

HUMAN RESOURCE MANAGEMENT DEVELOPMENT AT LATVIAN CUSTOMS ADMINISTRATION

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Abstract: Paper is devoted to one of the topical questions of modern public administration - development of the competence approach to human resources management for Latvian State Revenue Service, focusing on the development of proposals for customs units to improve the performance. Previous research on the link between HRM and performance has focused almost exclusively on HR strategies and policies and has neglected process and implementation. This paper presents some evidence to show that HRM and process management interaction is important also for tax and customs authorities. The study led to the establishment concept proposals for improvement of the competence model for the integrated tax and customs authorities.

Keywords: customs administration, human resource management, performance, process management.

1 Introduction

Public organizations are increasingly challenged by ideological and political pressures towards new ways of governance, improved efficiency and customer orientation. One of the examples could be mentioned by Gruening, so-called new public management (NPM) may be viewed as a polysemous concept, inspired by various theoretical perspectives, upon which formal agreement can easily be obtained. Nobody could seriously reject such inspiring ideas as modernity, change, efficiency and improved quality. Also a question of human resource management is operational behavior of public administration. Governmental, public-sector organizations are known to operate differently than private, for-profit organizations. But do sector differences exist at the individual level as well? Most of the single studies found significant individual-level differences between the two sectors, although not always in the expected direction. Detailed comparison of public and private sector approaches is given, for example, by G.Boyne, G.Jenkins and M.Poole, however country specific and organization specific issues still are actual research topic. One of the topical questions of modern public administration theories is to ensure that governmental institutions are acting with higher productivity and efficiency. Qualitatively different organization of the public administration is required and since human capital is the main resource of public administration development of the competence approach to human resources management has become popular in recent years, because of its ability to provide qualitative change in all government performance. Despite the fact that gradually competence approach in public administration is planned in an integrated HR (Human Resources) management processes such as planning and selection of personnel, development of job descriptions, wage-setting, career planning and development in the paper Latvian State Revenue Service (SRS) operational behavior is analyzed, focusing on the development of proposals for customs to improve the performance. Certainly is that "the contemporary architecture of company processes allows more flexibility, however it is more demanding with respect to knowledge potential and empowerment of employees. However it remains extremely important how to grasp the formulated strategy, how to distribute it and integrate into company processes and how to ensure their synergies within the framework of existing managerial competencies." As for public administration in the Baltic States, the civil service system is constructed in accordance with the career model, which does not promote the development of career civil servants, as the training and development processes are not regulated and functionally linked to the assessment process. Therefore, improvement instruments are used eclectically, focusing on the areas financed by the European Union, or training does not take place, explaining it by a difficult budget situation. Most strategy formation and realization methodologies are designed for the prediction of the future of business organizations and determination of possible changes. It was established that after the implementation of business process

management, the aspects of quality assurance have changed in the most beneficial way, and the most insignificant changes have happened in the expenses area. To carry out the delegated functions (use obtained funds and assets effectively) in the modern economy, it is necessary to become an institution performing in market conditions, and the recipient of its services becomes a client. This directs the public sector towards modernization and innovations. Performance planning and evaluation are associated with all human resource management processes in the institution, where evaluating the professional qualifications and competencies, the results of the selection process are examined and information is acquired for planning training and development. Moreover, the performance evaluation forms the basis for the claims under the current structure and its detection algorithm. The author believes that to date a uniform system has not been established, within which human resource management processes, such as selection, appraisal, training and planning should be subordinated to each other. Tax and customs administration is very specific and important part of public administration. First of all the reason is a purpose of tax and customs authorities – ensure fiscal needs and ensure economic security of state. Secondly the business philosophy of tax and customs administrations represents very complex environment in which tax and customs authorities works. A single, uniform approach for tax and customs operational behavior is impossible since a great diversity of legislation and individual situations are admitted. Hence as for tax and customs authorities service driven attitude, supported by customer management on the one hand and by human resource management on the other hand is advisable. Like all tax and customs administrations also Latvian State Revenue service is working on management improvement issues reflecting main task execution principles and approaches.

2 Particular features of employee performance appraisal in the Latvia State Revenue Service

The most valuable asset of any public organization is its staff. For any organization's management it is essential to know the quality of the employees, as the results of performance of each organization, both qualitative and quantitative, depend on it. Characteristics of the current staff composition can be provided by an objective and scientifically sound assessment of employees. Public administration has started the development of a common methodology in human resource management, as many of the State Public Service documents, produced by officials, are out-of-date. Thus, the institutional managers at all levels, will be able to build a common understanding of the significance of human resources in reaching the institutional aims, in the selection of new employees, in the retention of the existing staff, and in the objective appraisal of the staff performance and motivation. The primary objective of the performance planning and appraisal is to improve the results of the performance of the institution, which is achieved by assessing the results of the individual performance, and by reaching an agreement on the objectives to be achieved during the next period, thus ensuring that employees can work in the desired direction and quality, required by the institution. The deficiencies, which were observed in performing the work, namely, the unobtainable goals, qualification gaps referring to knowledge, skills and abilities, or gaps in competency behavior and actions which do not satisfy the requirements, were analysed.

Lack of a common methodology in human resource management, analyzing the performance of the State Revenue Service (SRS), where the initial staff performance assessment was delegated to the SRS regional customs offices, so that even within a single institution, unified official evaluation procedure does not exist. The assessment showed that only professional and general knowledge of customs officers, rather than the results of performance and contribution was evaluated. The aim of human resources assessment of an institution is to ascertain

the quality of staff composition, its full potential, the degree of readiness for operational duties. One of the most significant objectives of the performance and assessment system should be promotion of the performance results appropriate to the strategy of the institution, where the most essential element is the evaluation of the subject, the evaluation of the object, assessment and the evaluation methods and procedures. The results of the evaluation can form the basis for calculating the need for additional staff, planning the need for training, addressing the issue of interchangeability of personnel and deciding the issue of staff remuneration. On November 1, 2012, regulations No. 494 of the Cabinet of Ministers, from 10 July, 2012, came into force, namely, "Regulation on performance appraisal system in direct state administrative institutions", which is based on the competence approach. Performance of work will continue to be based on individual performance and overall work efficiency in public administration, as well as the evaluation process, using information technology capabilities. The State Revenue Service is directly subordinate to the Minister of Finance, and, therefore, it is an institution, to which the regulation No.494 of the Cabinet of Ministers applies.

According to Grote, performance planning and evaluation of the annual cycle of State Civil Service Administration is based on four main steps - performance planning, performance of work, performance evaluation and negotiations. Performance planning means an agreement on the objectives to be achieved. During

planning the performance of work, the individual objectives and their achievement indicators shall be set, i.e., the specific results to be achieved. The goal shall be formulated, so as to be understood, by specifying, what needs to be done and what the end result is. The statement of purpose is examined according to the SMART principle, which helps to assess, whether the goal is correctly formulated. However, it does not help to distinguish, whether it is appropriate to the strategy of the institution or not. Performance criteria – achievement of individual goals, fulfillment of the required job responsibilities. The immediate supervisor evaluates the employee performance. The employee himself does not evaluate his own performance, however, shall comment on each of the performance criteria, justifying and explaining how his work done complies with requirements of the position.

Performance criteria are divided into two components: - achievement of the individual goals, i.e., compliance of the employee's individual achievement of results against the pre-defined performance indicators. The target reference point of achieving the individual goals is the pre-defined performance targets and their results, comparing the expected performance level with the current level; - performance of the job duties, i.e., duties meet the eligibility requirements set out in the job description and quality criteria. (see Fig.1).

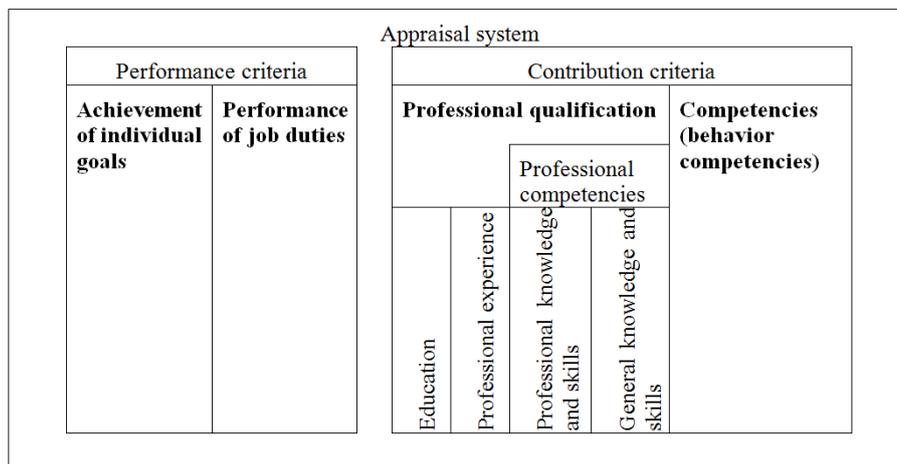


Figure 1: Model of appraisal in State Civil Service Administration [compiled by the author]

The author believes that the resultant criterion is the fulfillment of obligations and duties arising out of job descriptions, for which, in turn, the SRS process is taken as the basis. Thus, being aware of all the tasks of the organization, we can accurately determine criteria of each employee's responsibilities. Contribution criteria - knowledge and skills, qualifications and competencies are needed to be able to perform the job duties, as required, which, in turn, are divided into professional and behavior parts according to the requirements. Competencies are one of the human resource management tools that in the descriptions explain what behavior is expected. The description of competencies is an assistant driver for the manager and the employee. An important component of the description of competencies is the definition and action indicators, which specify how competencies are explained and understood in public administration. The titles of critical competencies for the particular position must be clearly identified in the job description, but a detailed description of the definitions of competencies and action indicators are shown in the Competency dictionary. Competency profiles are designed so, as to inform employees of the rating levels of the appropriate actions during the performance process. They are indicative, and depending on the scope, there may be variations. This means that the manager, when explaining the requirements to the employee

in the specific areas of competencies, can interpret them, taking into consideration the specific position. However, it is essential that this interpretation is previously known and understood. The term "position group" is referred to a set of positions that share similar responsibilities and role in the institution, along with the required competencies. Position groups are performers of support functions, performers of physical and skilled jobs, policy implementers, policy planners, managers, and their division into groups. Competency models have been established for position groups. However, from the author's point of view, the competency models cannot be applied in the same way for different groups of positions. They shall be applied, taking into consideration each specific job description, as, for example, customs officers of the post office of SRS Customs administration in the same position fulfill different roles. As other sub-criteria should be professional qualification – acquired professional qualification of the employee, namely, the compliance of the level of education, professional experience, professional knowledge and skills, general knowledge and skills with the requirements written down in the job description. The professional qualification requirements of the position are outlined in several sections of the job description. The author's point of view is that, so far, this performance evaluation phase has not been developed adequately. An issue, to be considered

is, whether the relevant professional qualification shall be examined together with the changes in the job description of duties. In case, serious changes are envisaged, the employee with inadequate professional knowledge and skills shall not occupy the position. If in the job description changes are planned, the employee shall be trained before the implementation of these changes, or another employee with the appropriate qualifications shall be found. Though, theoretically, there may be a situation, where, for almost a year, in case of major changes in the job description, the employees without adequate professional knowledge and skills can still occupy their position. Latvian legislation provides very broad interpretation about formal education, required for the position in the SRS. There is no corresponding link between the education and the professional knowledge and skills. Professional experience for the corresponding position is a very subjective factor, and there is no direct connection between professional experience and the specialty, and professional knowledge and skills.

3 Job competency model for state revenue service

Choosing the direction, to achieve significantly higher efficiency and effectiveness, with the aim to develop a qualitatively different and targeted system of values in the internal organization, we have to look for a new, unifying, strategy driven solution. The competency approach to human resources management offers such solution, which, in recent years, has become increasingly popular in the world and also in Latvia, because of its ability to provide qualitative changes in the state administrative performance. In contrast to the traditional personnel management, the competency approach is not oriented on defining the formalized tasks and jobs, but instead of that, on how employees fulfill their responsibilities, use their skills and behave, i.e., everything an individual does, to achieve the objectives set successfully. Analyzing the content of competencies, author can conclude that general and functional competencies, are similar in their content and describe the behavior of employees in the work environment, and may be called behavioral competencies, whereas, the specific competencies describe the content of professional knowledge and skill requirements. In fact, they are the so-called "technical" or "professional" competencies, which characterize certain professions or profession groups. Thus, to a greater extent, they correspond to the characteristics of professional qualification. The concept of 'competency', in both cases, can lead to confusion about the nature of the concept and contribute to the misinterpretation in the job descriptions and the competency models. In order to distinguish between the behavioral and professional competencies, in the analysis of Competency handbook, it is recommended to use different terms to designate them, e.g., "competency", when speaking about the behavioral competencies and "professional skills and knowledge", when speaking about the specific or technical competencies and to separate in job descriptions the behavioral competencies and professional skills and knowledge, taking into account the fact, that they are produced and manifest themselves differently, and in the overall performance assessment their relative importance can be different.

Despite the fact that the State Administration is gradually planning to apply the competency approach in integrated human resource management processes, such as staff scheduling and selection, job description development, remuneration, career planning and development, the author has now addressed this issue and wishes to make a number of proposals to improve the professional standards and job descriptions.

The job descriptions provide information about the specific position tasks, performance criteria, circumstances and conditions. The job descriptions for employees, working in the public sector, are made up of two parts, namely, the job descriptions, specifying the corresponding tasks, and the requirements of professional qualifications needed for individuals, in order to occupy the position, so that they would

be able and ready to fulfill the specific work assignments. Traditionally, to specify the requirements of professional qualification, job description analysis should be carried out, during which similar tasks are grouped, and the necessary knowledge and skills to fulfill them are defined. The scheme to develop professional standards is similar, taking into account the rules approved by the Cabinet of Ministers. For quality assurance and evaluation in vocational education institutions, one of the criteria for the evaluation is the compliance of theoretical and practical studies, included in the vocational education programs, and the compliance of content of placements to the profession, i.e., the professional standard. Detailed analysis of the role of professional standards for customs authorities is given by Krastins A.V. Within the framework of one profession, the professional standard includes the necessary information about the requirements of the labor market, acting as a tool through which the labour market can sum up the total and specific requirements for a group of employees and in a concentrated form transfer it to the educators. However, as a rule, in job descriptions the professional qualification requirements are not recognized as the necessary professional knowledge and skills, but simply describe the professional qualification, required for the position, which is the evaluation of a given profession with an appropriate education and professional background, confirmed by documentary evidence. The author considers that, in the SRS job descriptions, section "Duties for the position" is described, in great detail, while the professional qualification requirements are presented in section "Education required for the position of the civil servant", job performance skills are reflected in section "Professional experience and skills required to occupy the position", but the necessary knowledge and competencies required for the position are not at all mentioned. In the SRS job descriptions section "Education required to fulfill the duties of civil servant" according to Latvian laws and regulations provides extensive educational opportunities for the State Revenue Service officials and candidates for the position of civil servants - higher education. According to the law, section „Education required fulfilling the duties of civil servant" also presents the interpretation of education requirements. For example, in the job description of the senior customs officer of the State Revenue Service Customs Administration, it is written down that the first level professional higher education or second level professional higher education, or the second level professional higher education (bachelor's degree), or academic higher education (bachelor's degree), preferably in social sciences, business, law, or in tax or customs administration are required. In the section „Duties for the position" only the specific tasks, meant for the customs service, are mentioned, such as, to carry out physical customs control, or customs procedure with economic impact and customs clearance operation. The author thinks that the exact wording of this section includes inappropriate qualification requirements for the position. The author is convinced by recruiting the people with no special knowledge and skills in the customs field, the organizations must additionally invest in training. This is not required if the people with special customs education are recruited for the position. In addition, the human resources issues, in any public institution, seem to be "most sensitive", and may lead to nepotism. In the job descriptions for customs officers, when defining the knowledge and skills required, emphasis should be placed not only on the professional qualification requirements, but also the knowledge and skills required for each position, on the basis of the job description for fulfilling the duties of a civil servant, not forgetting about the behavioral competencies. In terms of specific competencies that describe the content of professional knowledge and skill requirements, it is essential to divide the general and specific knowledge and skills, so that they are not to be confused with behavioral competencies that describe the behaviors of employees in job situations, and are divided into general and functional competencies. According to this division, the author offers to create more detailed job descriptions and professional standards (see Fig.2.).

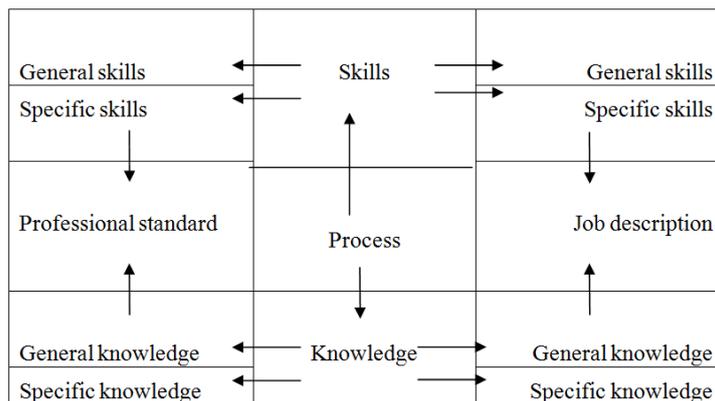


Figure 2. Principle for developing job descriptions and professional standards [compiled by the author]

Therefore, the author believes that it would be proper to make a decision about the division of knowledge and skills at an early stage of process management level, rather than, as usual, when analyzing the job descriptions and, on the basis of this, formulate the necessary knowledge and skills. For training providers, the development of professional standards ensures the possibility to act according to the needs of Tax and Customs Administration, as the future employer, which arises from the goals and objectives of the employer. Exactly in the same way, as the job descriptions are made according to the goals and objectives of the employer, in professional standards and job descriptions the section "Duties for the position" should be included. Thus, the author does not see any problems, when defining the responsibilities in both documents. The same applies to the sections "knowledge" and "skills". The professional standard should be a flexible document, reacting to the changes, in case the job descriptions are changed. As soon as the section "Duties for the position" is changed in the professional standard, or in any of the job descriptions for customs officers, changes in the section "knowledge" and "skills" of the professional standards and also corresponding job descriptions for customs officers should be introduced. This might be the mechanism, how to find the employees, who need new "knowledge" and "skills" to perform their direct duties effectively. As soon as the section "Duties for the position" is changed in the professional standard, or in any of the job descriptions for customs officers, changes in the section "knowledge" and "skills" of the professional standards and also corresponding job descriptions for customs officers should be introduced. It would also serve as an indicator for deciding, what kind of specialist is needed for the position, e.g., a person with knowledge and skills in customs affairs, or a person from another profession. In such knowledge and skills division, the winner would be the organization, which would have the documentary evidence to form the basis for an effective personnel policy planning and recruitment strategy. Main gains obtained are selection of the staff based not only on the education and the qualification requirements included in the job description, but also on knowledge and skills needed for the position, successful development policy and development of a unified knowledge and skills validation procedure. Thus, there will be arrangements through which it would be possible to find the compliance of the knowledge and skills required with the 'fixed' standard both in training and annual assessment. The author concludes that by aligning two documents, namely, the professional standard and the content of job descriptions, it is possible to create a common professional training and skills development system, which would be feasible and suit the interests of both tax and customs administration and employees. Besides, the general and professional knowledge and skills would be the relevant elements of all human resource management processes. Traditionally, job descriptions are based on carrying out tasks in specific working fields or areas of attention, however possible approach would be to concentrate descriptions on roles and areas of the result, with the related

knowledge and expertise aspects. In the relation to this system of competence management system of integration of job patterns could be introduced. Such approach allows staff members do not just focus on their ability to perform properly in their current positions but also work on the development of skills and capacities required to adapt to the increasing task load and responsibilities of the tax and customs administration and the competences needed to address such challenges.

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