Faculty of Economics and Faculty of Information Technologies.

The Stabilisation and Association Agreement (SAA) between the Republic of Macedonia and the European Union (signed in April 2001 and entered into force in April 2004) and the granted status of a candidate country to the Republic of Macedonia (December 2005) contributed to the increased level of integration of the National Statistical System with the European Statistical System.

The upgrading and strengthening of the State Statistical Office, related to the improvement of the availability, quality, comparability and timeliness of statistical data towards their aligning with the statistical acquis, require a lot of human resources.

Therefore, the third significant change is planned to take place in the period from 2007 - 2010. Namely, in the frame of the realization of the National Programme for Adoption of the Acquis, it is foreseen to reinforce the staff with 62 new persons with faculty education.

In 2007/2008, there was an employment of 10 new persons. In addition, during 2008, it is planned 18 more persons with faculty education to be employed, as well, thus significantly reinforcing the Office

3. HUMAN RESOURCES DEVELOPMENT POLICY

In a very fast changing environment, as there has been huge increase in policies, which resulted in huge expansion in the field of statistics, a main issue is raised - how does one cope with such an increase when resources have not followed?

In order to answer this question and to learn more about itself and to improve the performances of its work, in the second half of 2006, the State Statistical Office made a self-assessment using the Common Assessment Framework (CAF). CAF is recognised as an easy-to – use tool to assist public sector organisations across Europe to use quality management techniques to improve performance. The CAF provides a self-assessment framework that is conceptually similar to the major TQM models, EFQM in particular, but is specially conceived for the public sector organisations, taking into account their differences.

In this paper we will refer only to two of the four areas that the State Statistical Office has selected and prioritized in which, for the beginning, improvement activities will be realized in the direction to managing with human resources. They are the following:

- a. The organization shall plan, manage and promote the human resources in line with the strategic planning
- b. The organization shall manage the finances

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The State Statistical Office concluded that it did not have enough developed system of human resources management, and therefore a Plan for Human Resources Development was developed in 2008, which is in direction to the European experiences and knowledge.

The main objective of this plan is that the Office should change its current situation, and that attention should be given to the developing of the human resources.

Currently, the Human Resources Development Policy (HRDP) lays on five (5) pillars:

1. Providing the State Statistical Office with human resources through coordination of the quantitative and qualitative work requirements in the Office with the candidates' competences and potentials;
2. Human resources development
3. Motivation
4. Maintaining of the human resources
5. Human resources unit's scope of work

Providing the State Statistical Office with human resources through coordination of the quantitative and qualitative work requirements in the Office with the candidates' competences and potentials is planned to be done through the following activities

- i. New organizational structure, established in April, 2008
- ii. Prioritization of the staff needed
- iii. Defining the real needs of the State Statistical Office
- iv. Defining the additional competences of the candidates

Human resources development could be reached through the following activities, which started in 2008:

- i. Introducing of the mentoring system -

Mentoring system means that to each newly employed person a mentor is determined who does not necessarily have to come from the organizational form the employed is in. The mentor's basic task is to give support to the newly employed person in the process of his/her socialization in the Office, by giving him/her support and advices in the process of his/her work involvement, delivering his/her requests and positions to the senior managers, but also mediating in solving the conflict situations. The period of holding the meetings between the mentor and the employed can be set in accordance with the employee's needs, but not less than 4-5 times a year. The meetings can be held in the Office or outside the institution. Socialisation is the process of including the new staff in the formal and informal organisational structure in the Office and gaining the working and other culture which is dominant in the State Statistical Office.

- ii. Preparing of the annual training plan

Training of the employees is one of the most important segments of the human resources management, besides the employment of new staff, management and organization and sources for the financial resources and salaries. In this direction, for the State Statistical Office it is a challenge to have employees that are trained with skills, capabilities and experience to respond to the quality requests, which jointly lead towards confidence building in the institution.

Every employee has the right and duty to professionally improve oneself. Therefore, the Office prepared the Annual Training Plan for 2008, and determined that each employee should have at least three (3) days training, during each year.

- iii. Introducing the self-training of the staff

The State Statistical Office started with the internal training. In June and July, 6 (six) lectures were presented to the employees on different issues: input data on national accounts, screening,

strengthening of the performance and quality monitoring practices, cost calculation system, preparations for the Census of Population 2011 and Census cartography. In average, 26 persons participated per activity. Participants had a possibility to fill in an evaluation form for each lecture, and in general the feedback is very positive. In a scale from 1 to 10, the average mark is 8.

Motivation-Usually motivation is connected with staff salaries, but taking into consideration that this question is regulated by the Law on Civil Servants, the Office dedicates an attention to the other components. The staff motivation will be increased by providing better working conditions, rotating the State Statistical Office staff every 3 or 5 years and allowing the new staff to pass part of their working experience in the Regional Departments. In addition, higher motivation of the staff can be provided if the employees' autonomy and responsibility, and team working are stressed.

Maintaining of the human resources-As it was previously mentioned, the State Statistical Office has staff that is well trained and educated. Therefore, a special attention is given to the maintaining of the human resources. Nowadays, the salaries of the civil servants have been significantly increased, and so it can be stated that one of the main factors for employees leaving the Office has been overcome.

Human resources unit's scope of work - With the new organisational structure, the scope of work of this unit has radically changed. Its main objectives are:

- to conduct the information system for human resources, relation between employees, training and development, motivation and staffing process in the Office;
- to participate in the Office's organisational-development process related to human resources;
- to prepare different legal Acts, and to support the internal training system in the Office.

The organization shall manage the finances

The working process requires lots of resources which are not completely available with the budget of the State Statistical Office. Therefore, in order to continue this process in the best possible manner, the Office has to increase the efficiency of its work.. This is only possible if the information on resources, costs and outputs is fully available.

As a result of the analysis of the strengths, and the context and areas for improvements in this field, in general, it was summarized that:

- a. The existing accounting system at the State Statistical Office can not provide precise information about the separate expenses of every statistical survey;
- b. Significant resources coming from donations are not included. In the case of the State Statistical Office, significant resources that can not be neglected are coming from donations, especially for improving knowledge (through trainings, workshops, conferences, expert missions, etc.)

Therefore, the top management made a decision to build a cost calculation system, with the following main objectives:

- a. to determine all expenses/costs and to attribute them to the individual statistics;
- b. to optimize the work processes

As a next step, an Action Plan for developing the Concept for the cost calculation system was provided in October 2007. The plan foresees realization of the following activities in the period 2008-2009 and to become operational in 2010:

- Revision of the existing Catalogue of Activities

“Activities” in the Office, are those typical sessions that determine the workflow of a cost unit. The main objective of the Catalogue of Activities (working) is to enable the Office to determine the

burdening of the working posts and through analysis it will be possible to conclude whether the working posts are: overburdened, adequately burdened or not burdened. This should enable the Office to make an analysis of the staff availability.

Furthermore, this will contribute to calculating the expenditures for employees that directly influence the budget. This will lead towards fulfilling the objectives of the organization in an efficient and effective manner, because it should help to estimate the exact number of employees - neither more nor less than the number needed – that perform the necessary tasks.

The first version of the catalogue was prepared in 2005 for other purpose - to register the time used on certain activity. Therefore this catalogue was too detailed and comprised approximately 300 activities. However, keeping in mind the final purpose of the catalogue, i.e. the analyses to be conducted using the cost-calculation method, and the practicability i.e. the reporting burden on the staff of using the catalogue, it was reduced and now it consists of around 80 activities grouped in 23 groups of activities.

- Defining the costs sources

Basically, data should be collected at the source and double data entry should be avoided, where possible. Not all available data from the administrative accounting system at the State Statistical Office can be used directly as a cost source. Cost sources are in:

- i. Electronic form (data already entered) in a dialogue mode
- ii. Electronic form of existing data in the Office (working hours in the Office)
- iii. Number of paper forms (most of them have to be established) that will be filled in periodically and will contain detailed description of the workflow concerning data collecting

- Preparation of the Catalogue of Cost-Units

The Catalogue of Cost-Units is used to identify the tasks that need human resources. So, a task is considered as a “cost-unit”, if it can be separated from other tasks, but due to same parameters it may be grouped with other, similar tasks. A cost-unit can be a professional subject matter or an administrative task. A cost-unit element in the Office is typically a statistical survey, a development project, a data supply, a yearbook, financial tasks etc. These catalogue elements are grouped into a two (2) level catalogue hierarchy to form aggregated groups of cost-units. The Catalogue of Cost-Units in 2008 is consisted of 330 costs-units grouped in 51 groups of cost-units.

It covers the following groups of cost-units:

- a. Annual Statistical Programme;
- b. Cabinet of the Director;
- c. Departments for Finances, Legal and General Affairs, International Cooperation and European Integration;
- d. Internal Audit;
- e. Public Procurement Commission;

There is a possibility the data on cost-unit to be aggregated on the level of organisational units, according to the belonging of the employees to the organisational units.

- Catalogue of Types of Costs

In general, costs are divided as personnel and material costs. Personnel costs include the salary, transport , food and training costs. In addition , the catalogue of material costs comprises:

- Traveling costs and per diem for trips that are not categorized as training
- Communication and transport costs

- Contractual services and other services
- Capital costs
- Interventions and regular maintenance
- Office materials
- Insurance
- Membership fees, office representation

- Identification of the modules of the Cost Calculation System

According to the current considerations and plans, the Cost Calculation System will comprise data from several modules

-Module for work time reporting for calculation of personnel hours per cost – a test version

-Module for staff training for calculation of training expenses per cost unit- a draft version prepared

-Module or modules that should be developed in future for calculation of other material costs

- Design and implementation of IT system for Register of Employees

A Register of Employees shall be developed, where history of basic identification information and job-related data will be kept. Currently, the Office disposes with the current data in electronic form. After the development and testing of the Register, it is planned historical data on each employee to be entered in electronic form.

-Implementation of the IT system for registration of the monthly personnel hours

A database is designed and a draft version of the application for registration of monthly personnel hours is available. Starting from September 2008, only a group of employees will have a possibility to use it in order to test its functionality. After the test usage and the implementation of the findings that will come up, during 2009, it will be used as a pilot application for registration for all State Statistical Office's employees.

- Establishing of Unit for Internal Control and definition of the procedure of data control

To perform all the tasks of the Cost Calculation System a control unit will be established, as part of the Department for Internal Financial Control. This control unit will be responsible for checking the correctness of the data, compared with the presence evidence. In addition, it will be responsible for distribution of the costs by formula, for calculation of personnel costs and for integration of the data obtained from the cost calculation system. These activities will require close cooperation with the Department for Human Resources.

- Design and implementation of an IT system for personnel electronic file

The personnel electronic file will contain basic information about employees (from the Register of Employees), information about promotions, demotions, changing department, planned and realized training activities, money invested (module for training evidence) and other things (from additionally developed modules)

- Calculating the costs for goods, services and capital expenses

In general, different methods for calculating the costs are planned. According to the analysis of the type of material costs and cost evidence sources, the State Statistical Office made:

- Some material costs that could be attributed to certain statistics directly (trainings, expert fees, copying, printing, costs for the interviewers);

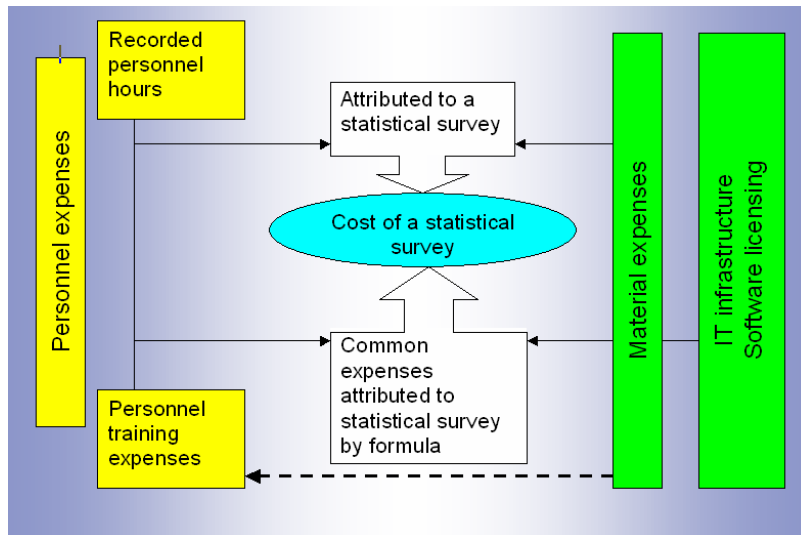
- Some of the material costs that could not be attributed to a statistical survey can be attributed to a cost center (traveling expenses, public utilities, office material, mail and telephone...)
- Most of the material costs are attributed to the individual sets of statistics by formula (equipment and licenses, internet, fuel, papers and magazines, office rent, translations, membership fee in international organizations, purchase of furniture, cars...)

- Integration of data from all cost sources in one Cost Calculation System

The following chart presents information flow for calculating the cost for a statistical survey. For some parts of the system, IT modules are already designed and development of the complete system is under consideration.

As soon as the detailed specification of all the functionalities, the complete data flow and workflow are clarified the missing parts will be completed.

Personnel training costs are part of the material costs, but, through the personnel electronic file, they are logically attributed to the personnel costs. The development of the yellow part of the system is on going - items that have to be recorded, because for the green costs evidence exists.



-Definition of all the outputs (reports) from the Cost Calculation System

Collected data will be used for preparation of monthly/annual evaluations. Monthly evaluations will be made for the directly allocated costs, and for all the rest (attributed by formula) they will be done annually. That means that the exact cost for the statistical survey will be available on a yearly bases.

It is planned the following monthly/annual reports to be prepared:

- a. Reports by cost units
- b. Reports by activities
- c. Reports by organisational units

The results will be submitted to the top and the senior managers of the State Statistical Office for further data analysis and recommendations.

- Defining the recommendations (guidelines) from the data analysis

The last, but not least planned activity, is the defining of the recommendations from the data analysis. The top and the senior managers of the State Statistical Office, based on the data analyses, should make recommendations about cost units. They can recommend certain cost unit to:

-continue to exit;

- examine the possibilities to reduce the costs;
- be increased;
- be integrated in other cost unit;
- include new cost unit;
- be excluded.

Each recommendation should be covered with good explanation. After the implementation of the recommendations, it is expected that the work processes will be optimised.

Conclusions

In this paper, firstly, is reviewed the process of the country's transition when the NSO's changes were very complex and specific; secondly, the significant progress within the human resources structure till nowadays; and thirdly, an overview is provided of the current human resources development policy of the State Statistical Office of the Republic of Macedonia in the context of managing the human resources in an efficient and effective manner.

It is demonstrated that a small office can properly function only with well established human resources management policy. This policy has to be accepted by both the top management and the employees. It has to lead to well educated, loyal and enthusiastic persons that are ready to cope with the challenges. Therefore, the State Statistical Office of Republic of Macedonia is on good track to respond efficiently to the requirements and the challenges.