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# Innovative Elements in Civil Service Reform in Slovakia

## Report

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### 1. Introduction

In the context of CEE civil service reforms, Slovakia lacked any comprehensive reform program and all the efforts were of ad hoc nature. For example, the innovative reform package of 2003 was initiated by Ministry of Labour, whereas the 2006 reform measures were initiated by Ministry of Finance right before the elections. Hungary and Lithuania, on the other hand, developed a comprehensive program in which all reforms were anchored. According to Meyer Sahling (2009) Slovenia and to a lesser extent the Czech Republic has been active administrative reformers, but the civil service has played a subordinate role in these activities. Poland has concentrated on the fight against corruption but it has lacked both a civil service reform plan and a wider administrative reform strategy for most of the post accession period.

The main objective of this study is to analyse major reforms in Civil service from the perspective of innovative elements that would attract young professionals and reformers into the ranks of Civil Service in Slovakia. The research is based on mapping changes key innovative elements in design and practice since there is a clear need for discussing the sustainability of “new thinking” in creating viable approaches in HRM policy in this region. HRM is a broad term covering all sorts of areas concerning the relationship between employer and employees (Stone 1995: 4). Armstrong (2009) divides these areas into two categories:

1. **strategic** (transformational), concerned with the alignment and implementation of HR and business strategies, and

2) **transactional** (operational), covering the main HR service delivery activities of resourcing, learning and development, reward and employee relations (2009: 83). Huselid et al. (1997) distinguish strategic or technical service of the HRM function.

In the first chapter, we will elaborate on the strategic HRM tools introduced with the first Act No. 312/2001 on Civil Service and their implementation by the Civil service



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office, which was made responsible. They are: **systemization** (i.e. human resources planning), **civil service registry** and **common assessment framework**. The second chapter focuses on innovative tools of operational HRM specifically in the area of **recruitment, career growth** and **remuneration**. The assessed tools are: the **introduction of temporary and nominated civil service** in order to ensure greater professionalization, **fast stream system** as a new measure of recruitment and **new types of bonuses**, which were meant to provide incentives for civil servants: **personal bonus, performance bonus and special bonus**.

The third chapter concentrates on innovative HRM tools announced in the reform of public administration, which is currently in progress in Slovakia. As no comprehensive concept of the reform has been officially published, we collected information mostly from presentations of lead officials responsible for the reform, which they presented at various conferences.

Discussing the trajectory of chosen innovative instruments gives a picture of how the institutional setting in Slovakia reacted to novelties concerning management of civil servants which were recommended by international organizations such as EU, OECD or the World Bank. It shows that Slovakia was not ready for such ambitious measures and that the “old” ways of thinking dominated by arbitrary decision-making, political patronage and departmentalism eventually overruled the efforts for more transparency, standardization and de-politicization.

## 2. Context – Development of Civil Service in Slovakia

Slovakia initiated civil service reform as late as 2001, mainly under pressure from the EU (Staroňová and Láštic 2012). Meyer-Sahling (2004, p. 94) suggests as an explanation of this delay in reforming civil service the lack of competent candidates capable of and willing to replace communist administrative elites. Thus, the main characteristic of the 1990s period is the absence of a complex regulation (general or specific), which would address the demands of selection, dismissal, and remuneration of public-sector employees. Similarly as the situation prior to 1989, these relations were regulated by the Labour Code, whereas the setting of differences for individual groups of employees in the public sector were addressed by decrees on the level of government regulations secondary legislation. Until the split of Czechoslovakia, a systematic solution of the status of state employees was not a priority of any government; whereas partial changes responding to the change of political system were adopted in 1989.

The first attempt of a complex solution of the status of public employees was a series of law proposals submitted by the third government of V. Mečiar (1994 – 1998) in 1997 where he tried to provide assurance of adequate socio-legal position



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of the public-service employees. The draft Act counted on the then employees of the state bodies to pass directly to permanent civil service and be granted tenure and above-standard advantages.<sup>1</sup> This attempt was criticized by the opposition as an effort to “encase” the existing administration. The Civil Service Law was not passed at that time, nevertheless, three specialized laws, which established the civil service of soldiers, policemen, and customs officers were adopted. In all three cases, the government justified the necessity to detach these groups of the state employees because of the specific demands for the administration of their activities.

After parliamentary elections in September 1998, the opposition parties gained a constitutional majority in the parliament. Thus, the first government of M. Dzurinda chose as a main priority a renewal of the accession process of Slovakia to the EU. According to an evaluation report of the Commission from 1998, the September elections offered “an important opportunity for Slovakia to solve political deficiencies”, whereas the focused effort was supposed to target the establishment and empowerment of administrative capacities (Commission, 1998, p. 43). Especially the building of “appropriate administrative structures” was according to the report the basic condition for “a creation of mutual trust necessary for the future membership” (ibid, p. 38). The Commission, however, reminded of the absence of the Civil Service Law and of the existence of significant political interference with appointing and promoting employees in the public sector (ibid, p. 38). Given the lagging behind of Slovakia in the accession process, caused by the unfulfilled political requirements of the membership during 1994 – 1998, the Commission launched in 1998 a creation of a special mechanism, a so-called Strategic Partnership,<sup>2</sup> which focused on the solution of the greatest problems of the accession process. One of the short-term priority goals of the Partnership, which were supposed to be solved during the year of 2000, was an adoption of the Law on Civil Service (Accession Partnership Report, 1999).

The Civil service reform in 2001 aimed at professionalizing the public sector by introducing two separate provisions in 2001: the Law on the public service (Act No. 313/2001), which defines the public service and covers service such as health and education; and the Law on civil service (Act No. 312/2001), which regulates the civil service in state administration bodies. In 2003, the former law was substituted by the Law on Employees working in Services of Public Interest. The attempt to establish a professional and neutral civil service was not without difficulties. The main problems were diverging views on key issues such as conditions for tenure or pension and

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<sup>1</sup> During assignment outside an active state service, a state employee was eligible for 70% of the function salary. Another measures were a shortened work time to 37.5 hours; enhanced range of vacation to six weeks; allowance for a bonus for state service to pension for each year of permanent state service of 1.25% from the granted pension; a sickness and health benefit bonus; and financial assistance during maternity.

<sup>2</sup> Special type of cooperation of the EU with an accessing country on the basis of which the EU offered a specific support for solving problems.



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health insurance rights of civil servants. In order to obtain EU membership, reform initiatives have been formulated rapidly with little political consensus (see Staroňová and Malíková 2005).

The most fundamental amendment was a package adopted in 2003 (coming into effect on 1 January 2004) regulating the status, recruitment and remuneration of civil servants, that brought innovative elements into the civil service system, such as *fast stream recruitment*, *performance appraisal* and *nominated civil service*. These innovative elements were to strengthen the capacity to attract and retain good calibre staff at all levels, since the previous delays in the adoption of the Civil Service Law led to a situation where ministries were over-staffed, as those that remained in the administration were generally not interested in changing jobs, while new posts were unable to attract staff (Staroňová and Láštic 2012). This created problems in particular for new functions, such as policy analysis posts, project management, reform implementation and civil servants dealing with EU matters.

The dissolution of the CSO brought the end to the central control and coordination of the civil service, which was thus left with the ministries, and eliminated the possibility of potential cross-sectoral career path. According to Staroňová and Brown (2006), the current system lacks several modern HR management tools, i.e. a civil service registry, and the performance evaluation system is outdated. The amendment also allows political nominations for the head of the service office what reinstates the pre-2002 status quo. After the dissolution of the CSO, the heads of service offices were assigned with the powers of recruiting, laying off, evaluating, and remunerating the ministry staff. Since heads of the service offices, who are political nominees, are responsible for HR management, they can freely pursue political interests in the civil service hierarchy.

After the abolishment of the Civil service office in 2006, the Slovak civil service made a U-turn back to the conditions that existed before the adoption of the Act on civil service (Meyer-Sahling 2009). Since 2006 until today, no innovative elements were implemented. In fact, amendments to the Act on civil service enabled more politicization – an example would be allowing the government to appoint heads of offices, which was formerly a non-political function, or by allowing dismissal of civil service for unspecified reasons. However, a wind of change may be approaching the civil service, as in 2012 the current government of PM Robert Fico has launched “the most robust reform of public administration”, as it has been labelled by the government. This reform should also touch the Act on civil service. The main driver of reform efforts was, undoubtedly, once again the EU, which has made modernization of public administration one of the priorities for the EU semester. EU funding for this purpose should help stimulate reform efforts of member states. The country specific recommendations for Slovakia capture the situation that has existed in Slovakia since the abolishment of the CSO – no strategic human resource



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management, high turnover of staff linked to the political cycle and lack of analytical capacities. (Working paper 2013: 33)

**Table 1: Main characteristics of Civil Service in Slovakia**

Characteristic features	1990 - 1 <sup>st</sup> April 2002	1 <sup>st</sup> April 2002 – 1 <sup>st</sup> January 2004	1 <sup>st</sup> January 2004 - 1 <sup>st</sup> June 2006	1 <sup>st</sup> June 2006- 1 <sup>st</sup> November 2009	1 <sup>st</sup> November 2009- up to date
Legal basis for the civil service	Labour Law, partial amendments	Civil Service Law 2001 (came into effect in April 2002)			Civil Service Law 2009
Overall HR policy/strategy	Non-existent				
Co-ordination	<b>Decentralized decisions</b>	<p><b>Civil Service Office</b></p> <p>Politically independent Civil Service office until 2006. Its operation was terminated prior to effective working. Lack of strong leadership and political support.</p> <p><b>Systematization of civil service posts</b> and relevant financial resources.</p>	<p><b>Decentralized decisions</b></p> <p>Important personnel related decisions are made on the level of „heads of service“, which are only partially regulated. Heads of service are responsible for human resources, although they are politically nominated and thus can fulfil political interests.</p>		
Role of the Head Of Civil Service	<b>Political post</b>	<b>Non-political post</b>		<b>Political post</b>	



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Human Resources Coordination	<b>Non-existent</b>	<b>So-called systematization</b>  (annually a number of civil services posts is declared with a corresponding volume of finances)  Civil service registry (aggregation of data for planning, and analytical purposes)  Common assessment framework (tool for assessing the performance of civil servants)		<b>Non-existent</b>	
<b>Recruitment</b>		Civil Service Posts			
recruitment	<b>Delegated to ministries</b>	<b>Centralized</b> (Civil Service Office)	<b>Hybrid System</b>  Centralized (so called pool and nominated civil service)  delegated (other posts - Decree 93/2003)	<b>Delegated</b>  No standardized and objective tools for recruitment and criteria for selection	<b>Delegated</b>  No standardized and objective tools for recruitment and criteria for selection
Advertising vacancies	Non-existing	Vacancies must be advertised in Official Gazette and in press. Nevertheless, the vacancies are often „tailored“to a preferred candidate.			



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<p>Selection Procedure</p>	<p>Non-existent</p>	<p>Open to public (open and internal tracks)</p>	<p>open and internal tracks (temporary civil service does not require selection procedure)  Regulated by Civil Service Office</p>	<p>open and internal tracks  (temporary civil service does not require selection procedure)  Regulated by individual ministries and agencies</p>	<p>open and internal tracks  New institute „selection“ (non- managerial post)  Move (head of unit can be selected by moving a post of different head of unit)</p>
<p>Criteria of Selection (Method of Selection)</p>	<p>Non-existent</p>	<p>COMMITTEE (Civil Service Office)</p>	<p>COMMITTEE  Order set by the committee and is binding for the Head of Service</p>		<p>COMMITTEE  With selection procedure  With “selection” no committee.</p>



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<p>Entry exam to civil service</p>	<p><b>Non-existent</b></p>	<p><b>existing</b>  (so-called qualification exam for testing existing employees of the state administration from temporary and preparatory service into permanent service)</p>	<p><b>Existing only for so-called nominated civil service</b> and with pool recruitment  Qualification exam terminated (1 June 2006)</p>	<p><b>Non-existent</b>  Individual ministries regulate entries by their own regulation</p>	
<p><b>Career path</b></p>	<p>Seniority principle</p>	<p><b>existing</b>  Civil Service Law sets career system based on seniority principle and several exams</p>	<p><b>Hybrid system</b>  Career system elements (seniority and merit) terminated on 1. January 2004). Performance based career enacted.  So-called nominated civil service created for career opportunities.</p>	<p><b>Non-existent</b>  Nominated civil service terminated as of 1 November 2009 (non functioning since termination of Civil Service Office)</p>	<p><b>Non-existent</b></p>
<p><b>Tenure</b></p>	<p><b>Non-existent</b></p>	<p><b>Non-existent</b></p>	<p><b>Reserved for so called nominated civil service (top)</b></p>	<p><b>Non-existent</b></p>	



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<p><b>Remuneration</b></p>	<p>Low salaries in state administration, big discrepancies between private and public sector</p>		<p>Flexibility introduced into remuneration to overcome gaps between private and public sectors</p>	
<p>Civil Service Salary</p>	<p>Set by Labour Law  No other types</p>	<p>Set by Civil Service Law  No other types</p>	<p>Set by Civil Service Law  Special Service Salary (approved by government)</p>	<p>Set by Civil Service Law  Special Service Salary (approved by government)  Personal (approved by service office)</p>

Source: Staroňová – Láštic (2012).

### 3. Innovative elements in strategic HRM

Strategic HRM sets out how the organization's goals will be achieved through people by means of HR strategies and integrated HR policies and practices (Armstrong 2009: 29). The merit-based recruitment system requires a fairly unified system of HR management that establishes rules applying to different ministries and authorities. This can be done generally through very detailed regulations or – more importantly – through horizontal coordination of the HRM system in key matters. SIGMA sees two opposite ways of managing the civil service; either by creating a central authority responsible for HRM or by giving discretion to the ministries for HRM (ibid). This has been labelled as centralization or decentralization of the civil service management in literature (Demmke et al. 2001, Demmke&Moilanen 2010, Nunberg 1995) and they are seen as the opposite ends of a continuum, which places most countries somewhere in the middle. Decentralization may be horizontal (i.e. several central level agencies have competences within HRM) or vertical (i.e. competences of central level agency is delegated to line ministry, also referred to as “delegation”, “de-concentration” or “devolution”).

The specificity of work tasks related to a particular agency requires that civil service management is in practice to a certain degree decentralized. It is not always possible to rely on prescriptions about the conduct of civil servants, although some general rules of conduct, for example in the area of ethics, should be applicable to



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the civil service as a whole. Ministries should, however, be authorised to “*regulate the standards that are appropriate for those in that Ministry and to lay down procedures that are best suited to give effect to those standards.*” (OECD 1997: 6). The role of the central structure in this case would be to *coordinate* the civil service. OECD specifies the central coordination as:

- „to put in place centrally-defined standards where those are needed
- to provide guidelines on how those standards are to be given effect at departmental level
- to check that rules for a specific body are fully consistent with both the general standards and broader governmental interests
- to monitor that implementation of the rules is adequately secured and is producing the intended results
- to ensure that the rules are regularly reviewed and updated. “

(OECD 1997: 6)

Horizontal coordination is materialized in the form of a strong and politically independent central capacity or by a government body that is responsible for government administration (ibid). The SIGMA/OECD paper on European principles of public administration devotes one section to managing the civil service, where the central capacity is mentioned as an inevitable part of this process:

„Civil service should be regarded as a common management function within the public administration. This common function is aimed at ensuring that principles of administrative law, such as those mentioned above, and basic legal conditions, such as merit-based recruitment and promotion, fair salary treatment, and equal rights and duties, are homogeneously disseminated, understood and upheld throughout the public administration as a whole. This common function calls for some kind of central capacity for the management of the civil service. “

(OECD 1999: 25-26)

The SIGMA/OECD study gives examples of different types of structures that manage the civil service in various countries. It concludes that „*many kinds of institutional arrangements are possible. The important thing is that this central capacity should be vested with sufficient powers to effectively manage horizontally across the public administration*“(OECD 1999: 26). This means, that the central capacity was strongly recommended, but it was by no means regarded as the only best option.



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The Civil Service Office (CSO) was formed as a central structure for the civil service<sup>3</sup>, whose main role was the apolitical horizontal coordination of HR management. The CSO performed this function through issuing internal regulations, drafting the size of civil service, it made decisions as the second-degree appeals authority for individual ministries and agencies, developed principles for further education of civil servants, etc.; it was also supposed to perform some operational HRM functions, such as the selection procedures for civil service, publishing vacancies or managing trainings.

In this chapter we will analyze three innovative tools of strategic HRM that the CSO was expected to implement: systemization, civil service registry and common assessment framework. The introduction of common assessment framework (CAF) fulfils the definition of ‘putting in place standards’, in this case, standards of quality control, in order to coordinate the civil service across ministries. Systemization, on the other hand, is a strategic HRM function because it requires planning the number of employees in the civil service in relation to the state budget. Finally, civil service registry was a personnel IT system holding information on employee personal data, remuneration, training and assessment, as well as information on disciplinary proceedings, vacancies and selection procedures. It was, therefore, meant to primarily serve the purpose of control, but also coordination and planning, as the data would be statistically processed and analyzed.

**Table 2: Innovative strategic HRM Elements under Investigation Introduced into Civil Service**

HR aspect	Measure	Goal
Planning	Systemization	To plan the size of the civil service in relation to the state budget and government needs
Coordination	Common Assessment Framework	To put in place standards for assessment of performance of civil servants
Control	Civil service registry	To provide information for decision-making and analytical purposes; to provide information necessary to oversee compliance with existing rules

Source: Own compilation

<sup>3</sup> § 27 of Act No. 575/2001 Col. on the organization of government functions and the organization of the central civil service. This scope was defined by the Civil Service Law.



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### 3.1. Systemization

The initial draft law implied that by means of the so-called systemization it will be possible to coordinate the entry into the civil service and the subsequent career path, whether vertically or horizontally. Systemization represented the number of civil service positions and the finances necessary for salaries within the separate budget chapters of the separate ministries. It had to be approved by the Slovak Government and consequently voted off by the parliament as a part of the negotiation on the State Budget Law for the next financial year.

A more simplified version of systemization had existed in the previous years before the Civil Service Act entered into force. Wages, salaries and other personal settlements were a part of the state budget proposal, which meant they had to be planned annually based on the number of public servants given by individual agencies to the MoF. It was more difficult to see through this number, as civil servants were not yet legally defined and everyone – from teachers, through doctors, prosecutors or bureaucrats – was considered a public servant and paid from the wages chapter. The new Civil Service Act, however, defined civil servants and the data on number was collected in a more detailed form by the CSO. Also, the function of planning this number meant that it could not be so easily changed as before – i.e. if a ministry wanted to make changes regarding positions, it could only do with government approval, whereas before, MoF approval was sufficient. The CSO was headed by a politically neutral officer, who was elected by the parliament and could be dismissed only for strictly defined legal reasons. Systemization became the Achilles' heel of the new office, as its intentional planning function has been in practice reduced to forwarding data on civil servants and gradually became nothing more than an obstacle.

#### Implementation of systemization

The difficulties and strong opposition of ministries towards systemization was partly due to the **lack of harmonization of legislation** (SIGMA Assessment 2003). The Civil Service Act attributed the competence for systemization to the CSO, whereas the Law on Competences attributed this responsibility to ministers, according to which they had a free hand when it comes to transferring, promoting and displacing personnel and restructuring offices (ibid). The confusion over which act was “superior” veiled the discontent of ministers over what in their eyes was **seen as an obstacle with practically the same effects on human resources**; before, the ministries submitted data necessary for preparing a draft of systemization directly to the MoF, who also approved changes throughout the fiscal years. After the enactment of the new Civil service Act, they had to send it to the CSO, which presented the draft to the MoF and the Slovak Government. If in the course of the financial year a change to the systemization was necessary (e.g. creation of a new civil service position), it had to be approved by the government, or the budget



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chapter administrator, depending on its impact on the state budget. The CSO, hence, played no significant part in the decision making process, though according to the Civil Service Act it was to “prepare a draft of systemization and monitor its compliance” (Article 6-2e), but at the same time “plan and analyze the number of civil service positions” (Article 6-2m). The CSO in practice performed just the first function, which meant no more than aggregation of data from the ministries, forwarding them to the MoF and being informed of their change.

Planning is, however, a function of horizontal management, which involves more than just data aggregation. It involves decision-making powers over determining the number of employees and controlling compliance with this number. This was, clearly, not performed by the CSO, but rather the MoF who was in charge of the budget and according to the Slovak law, could veto any budget proposal that the government approves of. MoF hence remained the key actor of systemization, which in practice was no different from the previous version of systemization – only with more detail on positions and more steps required to make changes. This undermined the function of CSO and the whole idea of systemization as means of planning human resources, because it was seen as basically what was done before, only in more detail and more complications when changes were required.

Another reason for discontent of ministries over systemization was that it intended to lead to more precision in planning the size of the civil service. The numbers were, however, deliberately overestimated by the ministries, so that they could use the remaining resources from vacant positions for remuneration purposes (see chapter on Operational HRM and Incentives). In other words, the ministries had interest in keeping the number blurred, which was in contrast to what the CSO saw as its role in the process – to have access to information on the number of staff, types of positions and vacancies within existing organizational structure of the ministry. This was all in the content of systemization and therefore, it may have been in huge disfavor of ministries to disclose this information.

### Abandonment of systemization

Systemization and the entire process of allocating financial means for civil service positions became one of the sore points between the **CSO and the MoF** since both considered themselves responsible for approving the number of civil service positions and the amount of money required for the salaries. In practice it was the Slovak Ministry of Finance that allocated finances for civil service positions arguing that the minister of finance was a cabinet member while the head of the CSO was not. Moreover, the Slovak Ministry of Finance has to comment on any proposal that impacts the state budget and can also veto it. Both parties were right in their own way – the MoF argued by its political position and budgetary competence, while the CSO argued by its expert competence as the central HRM body.



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Two important facts played in favor of the argumentation of MoF, rather than CSO. Firstly, Slovakia did not have a tradition in centralized HRM. Quite contrary, the 40 years of communism were marked by decentralized personnel management, meaning that the ministries had decision-making autonomy over who they recruit, dismiss or promote. Naturally, the decisions had to comply with party politics, nevertheless the managers of organizations were the real masters of the system because of their unique position in the information flows and decision-making (Beblavy 2004). The civil service system was highly decentralized (Bercik, Nemeč 1999). This may explain why the MoF and the previous systemization process was looked up to as more efficient and trustworthy – because it was long rooted in the civil service system.

Secondly, the MoF is in every country an organization responsible for the state budget – and planning the number of civil servants has, no doubt, large impact on it. That is why in most countries a triumvirate of institutions actually manages human resources in the public sector – Ministry of Finance responsible for planning, Government Office responsible for general policies and an expert body responsible for carrying out management tasks such as recruitment (Nunberg 1995). The CSO cumulated these three functions, which was a rather ambitious plan, especially if we consider the decentralized tradition still being strong in the country.

Systemization was abandoned in 2006 with the abolishment of the CSO, labelling it as “outdated and inflexible” (Ministry of Finance 2005). It was preferred to leave managerial discretion to ministries over planning and adjusting the number of their employees rather than centrally planning and coordinating this number. This, however, creates a space for each service office to decide how many civil servants will perform the ministry’s tasks and how the allocated salary money will be distributed. Even though these changes were the manifestation of the second Dzurinda government’s pledge to create a more flexible system of HR management, expanding the space for political influence creates also space for political patronage.

In relation to planning resources for the number of civil servants, the MoF currently performs the same function as before – it collects data from ministries on employees and plans the budget for wages, salaries and other personal settlements. We can observe that in practice, it had carried out this function also during the existence of the CSO, reducing its role in systemization. Actual planning and analyzing of civil service positions was not effectively carried out during this time. The “new” systemization hence had no effect and what really was taking place was the “old” systemization – mere collection of civil servant numbers from ministries and subsequent adjustments in relation to the budget, the only difference being the CSO needing to be involved and changes being more complicated due to government consent requirement.



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### 3.2. Common Assessment Framework

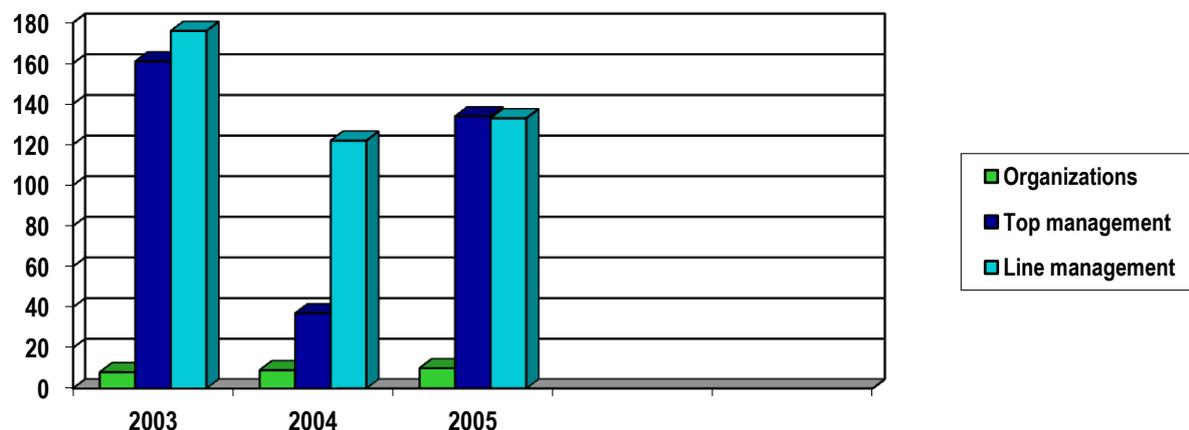
In May 2000, the Common Assessment Framework (CAF) was launched by EUPAN - European Public Administration Network, the meeting place of civil servants of the EU Member States. CAF was the first European quality management instrument specifically tailored for and developed by the public sector itself. The purpose of the instrument is to enable self-assessment of public organizations in order to improve the quality, efficiency and effectiveness of public service (CAF 2013). The Slovak CAF model was developed within a twinning project with Denmark - Technical Assistance to the Modernization of the Slovak Civil Service and Public Service. The CSO stood behind the initiation of adoption of this model in 2003 and annually carried out projects for CAF implementation, together with the Office for Standards, Metrology and Testing and the Slovak Society for Quality (Annual Report 2003).

**Figure 1: Number of participants in CAF**

Source: Annual Report 2005

#### Implementation of the CAF model

CSO's role was to coordinate the works on the Slovak CAF model, attend conferences and organize trainings conducted by international experts for civil



servants, heads of service offices in particular. The ultimate goal of the CSO was to get central government institutions to take part in the CAF project and implement the model in their ministries. This effort was largely supported by the Government resolution No. 900 of 24<sup>th</sup> September 2003, accompanying the draft of the National quality program for 2004 – 2008, which requires the ministers and other government agency directors to continue in CAF implementation. (Annual report 2004).

However, a relatively small number of central government institutions took part in the CAF project (Figure 1). Out of 14 ministries, only 5 took part (Hospodárske



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Noviny, 5.5.2005). The project involved mostly service offices, whose employees took part in trainings. The main output of project participation was a self-evaluation report written by the service office employees prepared according to the criteria of CAF. It contained structured information on the organization's strengths and areas in which the organization has room for further improvement. The whole process of self-assessment in each service offices was completed by internal presentations of self-evaluation reports. The intention of the CSO was, however, to fully implement the model in the entire organization and conduct self-assessments regularly. Out of all central government organizations, only the Ministry of Economy had done so (Annual report 2005). Most of the organizations that took part only so that they'd fulfill the government resolution. The CSO had expressed concern over "one-time" project participation of some central government organizations (Hospodárske Noviny, 5.5.2005).

Other ministries, however, terminated their participation or preferred to use their own methods of assessment, which very often involved external audit. The ministries argued by lack of time, as well as expert capacity to perform quality audits (ibid). The Ministry of Finance refused to take part in CAF and implemented the EFQM excellence model, calling it more sophisticated and "higher level" than CAF (ibid). The CSO was critical of their choice and referred to EFQM as more appropriate for private sector. The MoF, however, received a certificate of the European Foundation for Quality Management Committed to Excellence. (Annual report 2004)

The most essential problems as evaluated in one of the inception reports to the twinning project include: 1. Acceptance by all in the organization of CAF as a management model with relevance for all the organization's aspects, 2. The necessary change in leadership style in order to ascertain the reform process, 3. Utilization of further instruments of quality management (Draft inception report 2006). In reference to leadership style, the CAF model was an innovative element, which had not been used in Slovakia before and as every innovation, this one too needed its advocates. Although the CSO claims to have cooperated with service offices on the implementation of the model, the participation numbers as well as participation duration shows that the central government institutions were not very interested in adopting the model. Most of all, the ministries did not show much effort, which may have been different if more political support was present.

### Status quo of CAF

After the abolishment of the CSO in 2006, CAF got on the agenda list of the Office for Standards, Metrology and Testing. The office is responsible for implementing the National Quality Program – a strategic document for quality management in public service. However, CAF is now merely a voluntary instrument and there is no action plan or any kind of project running to ensure its implementation.



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### 3.3. Civil service registry

The civil service registry or Personnel information system (PIS), as it was officially called, was supposed to serve the purpose of aggregating information on personnel matters using a central information technology system. The CSO was responsible for creating and administering the registry.

The PIS was designed in 2003 due to the incompatibility of information systems used by individual agencies (Annual report of 2003). The goal of the project was to “integrate and aggregate data on all service offices at government, agency, regional and district level to provide information on civil servants as a basis for management and decision-making processes at the relevant level.” (ibid)

The project was financed by the PHARE program and designed in collaboration with the European Union, service offices and private companies: Astec Global Consultancy Ltd. Dublin (chief coordinator) and Data System Soft, Slovakia (responsible for materialization) (Annual report 2004). The CSO was responsible for methodical and initial assistance to the service offices, as well as for coordinating the upload of data into the registry. For this purpose, it issued regulations such as the regulation on extent and ways of providing data for the registry.

The PIS aggregated two types of data - on civil service positions in general and on individual civil servants. It contained modules on systemization (i.e. data on service offices, civil service positions and organizational structure of service offices), personnel system (i.e. data on civil servants, their wages and salaries, training and education and evaluation), recruitment (i.e. data on vacant civil service positions, registration of candidates, registration of announced competitions) and disciplinary proceedings (i.e. number of current disciplinary proceedings, number and types of disciplinary measures taken). (Annual report 2005)

#### Implementation of the Civil Service Registry

The main concern of all ministries regarding the PIS was the protection of personal data, as the system contained information on each civil servant. The solution found by the CSO was to connect all 373 service offices in the country to the government server GovNet. Increased privacy was assured by encrypted communication module WebProt, as well as by a security audit, documentation and external penetration testing (Annual Report 2005). The CSO claimed to have followed the Act on data protection as well as recommendations of the Data Protection Office (ibid).

The access to data was granted only from work stations, which contained the WebProt module. Each user had access to data only within his service office. Superior service offices had access to data of their subordinate offices only in aggregated or anonymous form (Annual report 2005). The CSO, on the other hand, had access to all data as this was how it understood its role, according to the Civil



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Service Act. The Act explicitly states that the CSO “creates a unified information system in the civil service and determines its standards” (Article 6-1r), “keeps records of civil servants and manages their personal files after termination” (Article 6-1l) and “prepares systematization of the Civil Service and monitors its compliance” (Article 6-1e), from which it is clear the CSO should have access to the information system, but the scope of access remains unclear. The law lists functions of the CSO, which could help justify the scope of data access, for example, decision-making over appeals of civil servants (usually regarding disciplinary proceedings), announcing job vacancies or analyzing the number of civil service positions (Article 6-1i,k,m), all of which were contained in PIS. The lack of clarity over what data the CSO should or should not have access to became a conflicting point between the CSO and individual ministries, especially the MoF.

The CSO argued the access to data by the need to have an overview of and analyze the state of the civil service in order to prepare strategic decisions and actions. According to the CSO’s opinion, “building a professional, efficient and neutral civil service is not possible without sharing the data on civil servants in the central service offices, departmental or regional level.” (Annual Report 2005)

In accordance with the Act on Personal Data Protection, the CSO as the operator of the registry, and service offices as intermediaries were required to sign a mediation contract about the scope and terms of processing and communication of personal data in the register of civil servants. The CSO hoped to sign contracts with all 373 service offices until 2005. However, only 217 of the service offices agreed to sign the contract. Most of the institutions that disagreed to do so were ministries (Annual report 2005).

The CSO saw the reasons behind the resistance of ministries to join the registry in the fact that the register “provides ideas for reflection and questioning. It provides answers to questions such as “Are there differences between the budget chapters, service offices or departments objectively justified?” or “Are the work conditions of civil servants unified and comparable with respect to their employer being the state and not the individual service offices?” (Annual report 2005) and those are the questions that the ministries do not want to be answered, as the CSO suggests.

The major arguments of ministries against the registry pointed towards lack of data protection, no legally defined purpose for aggregating personal data on civil servants, confusion over who will have access to it and risk of power centralization (Ministry of Finance 2005). The concern over data protection was caused by the fact that the Act on Civil Service did not clearly define the purpose of processing personal data (i.e. name, age, salary, etc. of individual employees) and how would this data benefit a particular area of state activity. The CSO, on the other hand, expected to have all this data at its disposal, which raised fears over power concentration and questions about why did it need this type of data and whom would



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this data be available to. The CSO reacted to these fears by pointing to the security measures taken (as outlined above), as well as to the fact that institutions such as the Data Protection Office or the General Prosecutor's Office had no objections to sign the contract on personal data sharing. The head of the CSO called the centralization argument a "ridicule of the current legislation", because one of the purposes of the Civil Service Act was to create an independent institution, which would horizontally manage the civil service. This, naturally, requires centralizing data, but does not automatically mean power centralization. The same argument could be absurdly applied to registries such as the Central registry of population. The head of the CSO, therefore, came to the conclusion that the main reason behind the rejection of the registry was the access to data on wages and salaries in the civil service. (Plai, Media statement 2006)

### **Abolishment of the civil service registry**

The 2005 amendment of the Act on Civil Service by MoF proposed the abolishment of the civil service registry. Apart from the arguments mentioned above, when advocating the change it also added that "the civil service registry does not introduce more effectiveness for system users, as the service offices have their own personnel information systems which provide sufficient information on civil servants to service offices, in form and extent that is necessary for them. The Registry will not bring any financial savings, while the processing and transmission of data for 43 thousand civil servants will require costs from the state budget (to complete and purchase of new personnel information systems for each service office, the cost of developing and updating security, the cost of running PIS, etc.)." (Ministry of Finance 2005).

Slovakia does not currently have a common information system for data on civil servants. Ministries have their own systems for HRM, usually SAP, however these systems are not integrated with other ministries and are not evaluated as a whole.

### **3.4. Conclusion**

In this chapter we have evaluated three innovative elements of strategic human resource management introduced by the Civil service office into the Slovak civil service system: systemization, common assessment framework and civil service registry.

The initial idea of systemization being the tool to actually plan the number of civil servants according to the state's need had withdrawn to a minimalist version, which had, in fact functioned for years before. Although the CSO had ambitions to introduce more strategic planning into the number of civil servants, for example, by not allowing changes in systemization, the MoF as the treasury keeper would overrule its decisions. The constellation of decision-making power in practice



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resembled the one that preceded the CSO and the “new” systemization, when the MoF was in charge of planning the state budget in area of wages, salaries and other settlements. It was impossible for the CSO to effectively carry out strategic planning with the MoF having such a strong position, rooted in tradition as well as in formal decision-making rules (the MoF could veto the budget).

Common assessment framework also did not meet the expectations of the ones who introduced it. Although the government resolution assigned the ministries to take part in the project, many of them did so on a one-time basis, to have formally taken part, while others refused to take part at all and developed their own assessment models. A general consent of the usefulness of CAF was lacking and having the MoF as a strong institution in the Slovak public administration develop its own model, did not help. Moreover, the ministries felt that they do not have enough expertise to perform assessments, in spite of taking part in various trainings organized by the CSO. External audits performed by private sector organizations were often considered faster and more efficient.

Finally, the civil service registry meant to serve mainly the purpose of control, failed to be fully implemented. The disagreement over what is and what is not within the CSO’s competence was open and present in media as well as legal documents, such as the Annual Reports on the Implementation of the Civil Service Act. Many of the arguments claimed by ministries, such as the data protection concern, may have been exaggerated, as the CSO had taken several measures regarding security. What may have lied underneath this concern was fear that the CSO would have access to “too much” information. The politico-administrative environment was obviously not prepared for such openness in sharing personnel data.

#### 4. Innovative Elements in Operational HRM

This part of the report focuses on mapping key innovative elements (see Table 3) in Slovak Civil Service. Data are gained from analyses of the relevant legislation and documents as well as interviews with key stakeholders for its implementation in practice (see list at the end of the article).

**Table 3: Innovative Elements under Investigation Introduced into Civil Service**

HR aspect	Measure	Goal
Professionalization	Temporary civil service	to tackle political nominees (advisors) in civil service (rights and duties as civil service)
	Nominated civil	to introduce senior civil service with tenure



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	service + posts of special importance	(professionalization of civil service)
Recruitment	Fast stream system	to attract young qualified candidates for the civil service
Incentive system	Personal bonus	to increase flexibility in the pay system in order to motivate high calibre staff (decrease gap between public and private sectors)
	Performance bonus	to start merit based remuneration linked to performance
	Special bonus	to attract and remunerate civil service in posts that are difficult to fill or where good salaries should serve as a prime anti-corruption measure

In this research, only three main amendments will be discussed, namely 2003 (Act No. 551/2003) when innovative elements were introduced, 2006 (Act No. 231/2006) when Civil Service Office was abolished and 2009 (Act No. 400/2009) when the main innovative elements from 2003 reform (performance appraisal, fast stream recruitment and nominated civil service) were abolished.

#### 4.1. Professionalization

Professionalization of the civil service meant distinguishing between political (minister and state secretary) and apolitical posts (head of office, director generals of the sections, heads of units and other staff at the ministry). The 2006 amendment changed the post of head of office from the highest apolitical post into a political nomination to be suggested by a minister and approved by the government. This shift meant a return to the pre-Civil service law period and constitutes a serious risk of politicization as heads of office have -with the termination of CSO- discretion over recruitment, assessment and remuneration of civil servants at the relevant ministry. Moreover, they have the autonomy to dismiss their subordinates without giving reasons, whereas previously, unfairly dismissed employees could appeal to the Civil Service Office. All this together with the limited training provided to heads of offices in HR techniques (2005 Phare Program) raises questions about the quality, transparency and impartiality of the recruitment process in future.

The other dimension of the professionalization targeted creation of different types of civil service which was to be achieved by a) de-politicizing posts of (political) advisors to the political appointees by creating posts of **temporary civil service** b)



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by creating top civil service (**nominated civil service** and **posts of superior significance**) with special awards and responsibilities.

The 2001 law did not tackle advisers who were usually political appointees. Therefore, in 2002, a new type of service was introduced, **temporary civil service**, which was to bring professional experts close to the ministers into the government, aiming to attract young qualified candidates for the civil service. The maximum amount of service time is 5 years. It applies to professional specialists whose temporary appointment is necessary in order to perform certain civil service tasks, to political positions and to ambassadors. This arrangement succeeded in tackling the problem of advisers who often did not fall under the civil service and thus did not have to follow any rules, such as conflict of interest, disciplinary arrangements, etc. Also, it enabled the ministries to bring specialists 'from the field' for the period of reform activities. It has been reported that this particular feature is badly needed and highly appreciated.

**Nominated civil service** was brought in by the 2003 reform which was to reward top officials with specific salaries (a 50% pay increase) and job protection in the form of security of tenure together with pension and health benefits. Civil servants applying for nominated civil service needed to pass a nomination exam. Only a top qualified candidate from within the permanent civil service, fluent in English, French or German and with top personal assessments qualifies for exams into the nominated civil service. It was expected that approximately 1000 civil servants would be part of the 'nominated service' with tenure.

**Table 4: Types of Civil Service**

	<b>Preparatory civil service</b>  (1. 4. 2002 – 31. 3. 2004, merged with 3 month probation)	<b>Permanent civil service</b>  (1. 4. 2002 – until now)	<b>Temporary civil service</b>  (1. 1. 2004 – until now)	<b>Nominated civil service</b>  (1. 1. 2004 – 1. 11. 2009)
<b>Qualification exam</b>  (1. 4. 2002 – 1. 6. 2006)	√  (transfer to permanent civil service)			



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<b>Exam for nominated CS</b> (1. 1. 2004 – 1. 11. 2009)				√
<b>Job selection procedure</b> (1. 4. 2002 – until now)	√	√	√ + without selection procedure	
<b>Pooled (mass) recruitment</b> (1. 1. 2004 – 1. 11. 2009)		√ (7-11 grade)		
<b>Selection</b> (1. 11. 2009 – until now)		√		

Source: author

Beside the nominated civil service, there were also posts of superior significance created with **permanent special salary** (see section later on remuneration). These posts were designated by ministers and heads of office in appropriate Ministry and approved together with the proposed salary by the government in order to oversee the process. Under Dzurinda's government in 2002-2006 this was used for the following five posts quite successfully: Head of the State Treasury, Head of the Debt Management Agency, Chief Economist at the Ministry of Finance, Head of the Anti-corruption Unit at the Government Office, and Head of Programming of Structural Funds at the Ministry of Labour, Social Affairs and Family (see Table 8). Posts of superior significance had the aim of attracting and remunerating civil servants in posts that were difficult to fill or posts where good salaries should serve as a prime anti-corruption measure. These measures have been evaluated very positively because highly qualified staff was attracted and also the obligations under this regime are a counterbalance for higher base salary.

## 4.2. Recruitment

Originally, recruitment was planned to be centralized and based on objective criteria and examination with all posts to be advertised openly. A system was introduced



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that allowed a relatively automatic career path based on seniority and at some steps passing certain exams, as well as an appropriate “grade” on the annual appraisal. The Civil Service Law gave responsibility to the Civil Service Office to forecast and analyse the necessary number of civil service posts and operational expenditure by means of systematisation with subsequent open recruitment and selection procedure. Dismissal of civil servants was largely limited by the law.

The systematisation had to include the number of permanent, temporary, nominated and preparatory civil service posts (see Table 4), ranked by position resulting from the organisational structure of the ministry (or other state administrative body). In addition, the systematisation had to state the volume of financial resources allocated for remuneration of civil servants. The systematisation had to be approved by the government when discussing the draft budget, and then voted on by parliament as part of the state budget. The process of systematisation created tension between the Civil Service Office and Ministry of Finance as both considered themselves to have the authority for final decisions on number of posts and related expenditure. In practice, it was the Ministry of Finance having the final word on expenditures for the civil servants providing arguments that they are the members of the Government, not the Civil Service Office. As a result, ministries complained about the structure of systematisation and the inflexibility in making changes and the fact that they were not clear whether to contact Ministry of Finance or Civil Service Office. Systematisation was abolished in 2006 reform package, including the civil service registry.

In reality, the Civil Service Office never had a crucial word in the recruitment of civil service since already a year after its creation (2003) this task was delegated to line ministries and only some types of recruitment (nominated and fast track recruitment) was left to central coordination (see Table 5). 2003 changes also introduced compressed preparatory service and merged it with the probation period which shortened the preparatory service period from original 6-24 months to 3 months and abolished the system of qualification exams from preparatory into permanent civil service.

**Table 5: Civil Service Office Recruitment: centralized vs. delegated selection procedure**

	Since 2002 (CSO creation)	2003	2004	2005	Until 2006 (CSO terminati on)	Total
<b>Number of open positions publicized</b>	2000	4639	11682	4283	1291	23895



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<b>Delegated selection procedure on admin. bodies</b>	0	2067 (45%)	9349 (80%)	4184 (97%)	1171 (90%)	16717 (70%)
<b>Centralized Selection procedures by CSO</b>	256	351 (8%)	142 (1, 2%)	202	79	1030

Source: author, based on reports of the Civil Service Office for years 2002, 2003, 2004, 2005 and 2006.

Fundamental changes introduced in 2006 abolished most elements of the merit system just few weeks before elections in 2006. The Civil Service Office was terminated (on the grounds of its ineffectiveness), and its functions were largely decentralized to the ministries or simply ceased to exist (e.g. the entry examinations became simple job interviews). Moreover, the 2006 changes provided the head of office at a ministry (a political post from 2003) a new autonomy to dismiss a superior officer within their direct management without stating reasons. Thus, top managerial positions such as director generals became de facto political positions. This, naturally, raises questions about the quality, transparency and impartiality of the dismissal and recruitment process. At that point, however, it was clear that there will be government change and this provision opened the space for better coalition formation.

### Introduction of the fast stream system

The package of 2003 amendments introduced an internal and an external fast stream system in order to attract qualified candidates for the civil service. The fast stream system took the form of:

- a) a *pooled recruitment system* for applicants from outside the civil service;
- b) *nominated civil service* for applicants from inside the civil service.

Pooled recruitment system was inspired by EU countries and their fast-stream system which enables rapid career growth and is the key to attracting very capable people to positions in the civil service. Thus, the purpose of this procedure was to select persons with an innovative and creative approach to problem-solving. Since the introduction of the pooled recruitment system, there were 3 rounds altogether with the following results:



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**Table 6: Number of applicants vs. successful candidates**

	Number of Applicants	Successful Candidates
2003	629	17
2004	265	11
2005	313	14

As mentioned before, it was expected that there will be 1000 senior official in the **nominated civil service**. According to the former head of the civil service office, however, only 5 candidates passed the exams (out of 367 applicants) in the first round in 2004 and in 2005 none of the 177 applicants passed. Following the abolition of the CSO in 2006 the organization of exams for the nominated civil service was handed over to the Head of the Government Office (a political nominee) who did not organize any exams until 2009 when nominated civil service was abolished.

Both methods of fast streaming into the civil service were not very successful in terms of the number of successful candidates and their placement. The biggest problem lies in the hybrid position-based and career-based system which has developed in Slovakia. Although candidates had the opportunity to be 'parachuted' into higher positions (salary grades 7-11 in the pooled recruitment system and top civil service with tenure for nominated civil service), the whole system is not suited for this as there is no formal career planning system in place, but rather a position based approach. Thus, the rigour of the examination process in the fast stream system does not correspond to the real career opportunities of the successful candidate. The exams were more difficult than regular entry exams for a vacancy consisting of 5 rounds within 1 month (general knowledge test, foreign language test, psychological test, evaluation centre for "potential" carried out by an external body, interview with a committee) as opposed to 2-3 rounds in 1 day in the regular job vacancy interview. Despite this more rigorous testing the ministries did not offer a better job (or payment) and the successful candidates did not have a faster career opportunity as the CS Law does not incorporate a career system. Thus, when a successful candidate wanted to get a higher position he/she had to undergo new testing (this time job or post testing) which was easier than the first tests. Moreover, the ministries were reluctant to employ the successful applicants (particularly the Ministry of Finance) because they had their own criteria. Half of the successful candidates did not start their positions and career in the civil service (they were disappointed by the negative attitude of individual ministries, by the fact that despite passing more rigorous tests they ended up with the same salaries and treatment as regular civil servants, etc.).



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Nevertheless, the system had the undoubted advantages of bringing qualified candidates into the top positions of the system and could be utilized further if some fine-tuning was conducted in cooperation with individual ministries.

### 4.3. Incentive System

Several features of a classical career system – seniority and job security – do not seem to be feasible in the context of a country conducting reforms. Under these principles, salaries would remain low but compensation comes in the form of gradually increasing wages and tenure. The tenure principle has been eroded owing to increasing levels of politicization, while seniority holds little attraction for the young workforce in these countries. Fiscal constraints make an overall increase in wage levels virtually impossible. If wages are so low in the public compared to private sector, as it is/was everywhere in the Central Eastern European region, it is impossible to find enough, if any, qualified candidates for certain civil service positions. A study of the World Bank (2007) on the administrative capacity of the new member states pointed to the same problems.

#### Loosening the rigidity

Reform of the pay system in civil service in 2003 has abolished some rigid elements such as seniority, increased employees' responsibility and obligations with emphasis on performance; payment classes have been enlarged from 9 to 11 with the highest classes reserved for senior civil servants and has introduced innovative elements for attracting and motivating staff. Even with the reforms in pay-tables, the desired compression ratios did not materialize (remaining approximately 1:3, well below the 1:6 benchmark of the World Bank. Thus, exceptions from the general pay rules had to be made in order to fill important positions. This was exactly the main argument for "loosening" the rigidity of the merit system in Slovakia. The aim was to build a clear distinction between top level civil service posts and lower level posts, including a de-compression of the salary system and the creation of much improved employment conditions for top level officials via payment of bonuses (see Table 7).

As a first step, Slovakia has made a first step towards replacing systems based mainly on seniority with performance based systems by removing seniority elements and introducing a 'performance based points system', although this has not become properly embedded in the system. Moreover, Slovakia has attempted to institutionalize flexibility in pay systems, particularly in the payment of bonuses. The *personal bonus* may be as high as 100 % of the basic salary. Each ministry decides internally on the amount and mechanism of the payment of bonuses for its civil servants and this information is not publicly available on the grounds of data protection. In reality, however, it is typically negotiated between the civil servant and his/her employer (director general and then approved by the head of service office), and the negotiations take place *before* the actual assessment period. This kind of



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bonus effectively becomes a part of the fixed salary. As a result, a hybrid system exists: the basic classification system is for the general civil service, while position-based for top officials with negotiated salaries for that position.

During the functioning of Civil Service Office and systematization, the Ministry of Finance and line ministries have institutionalized an informal arrangement through which funds saved on vacant positions when conducting re-structuralization can be used to increase wage levels through personal bonuses that can range up to 100% of pay. Reorganization to gain additional funds for bonuses, however, has not proved to be possible in all ministries as they differed in the number of staff and stage of reorganization. Relatively small ministries simply did not have the opportunity to slim the offices to keep finances for bonuses. Moreover, this informal system was not sustainable in the long term as the ministries deliberately overestimate the number of posts needed in annual budget discussions with the Ministry of Finance in order to keep the unspent finances for remuneration.

**Table 7: Components of Salary of a Civil Servant**

	Functional Salary					Benefits
	Tariff Salary (Base Salary)			Person al Bonus	Special Bonus	
	Salary Grade	Performa nce Bonuses	Service in Office			
<b>Civil Service Law 2001</b> (1. 4. 2001 – 1. 1. 2004)	Salary Grades (1 – 9) calculated on years in service + education	No	No	No	No	Individually determined based on recommendation of the superior (no cap)
<b>Amendment 2003</b> (1. 4. 2003 – 1. 11. 2009)	Salary Grades (1 – 11) regardless of service years	0 – 3 % cumulative annually (point system)	No	Up to 100 % of Tariff Salary	50 – 100 % for „Special Posts“ 50 % for „Nominated Civil Service“	



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Amendment 2009 (1. 11. 2009 – till now)		No	1 % cumulative for each year of service		No	Based on recommendation of the superiors up to 20 % of annual functional salary
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Source: Staroňová – Láštic (2012).

Some Ministries have made good use of the new human resource flexibility brought by the 2003 amendment to the Civil Service Law to attract young and high quality candidates. Particularly, the Ministry of Finance became an outstanding example in 2003-6 era (and with the change of Government in 2006 the only one where staff remained the same even in high positions), which became generally recognised as a very highly performing organisation with good leadership, high quality staff and a strong esprit de corps. This was also recognized internationally when in June 2006 the Ministry was the first central European central government institution to obtain the 'Recognized for Excellence' award within the European EFQM quality model.

Although differences exist across the Ministries in the average personal bonuses paid, the trends in the remuneration in the civil service and clearly showed that liberalization of the Civil Service Law in 2003 brought the possibility for the ministries to provide higher bonuses for top civil servants and this possibility actually increases the compression ratio and brings it to the level of private sector managers. The calculation of the annual take-home salaries of Directors General showed that in some ministries they would earn up to three times their basic salary, i.e. the basic salary is equivalent to 35 per cent of the final salary.

Whereas flexible payment of bonuses helps to overcome the problems of the highly formalized and grade based base pay system, the lack of clearly defined criteria for the allocation of bonuses as well as the ad hoc nature of the system, based as it is on artificially construed wage budgets, make it vulnerable to politicization and risks creating wage budget levels that have little to do with the real needs of the administration.

### Performance Bonuses

Pay for Performance (PFP) tools are thought to encourage high quality performance of civil servants and to reward the best based on their merits.

The 2003 package of changes introduced a first step towards a new system of job evaluation and appraisal –the so called 'performance based points system'. On an annual basis each civil servant was evaluated by his or her superior using a points system (1-4) which could bring him or her additional payments (up to 3% annually that are cumulative in nature) or lead to the termination of employment. Some



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ministries have experimented with performance management systems internally, particularly the Ministry of Finance, with a big success. The lack of a strong central driver for institutional reform overall has led to a decentralized approach to PFP that has created strong disparities in overall government capacity and has reduced the overall effectiveness of. Data from the period 2004-5 show that 45% of the civil servants received the highest points and 42% the second highest points (Information on service assessment 2004, 2005 Civil Service Office). Thus, due to the lack of coordinated effort and capacity for application, the system was used for annual increase of salary rather than true performance evaluation and was abolished in 2009.

### Special Bonuses

The 2003 reform introduced two distinctive posts with permanent special bonuses: *the nominated civil service* and *posts of 'superior significance'*. The nominated civil service is to reward top officials with automatic 50% pay increase to monetary salary base. Posts of superior significance have a permanent special bonus to monetary salary base of 50-100% of their tariff salary, however, with an obligation to disclose their and their family's assets. These posts are designated by the Minister and head of office for tasks and priorities stemming from the Cabinet Memorandum (including EU tasks) and used to be approved by the Civil Service Office and government through systemization if additional finances were required. If the ministry was able to provide the **permanent special bonus** from its own budget without asking additional resources from the state budget, the posts do not need to be approved by the government. There used to be approximately 300 posts of superior significance with permanent special bonuses according to systemization data which after its abolishment are nonexistent (see table 3). In addition, there are posts of superior significance with **permanent special salary**. These posts are designated by ministers and heads of office in appropriate Ministry and approved together with the proposed salary by the government in order to oversee the process. The salary is calculated on the basis of comparison with private sector. Under Dzurinda's government in 2002-2006 this was used for the following five posts quite successfully: Head of the State Treasury, Head of the Debt Management Agency, Chief Economist at the Ministry of Finance, Head of the Anti-corruption Unit at the Government Office, and Head of Programming of Structural Funds at the Ministry of Labour, Social Affairs and Family (see Table 8). Posts of superior significance had the aim of attracting and remunerating civil servants in posts that were difficult to fill or posts where good salaries should serve as a prime anti-corruption measure. These measures have been evaluated very positively because highly qualified staff was attracted and also the obligations under this regime are a counterbalance for higher base salary.



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**Table 8: Posts of superior significance**

		2004	2005	2006
Posts of superior significance with special bonus	planned	268	401	428
	Real	230	342	353
Posts of superior significance with special salary	planned	2	5	3
	Real	2	5	2

*Source:* author, on the basis of systemization documents of the Civil Service office.

*Note:* Systemization was abolished as of 1 June, 2006 and no data are available further on.

#### 4.4. Conclusion

In this study, our aim was to map what the World Bank in its 2007 report named as „innovative elements“ that the central government developed and introduced in 2003 reform package as well as show to what extent did they work in practice. The findings of the paper do not support many of the assumptions that surrounded the initial adoption of these elements. Consequently, there was a big gap between goals and reality. Big difficulty lies in the **hybrid position-and career-based system** which exists in Slovakia and which does not allow for proper career planning and promotion.

Another major weakness of the reform package was the **low capacity in the coordinating** body – Civil Service Office – which did not succeed to overcome the highly fragmented administrative system and complex coalition politics. When the base of the organization is weak, other management techniques have a poor and unreliable foundation to build on. As a result, many innovative elements were utilized only in some ministries to a big benefit but did not succeed to roll out to the administration as a whole (e.g. performance management). The lack of horizontal coordination systems has led to a general erosion of merit principles. However, any managerial efforts need to be conducted in an integrated manner due to their complex and inter-related nature which means that isolated solutions are



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insufficient. Following the termination of the Civil Service Office, very little was done to develop new mechanisms for integration, co-ordination and oversight.

## 5. Innovative elements in HRM announced in the reform of public administration

The civil service may be on the look-out for more innovative elements. The reform of public administration recently introduced by the minister of interior Robert Kaliňák, announces changes also in the way human resources in civil service are managed.

### 5.1. HRM in official documents

The reform, formally known as the Government Programme of Efficient, Reliable and Open State Administration, informally as the "ESO" reform<sup>4</sup>, has been approved by the Government Resolution No. 164 on 27<sup>th</sup> April 2012. Critics refuse to refer to it as a reform, as the document has three pages in length and concerns only structural changes in the local state administration. Apart from this material and the National Reform programme for 2012 and 2013, there are no official documents that would elaborate on the reform plans. It must be also noted, that a discussion platform consisting of different stakeholders, is also missing and the government has received criticism for this, not just from the part of media, experts and opposition, but also from the EU.

The official reasoning behind the need to modernize public administration was the Council Recommendations to increase the efficiency and quality of public administration (MV SR 2013). The initially communicated goals of the reform were to simplify the public administration for the citizen as user of public services, to raise transparency and decrease inefficiency of the public sector (MV SR 2013). The economic rationale hence dominates the document which puts focus on streamlining the local state administration by integrating specialized offices, placing them in common buildings and reducing costs for their management through centralization.

The ESO program hence does not pay much attention to the issues of human resource management. References to changes in HRM practices may be, however, identified in relation to two specific measures. One concerns performance assessment of employees, while the other concerns standardization of job descriptions and job positions within local state administrations. **Performance assessment of employees** is planned to "be attached to key performance indicators – i.e. compliance with current expenditure budgets/costs, achieving

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<sup>4</sup> The name "ESO" comes from the first three letters of the Slovak words Efficient, Reliable and Open (Efektívna, Spoľahlivá a Otvorená)



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standards of work, materials and services in relation to performance, adherence to limits of current expenditures" (ibid). This indicates rule following as the major source of performance assessment. It is not clear, however, how this will be linked to promotion or reward. **Standardization of job descriptions and job positions** is obviously necessary, due to integrating local state administration, which in practice means that all employees of a district office will be accountable to one personnel authority, i.e. the Superintendent of the district office.

Other changes regarding human resource management practice are mentioned in the National Reform Program for 2013. It mentions the need to establish **analytical capacities**, i.e. professionals and experts, who will want to work in the public sector. Analytical organizations based at ministries should employ these experts, who will carry out monitoring and evaluation especially in relation to the state budget. Especially ministries dealing with economic and social matters should have these organizations. One of the ways to create such workers is to provide scholarships to international universities for chosen employees, as well as courses and internships funded by the EU. (National Reform Program 2013) It is not clear, however, how this measure is integrated into the ESO reform.

The recent amendment of the so called competency law shifted competencies in the area of HRM in civil service from the ministry of work, social affairs and family, which has been more or less inactive in this field, to the Government office. This indicates that further changes in HRM are to come.

## 5.2. Unofficially announced changes in HRM

The minister has announced five stages of the ESO reform altogether, though there is no official document which would list, describe or analyze them. The only information publicly available on the reform is from media or PowerPoint presentations presented by the ministerial officials at conferences<sup>5</sup>. They announce rather ambitious changes in the way human resources will be managed in the state sector. They refer to HRM as a "strategic theme" (Presentation No. 1) with initiatives in doing a skill-gap analysis, building an efficient and transparent selection system, building a performance system, integrating fresh graduates, creating methods centres in order to coach and mentor employees, insure job rotation between different ministries, introduce feedback mechanisms for civil servants, i.e. the "Net Promoting Score" and improve training of civil servants through the National education programme. The indicators of improvements in HRM and our critique are summed up in Table 9.

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<sup>5</sup> The first was an IT conference called ITAPA held in Bratislava on 24. – 25. October 2012. The Deputy of the National Council, Ms. Erika Jurínová from the opposition OĽaNO party organized the "ESO" conference twice, first time in 2012, second time on 23<sup>rd</sup> May 2013. The most recent was the conference on EU funds organized by the EC and American Chamber of Commerce in Bratislava on 18. June 2013 and held a panel on modernization of PA.



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**Table 9: Improving the HRM**

Goal	Indicator	Critique
Customer – to support growth and employment through effective employees and processes	<ul style="list-style-type: none"> <li>- the number of trained employees vs. total number of employees</li> <li>- number of utilized offers for training vs. total number of offered trainings</li> </ul>	<p>The indicators indicate outputs, not outcomes; i.e. the number of trained employees does not indicate their actual quality or the fact that they provide more effective services to public. The same goes for number of offered trainings – the number is limited to what Slovakia has on the market, i.e. it does not indicate the best choice of trainings.</p> <p>Proposed indicators: customer satisfaction surveys; results of examinations after training; improvement of service after the training</p>
Process – to decrease the administrative burden on citizens and entrepreneurs	<ul style="list-style-type: none"> <li>- number of audited processes</li> <li>- number of improved processes</li> </ul>	<p>The definition an indicator of "improved" processes will be crucial for assessing the improvement in this area</p>
Education and growth – growth of human capital and improving participation on job market	<ul style="list-style-type: none"> <li>- average time spent in training</li> <li>- maintaining employees in their jobs</li> <li>- number of recruited fresh graduates</li> </ul>	<p>Average time spent in training does not indicate the quality or efficiency of the training, i.e. cannot precisely indicate the growth of human capital; maintaining employees in their jobs is an indicator that may be easily manipulated, as it is not clear, if the employee would have left or not – i.e. we cannot state that he maintained his job because it ensured his/her growth; Number of fresh graduates must be judged relatively in order to have some value – i.e. vs. the total number of graduates with education relevant to the job and vs. number of graduates in the</p>



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		previous years.
Finances – maximizing the benefits in relation to costs	- the size of the budget for HRM	The size of the budget itself does not indicate that its utilization was cost-effective.

Source: own compilation

According to the MoI the process of HRM measures preparation has already started. The first steps are to define and describe the functional job positions in terms of the performance, competences and education. This should be gradually intertwined with the system of evaluation and consequent remuneration. (ibid)

Novelties in the area of HRM proposed by MoI are the above mentioned **methods centre**. The purpose of the centre is to **collect, evaluate and compare/benchmark data** and prepare improvements of programmes in PA (ibid). The goal is to separate the segments that implement and manage the PA, as well as to coach, mentor and consult PA organizations. The duration of this step should take 6 years and should be accompanied by creating a database of management of education and e-learning for PA.

As the reform had been criticized by opposition and independent experts for not being complex enough<sup>6</sup>, the minister started promising more measures regarding HRM this year. One of them had been **de-politicization of the civil service**, which had been criticized by the opposition, as well as experts, for not initially being included in the reform. In media, the minister has spoken of **introducing tenure** to protect civil servants from being fired every four years by the incoming government.<sup>7</sup> He also mentioned the **introduction of a competition** for recruitment on lower civil servants positions. It must be noted, however, that although the current law permits mere selection, not a competition for lower civil servant positions, the ministries have internal regulations, by which they perform competition for virtually every position at the ministry, often for the purpose to appear more transparent for outsiders. The minister announced a **new act on civil service**, though he did not specify the date nor content or purpose of it.<sup>8</sup> Unofficial information from the MoI

<sup>6</sup> E.g. Dušan Sloboda, journalist In: [Týždeň](#) 36/2012 3.9. 2012: ESO is not a total reform; **Mr. Klimek, former Head of Office, MoI**: "The reform does not pose fundamental questions: What is the role of the state in every area of life? What should the state do? At what level of government? Who has to pay? Because no one is looking for the answers to these questions, no reform is in fact taking place." (Commentary in [Týždeň](#), 24.9.2012); **Lubomír Plai**, former head of Civil service Office In: SITA, 27.8.2012: PLAI: The whole reform is useless, if party purges do not stop.

<sup>7</sup> **R. Kaliňák, MoI**: "In the course of 2015, I have an idea that we begin to talk about the law, which would enable tenure for officials, say lower of the Director of department." (STV, 21.4.2013)

<sup>8</sup> **R. Kaliňák, MoI**: "We want a Civil Service Act that will guarantee professional expertise and guarantee that, if a civil servant does not break the law or take a bribe, he cannot be removed by any government or any of the district office." (STV, 21.4.2013)



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revealed that a new central government structure should be responsible for coordination of some areas of HRM.

### 5.3. Unofficially announced changes in analytical capacities

**Building analytical capacities** is also labelled as a "strategic theme" (Presentation No.1). The initiatives in this area include assessment of existing **analytical centres**, improving effectiveness of cooperation between centres, creating new analytical centres, involve the public and third sector, as well as the academic sector, introduction of system of assessment of work of analytical centres, system of control of centres activities, securing responsiveness of public sector before and after natural disasters through monitoring mechanisms, securing efficient communication among involved PA units as well as public in times of crisis, creation of a system of data collection and analysis for disaster prevention. The indicators of improvements in analytical capacities and our critique are summed up in Table 9.

**Table 9: Improving analytical capacities**

Goal	Indicator	Critique
Customer – to support growth and employment through effective employees and processes	<ul style="list-style-type: none"> <li>- the number of new services</li> <li>- satisfaction surveys with new services</li> </ul>	The number of new services does not indicate their actual quality or efficiency. This may be complemented by satisfaction surveys; however, who is the respondent is absolutely crucial here, as not everyone is able to judge the service of an analytical centre.
Process – to decrease the administrative burden on citizens and entrepreneurs	<ul style="list-style-type: none"> <li>- number of audited processes</li> <li>- number of improved processes</li> </ul>	The definition an indicator of "improved" processes will be crucial for assessing the improvement in this area
Education and growth – growth of human capital and improving participation on job market	<ul style="list-style-type: none"> <li>- % of state property in state real estate</li> <li>- % of joint local state services</li> <li>- % of decreased "handoffs" in key processes</li> </ul>	The link between state property and education and growth is unclear.
Finances – maximizing the benefits in relation	<ul style="list-style-type: none"> <li>- the size of the budget for</li> </ul>	The size of the budget itself does not indicate that its



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to costs	analytical capacity building - % of coverage of state property	utilization was cost-effective.
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Source: own compilation

The **analytical centres** are used for **data collection, evaluation and comparing/benchmarking** and preparation of strategies for PA – i.e. almost identical purposes mentioned above in the methods centre (Presentation No. 1). It should closely cooperate with the methods centre in executed strategies. NGO's and the academic sector should be involved in the work of the analytical centre. (ibid)

According to this document, building analytical capacities was clearly understood as creating analytical centres, where specialized analysts would work. Another way of understanding analytical capacity building is, however, as creation of **a system which would produce analytical capacities** through means of recruitment, training and career growth. Good analysts must not only have adequate education when they enter the organization. They must also know the organization and its processes very well, ensured by promotion, mobility and systematic training. The point of view applied by MoI is narrow in this respect, oriented at building analytical units, assessing their work, making their cooperation more effective, etc. Another critical point is, that crisis management is, of course, an area where analytical capacities may be utilized – but so is healthcare, education or defence. Therefore analytical capacity building should be more focused on building a system that would enforce it through recruitment, career growth and training systems, rather than supporting concrete sectors to build their own communication systems, as it is mentioned in case of crisis management actors.

The model used for the proposal of these solutions as mentioned in the document (Presentation No. 1) is the **business process model**. The document, however, does not explain or critically analyze this model and its suitability for the public sector. This may be desirable in future, to make sure that the right tools are applied to PA.

#### 5.4. Stakeholder criticism of announced changes

Stakeholders that would criticize the way human resources are managed in the public sector are currently lacking. The **unions** for public service have not given a single official statement towards the reform. The **directors of personnel offices** of ministries are not consulted either, although they have only recently started meeting regularly to share experiences and good practice horizontally. The only ones who engage in public debates on the reform are individuals – experts, journalists and



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politicians. The first remarks actually came from **the opposition**, which had criticized that the reform does not have a HRM dimension (Matovič, OĽaNO party; Žitňanská, SDKÚ-DS party – both opposition parties). One of the stakeholders who also criticized this aspect was **Mr. Ľubomír Plai**, former head of the abolished Civil service office. In several media discussions on this topic, he has expressed the need to focus on human resources, emphasizing especially the transparency of selection procedures, establishing a senior civil service and its tenure, establishing a career system and thereby motivating good employees to remain in the civil service.<sup>9</sup> As was mentioned above, the minister started promising these measures, but until today, no concept of the reform has been delivered by the government, which would prove and demonstrate these ambitions of the reform.

A lot of criticism on lack of HRM in the reform comes from international stakeholders – i.e. **EC and OECD**. At the recent conference on EU funds<sup>10</sup>, the Deputy Director General of DG Employment Zoltan Kazatsay called human resource management the “number one issue” for reform and stressed the importance of de-politicization in this respect: “*It is idealistic, but you need independence of state administration otherwise it is an exercise of putting money into a black hole.*” (EC internal document, 2013) Similarly, the Deputy Secretary General of OECD Ives Leterme called the management of human resources in Slovakia is disjointed, i.e. not sufficiently strategic with limited use of performance targets and strategic planning. Strategic HRM in his opinion requires good senior civil leaders and reduction of the high turnover rates due to the political cycle by managing the relationship between politicians and civil servants. Strategic HRM and de-politicization measures are therefore closely interconnected. (ibid)

One of the most criticized points of reform is the power distribution in the proposed organization of public administration. Though this is, again, not mentioned in any official documents, it is clear from presentations delivered by MoI representatives. According to several stakeholders (Žitňanská, Nižňanský – former author of the first PA reform during the government of Mikuláš Dzurinda), the ESO reform will lead to a **greater concentration of political power**<sup>11</sup>. The goal of the MoI is to, officially, save costs by reducing transactions for management. Just recently, the parliament dominated by the government party passed the amendment of law on local state administration, according to which the superintendent of the newly established district offices, which integrate all specialized offices of state administration, will “appoint on proposal” of ministries all directors of specialized departments that were

<sup>9</sup> In: SITA, 27.8.2012: Plai: The entire reform is useless, if we don't stop party purges in offices. AND In Slovenský rozhlas, 23.4.2013. First-hand information.

<sup>10</sup> Organized by American Chamber of Commerce in cooperation with the Representation of the European Commission in Slovakia on 18th June 2013 in Bratislava

<sup>11</sup> **L. Žitňanská (SDKÚ-DS)**: “The drafted ESO reform including these two laws brings political empowerment to the Minister of the Interior, in combination with economic empowerment.” (Webnoviny, 18.4.2013)



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formally appointed by the ministries themselves. The superintendents are appointed by the Ministry of interior, which de facto places more power in the hands of Mol over personnel decisions in local state administration, as well as economic management, i.e. public procurement, handling the state property. The government argues by “greater efficiency” due to economies of scale, but on the other hand, centralization of this sort may contribute to greater politicization and less professionalization.

As was mentioned above, the Mol does not have an official platform where experts outside the Mol would meet and discuss the concept of the reform<sup>12</sup>. What is more, the Mol refused to publicize analyses that would document the announced savings<sup>13</sup>. The lead officials responsible for the reform are the head of service office at Mol, Ms. Sakova and Mr. Jenčo, DG for public administration at Mol. Both are former private sector managers, who adopted the strategy of “management of change” giving the least amount of information possible to public in order to eliminate criticism in the still vulnerable phase of change. However, lack of information and participation on the reform has also been criticised by the EC. Possible under this influence, the Mol is now making an effort to appear open to comments and criticism, for example by creating a website <http://www.eso-portal.sk/>, where, citizens and stakeholders may leave their comments and are promised to receive a reply. It must be noted, however, that this tool does not substitute the more engaged forms of participation, such as consultations with NGO's or their membership in working groups.

## 5.5. ESO Reform and EU funds

An important aspect of the reform is that it is to be mainly financed by the European social fund. The budget represents 330 mil. EUR (Pravda, 28. 6. 2013). The Mol has already submitted a draft of the Operational Programme Effective Public Administration to the EC (ibid), the document has, however, not yet been made public. Nevertheless, it is clear that the EU will play an important role in content of the ESO reform, as Slovakia will have to adjust the program to what it can get funding for.

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<sup>12</sup> Mr. Hraško, PM for OĽaNO party: "Today it is May 2013 and audit is still not available. Meanwhile, the government of Robert Fico began changes in government. Shouldn't they have presented the analysis on which it will be obvious that the induced changes will be beneficial, to the public or at least PM's before they begin to make changes in legislation? First there should have been some strategy or concept from which it is clear how much the procedure and timetable is necessary for implementing this program." (SITA, 24.5.2013)

<sup>13</sup> In: Hospodárske Noviny, 10.5.2013: The 700 million EUR saving is built on water. Kaliňák's ministry does not want to disclose the analysis, according to which he is able to save hundreds of millions.



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## 5.6. Conclusion

The present Slovak government had made promises to bring innovation to the public sector in the area of human resource management. Unfortunately, there is no official document that could actually confirm that, apart from the government resolution on the ESO program and National Reform Program which in regards to HRM mention new performance assessment measures, standardization of job descriptions and building analytical centers. Media statements have been made about de-politicization of the civil service, which should be achieved through the new Civil service act announced to be drafted in 2015. The measures used to ensure de-politicization were not specified. Reform of selection procedures and tenure were promised to be a part of the package. Sources from the MoI also speak of creating a central structure to perform certain HRM tasks, which may be common for all ministries – such as payroll, for example. This information, however, has not been officially confirmed. It is also not clear what type of structure will be considered – if an independent agency or a new department at the MoI, for example. However, it may be expected that the leftist government of SMER party will not want additional expenditures for an entirely new administrative structure. As the ESO project will be funded mainly from EU funds, the role of the EU in the final form of the reform in the area of HRM must not be underestimated.



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