

Faculty of Economics, University of Niš, 18 October 2012

International Scientific Conference SERBIA AND THE EUROPEAN UNION

INVESTING IN HUMAN CAPITAL IN PUBLIC ADMINISTRATION – THE CASE OF THE REPUBLIC OF MACEDONIA –

Pece Nedanovski, PhD*

Katerina Sapkova, MSc[•]

Abstract: Investing in human capital is one of the fundamental current issues in the modern economies. Human capital is a significant factor that influences the companies' operation and with time it acquires the primate of being one of the most important factors of production. Investing in the development of education, abilities, knowledge and workers' experience, undoubtedly leads towards increase of their product. In the private sector, these investments become more targeted and more significant both for the employee and the employer. However, when it comes to the public sector, these investments have wider external effects over the national economy. The subject of this paper is the investing in human capital in the public administration. The public administration is just one part of the public sector, but it is worth notifying the trends and the condition existing in this area. This paper analyzes the basic assumptions of the theory about investing in human capital and the concepts related to the public administration. Special attention is put on the condition in this field in the Republic of Macedonia, presenting the current condition as well as the perspectives for further development.

Key words: human capital, public administration, trainings, Republic of Macedonia.

1. Introduction

The issue regarding the investment in human capital is one of the basic issues that mark the modern way of production. Human capital represents a significant factor that influences the organizations' operation, because it accentuates its importance as being one of the basic factors of production. Investing in development of education, skills, knowledge and experience of the employees', undoubtedly leads to increase in their product. In an organization that operates in the private sector (with relatively small external effects), such investments are important both for the employee as well as for the employer. However, in

^{*} Associate Professor, Ss. Cyril and Methodius University Skopje, Faculty of Economics, Republic of Macedonia; e-mail: pecen@eccf.ukim.edu.mk

[•] Research and Teaching Assistant, Ss. Cyril and Methodius University Skopje, Faculty of Law "Iustinianus Primus", Republic of Macedonia; e-mail: katerina.sapkova@gmail.com UDC 005.336.4:330.322.2(497.7)

the public sector, these investments have wider external effects on the overall economy, because of the nature of the products and services in the public sector, and also because of the large range of users of these services.

Subject topic of this paper are investments in human capital i.e. investments in human resources in public administration. The public administration is only one part of the public sector, but it is valuable to take notice of the trends and conditions existing in this field. The paper itself consists of three parts. The first part is the introduction and in it there is given a definition of human capital. In the second part of the paper, attention was put on the public administration representing a part of the public sector in which observation is made about the investing in human capital. Meanwhile, an emphasis is put in the trainings on the job position, as a way for increasing the public servants' operation efficiency. The last part of the paper refers to the investments in human capital in public administration in the Republic of Macedonia. This part defines the size and the model of public administration, the strategy for investing in human capital, as well as the actual condition in this field. In the end, in the conclusion are summarized the key points about these investments and their importance to the public administration.

2. Theoretical Approach to Human Capital

In the past, the economic strength of the nations was largely related to the quantity of physical (touchable) resources i.e. tangible assets that were being engaged in the production processes. However, with the development of the tertiary sector, with the introduction of new technologies in the production, as well as because of the influence of global processes, nowadays is changed the content of the "classical" factors of production perceived as determinants of production and economic growth, and what comes in place are the new untouchable resources (intangible assets). The meaning of the human factor, together with the human features, skills and knowledge, is more and more intensified and emphasized as one of the key factors for the development of organizations or the national economies.

According to the concept used by OECD, human capital is defined as a sum of knowledge, skills, capabilities and features of an individual that facilitate and assist the process of his/her creating personal, social and economic welfare (Keeley Brian, 2007, p. 29). In other way, human capital can be defined as knowledge, skills and experiences that make people be more productive. In this sense, investing in human capital would mean investing in education, health care or in trainings regarding job position.

People invest in their education and qualifications in order to incur higher economic incomes in future. However, the benefit from education and knowledge are not solely for individual purposes. National economies i.e. their rates of growth, are largely related with the labour force quality and qualifications. Therefore, that is the reason why the significance of the human factor is denoted as one of the key factors that influence the rise of the economic growth rate. Education creates labour force that is ready to perform more complex and technologically intensive operations, which results in better paid job positions. The countries with higher rate of educated population tend to be richer countries. The example between China and India is evident. The population in India has far lower level of education when compared to the one in China. According to UNESCO, only 61% of the adult population in India is literate, whereas in China this percent is over 90%. This difference is one of the several factors that are pointed as factors for having faster economic growth in China since the 1990s up to present time (Keeley Brian, 2007, p. 32).

3. Investments in Human Capital and in Public Administration

Investments in human capital are one of the major characteristics of the modern world regarding organizations of any kind. The era of knowledge, skills and capabilities constantly influences and shapes the need for effective and productive public administration. Knowledge means ideas and technologies, and technologies require new skills and trainings for their implementation and development. What becomes critical for the development of both private and public organizations is the human factor i.e. its capabilities, knowledge and skills. The development of human capital and its management are key determinants of the development, growth, services and the productivity of public administration. The new human capital requires new skills in knowledge management, planning, organizational skills for innovation and improvement of public services.

This part of the paper deals with the significance of human capital for the development of public administration, and further with the features of the investments in human capital (trainings) in public service.

3.1. What is a Public Administration?

Public administration is a notion that has been widely exploited in circles such as the scientific, the business and the civil ones. This notion, in time, gets larger significance and affirmation because it represents one of the fundamental cores of contemporary state. Namely, contemporary theory leaves the welfare state as a model of state establishment because of the numerous disadvantages that appeared during the functioning of this system, consequently directing and starting to prefer the modern capitalist state combined with significant social functions as a way of organization of the socio-economic relations in one country. This state is in other words called social capitalism or capitalism of welfare. Modern state has many functions that are under its competence, and that serve as a corrective of the negative actions of the market forces. In the areas where the market gives unsuccessful solutions to the socio-economic problems there comes into action the state (Government) with its policies of social security and social protection, health-care, education, employment regulation, environment protection, anti-monopoly legislation and regulations, tax policy, monetary policy and a line of other policies with which the Government influences on a micro and macro level for the purpose of eliminating or dealing with the consequences of market failures. However, in order these policies and instruments used by the Government to be successful, it is necessary that there exist administration apparatus which will create and fulfill state functions. This apparatus is nothing else but the public administration of a state.

There are many concepts while defining the notion public administration. Firstly, this notion is very close to the notion of state administration, but there is no clear and generally accepted definition for neither of these two notions. However, the notion of public administration is a wider term when compared to the notion of state administration as a central core of public administration. The scope of public and state administration is different depending in the history, the state provisions, law regulations, administration as well as the general tradition of certain countries (UNDP Project "Support to the system for training administration in public administration", 2005, p. 28.).

When defining public administration most often two approaches are used. The approaches differ depending on the scope of public administration. These two approaches are deduced to a wider and a narrower concept in defining public administration.

- <u>Wider concept</u> according to this concept, public administration is defined as an overall administration apparatus that on behalf of the state carries out various administrative affairs for any organ, institution or organization of the state. Thus defined, public administration covers all of the officers i.e. the largest part of servants in state administration. According to this concept each public servant has a status of state servant and is a part of the executive machinery of the state.
- <u>Narrower concept</u> this concept limits the notion of public administration to those servants who are directly related with executing state functions. Compared to the previous concept, public administration in a narrower sense represents the core of administration. In countries that accepted the limited concept in the definition of state service, only a part of those employed in public administration have a status of civil servants, whereas those who are not civil servants i.e. those that are considered as public administration are individuals who perform certain profession in the public sector i.e. within the frameworks of the public services and are financed from the state (central) budget.

In the science there are other definitions of public administration. Quite often this notion refers to that part of the administration apparatus that governs the state property or the public property. Further, public administration could be widely described as development, implementation and study in the field of government policy. Most often used definition and understanding of public administration is the following sintagma: public administration represents a service for citizens.

3.2. Meaning of Human Capital for the Public Administration

Major form of investment in human capital in state administration is training. Trainings, in this sense, are defined as "planned process of learning the purpose of which is to influence the knowledge, the skills or the attitudes of the individuals again for the purpose of having them efficiently perform certain operation or several operations - job tasks." (UNDP Project "Support to the system for training administration in public administration", 2005, p. 72).

The investment in civil servants' training and the state apparatus operation are mutually dependent. However, because of the nature of these categories that are difficult to measure, the direction of the analysis of this dependency is presented in qualitative shape.

The major advantages of investing in human resources through training are the following groups of benefits:

- Staff development;
- Development of the organization;
- Development of processes / operability.

Enabling staff development through training would appear due to the greater motivation, fulfillment, moral and responsibility of the civil servants who attended the training. There would be improved the quality of task performance because with the training increases the marginal product of the employee during the period of training. Staff

development could be achieved and could represent decrease in the expenditure for coordinating employees as well as decrease in the expenditure for controlling the employees (opportunity cost).

The development of the organization enables having better usage of the overall potential of the administration, creating effective team work, reducing the time necessary for planning, having less problems with the officers etc.

Developing the processes i.e. improving operability means that civil servants who attended trainings are capable of doing things such as using the available resources more efficiently, offering services to clients that are of greater quality, reducing the operation costs and working by making less mistakes.

In this sense, what follows is a Table that shows the differences between the traditional and the modern public administrations.

TRADITIONAL MODERN			
Values on Macro Level			
Monopoly			
Regulation (organization for the purpose of control)	Market Stimuli (organization around a mission)		
Decrease vs. Rise	Continuous Improvement		
Programmes Addition	Programmes Change		
Structure			
Centralization	Decentralization		
Supervisor as Controller	Supervisor as Assistant		
Non-democratic	Participative		
Individual work	Team work		
Hierarchical organization	Flat organization		
Simple affairs	Multi-dimensional affairs		
Unique services	Several versions of services		
Work V	alues		
Focus on experts Focus on consumers/buyers			
Focus on tradition	Focus on innovations		
Problem analysis	Identifying opportunities		
Protective values	Productivity		
Performances	Capabilities		
Inspections and control	Prevention		
Employees' Values			
The system is indifferent	Employees' needs		
Employees as a cost	Employees as means		
Focus on managers	Focus on employees		
Evaluation/Sanctions/Ranking	Development/Studying/Recognition		

Table 1: Differences in values between traditional models of public administration and modern forms oriented towards competition

Source: Evan M. Berman, James S. Bowman, Jonathan P. West, Montgomery Van Wart, Human resource management in public service – Paradoxes, processes, and problems, (Sage Publications, 2001), p. 11.

Pece Nedanovski, Katerina Sapkova

The table notifies the fact that there is a system reform of public administration values. What could be drawn as a conclusion is the finding that modern systems of public administration are oriented towards meeting both the employees' needs (the civil servants' needs) and the clients' needs as well. In this sense, investing in human capital enables that these two goals are achieved. By training the administration apparatus, a precondition is made for development of a quality and efficient public service, within the frames of which the employees' needs shall be met and they shall be directed towards positions at which they shall be the most productive. This system shall be beneficial for the clients i.e. the citizens and the enterprises, because in this way there shall be created prerequisites for having quality public services.

4. Investing in Human Capital in the Public Administration of the Republic of Macedonia

The last part of the paper deals with the condition regarding the investments in human capital in the Republic of Macedonia. There shall be given a close look at the system of civil servants in the economy, at the training strategy and factual data shall be presented that reflect the condition in this sector.

4.1. Definition and Scope of Actions of the Public Administration in Macedonia

As it had been previously explained, there is no general consent among various states from all over the globe regarding the definition of the scope and structure of public administration. Generally, while defining, the concepts differ depending on the range and the scope of the administration apparatus i.e. what is used when defining is either wider or narrower concept. Out of these two conceptions, in the Republic of Macedonia is used the second one i.e. the narrower concept. This category covers the administration that operates in the three government branches (the legislative, the executive and the judicial one), the administration in the state organs, the municipal administration and the employees in the local government units. More precisely, public administration in the Republic of Macedonia is a sum of the civil servants employed at various levels of government who also represent a core of this category because they execute functions directly related to the state functioning. In the Law on Civil Servants (Official Gazette of the Republic of Macedonia No. 108 from 12 December 2005) civil servants are defined as individuals who perform professional, normative-legal, executive, governance-supervisory operations in compliance with the Constitution and the Law (Article 3). Civil servants are all the officers employed in the organs of state administration, in the municipal administration as well as in the administration of the City of Skopje and the professional services of institutions such as the Parliament of the Republic of Macedonia, the President of the Republic of Macedonia, the Government of the Republic of Macedonia, Constitutional Court of the Republic of Macedonia, Supreme Court of the Republic of Macedonia, the courts, the Central Court Council, the Ombudsman, the Public Prosecution, State Election Committee, State Commission for Corruption Prevention, Directorate for Personal Data Protection, Commission for Protection of Competition, Agency for Civil Servants and State Auditing Institute. With this way of defining, what is clear is the narrower reference to the category as public one i.e. civil servants, because in addition Article 3 of this Law states that civil servants are also individuals employed in institutions that are being given public authorizations as well as those employed in institutions that perform activities of public

interest if all that is stipulated with the law; however, under this category do not fall individuals employed in the organs of state hierarchy and administration who perform administrative, technical or assisting operations. These individuals do not have a status of civil servants neither are they covered with the public administration i.e. for them are effective the general regulations regarding employment.

4.2. Civil Servants Training Strategy

The major actual framework for defining the scope and the structure of investments in human capital in the public administration of the country, especially the trainings and the system of trainings, is presented in the document title as *Strategy for Civil Servants Training in the Republic of Macedonia 2009-2011*. The strategy for civil servants refers to the employees of the central and the local government. During its preparation are taken into consideration all the legal and sub-legal acts that regulate this field, especially the Law on Civil Servants.

In this context, the Strategy defines the goals and the principles, the system of training and the target groups, as well as the way of financing and the risks related to the establishing of the system of civil servants training. Action plan regarding the implementation of training is a consisting part of the Strategy for Civil Servants Training in the Republic of Macedonia (Agency for Civil Servants, 2008, p. 6).

The Strategy is a three-year development document, through which the processes of civil servants trainings could be followed and corrected, those which are in the direction of developing public service oriented towards meeting the needs of both the citizens and the businesses. Major aim of this document is establishing a sustainable, stable and comprehensive system for training and development of civil servants, such that shall meet the various needs of both the organs and those of the civil servants as individuals; a document that shall contribute to the realization of the strategic goals of the state and the organs in which these civil servants are employed.

The achievement of the general aim as determined in the Strategy depends on the realization of the following separate goals:

- Developing a sustainable and stable system for good training with clearly defined training objectives according to the needs of the target groups;
- Capacity building of the system for coordinating the civil service training;
- Developing sustainable and stable system for financing the trainings;
- Developing a culture of constant learning and development of human potential within the civil service (Agency for Civil Servants, 2008, p. 3).

For the purpose of achieving these goals i.e. in order to ensure quality, professionalism and competence of the civil servants in the Republic of Macedonia, there has to be permanent care and upgrade of all the levels of civil service, one that provides:

- Continuous build-up and development of relevant knowledge and skills that enable the civil servants to operate in a quality, effective and efficient manner and also in compliance with the needs of the organ they are employed in, and their personal needs as well.
- Equal knowledge and skills among the civil servants which is something that shall

provide quality at all levels of the state service and economy in using internal potentials;

- Acquiring knowledge and skills that are similar in contents and quality to those offered and developed in the European countries, which contributes to the internationalization of the civil service in the Republic of Macedonia;
- Balance between the supply and demand of trainings through a sustainable system for planning and coordinating the trainings (Agency for Civil Servants, 2008, p. 3).

The major features of the civil servants training system in the Republic of Macedonia also consists of:

- Having clear training objectives that shall contribute for developing the quality of civil service capacities in general, that shall further raise the level of knowledge and skills which shall assist in reaching the organs' objectives and increase the work effectiveness.
- Training programmes that shall be fully in compliance with the determined training needs. The systematic and quality training shall be carried out in accordance with the Annual Programme for Generic Training that is adopted on behalf of the Agency for Civil Servants.
- The programmes and modules shall be continuously developed and amended in order to meet the needs of both the civil servants and the civil service organs.
- The target groups are defined more horizontally than vertically i.e. in hierarchical manner. This means that target groups are defined at a functional level i.e. according to their competences and tasks that they perform or are expected to be performed on behalf of the civil servants.
- In order to provide sustainability and stability of the system and carrying out of trainings, the Agency for Civil Servants forms a Sector for Trainings that shall be accountable for planning, coordinating, carrying out and evaluating the civil servants' training. The trainings shall be carried out by foreign experts and civil servants who are trained to give trainings. The trainers shall be responsible for designing and realizing the separate modules.
- The trainers work shall be supervised on regular basis for the purpose having an insight whether the trainer gives the training in correspondence with the expectation and the determined criteria (Agency for Civil Servants, 2008, p. 4).

The Agency for Civil Servants has a primary responsibility regarding the implementation, the coordination as well as the monitoring of the Strategy, at the same time cooperating with the organs in which civil servants are employed, all this for the purpose of providing coordination and implementing the projected measures and activities.

4.3. Investing in Human Resources in the Public Administration in Macedonia

One of the mechanisms for creating professional public administration, that shall function as service for the citizens and the business sector on one hand, and shall also represent institutional support for the economic development of the country on the other hand, is the investment in human resources. For the purpose of explaining this kind of investment in the Republic of Macedonia, a close look shall be given at all the conditions in this field that have been existing up to present time.

The Agency for Civil Servants is the institution in charge of governing, controlling and publishing the data on investments in human capital in the public administration in the

Republic of Macedonia. In accordance with Article 8-a of the Law on Civil Servants ("Official Gazette of the Republic of Macedonia" No. 59/2000, 112/2000, 34/2001, 103/2001, 43/2002, 98/2002, 17/2003, 40/2003, 85/2003, 17/2004, 69/2004, 81/2005, 61/2006, 36/2007, 161/2008, 6/2009 and 114/2009), the Director of the Agency for Civil Servants regularly adopts annual programme for generic training of civil servants in Macedonia.

On the basis of the data from the Annual programmes for generic training, there are a few parameters that can be pointed out and on the basis of which an analysis can be made of the actual condition in this field in the public administration in the country. In the text that follows, an analysis has been made of the following data regarding the investments in human capital:

- Quantity regarding the submission of annual programmes about civil servants trainings;
- Prioritized generic trainings;

Government Local Government

Total

- Prioritized specialized trainings in the organs of central government;
- Prioritized specialized trainings in the organs of local government;
- Structure and number of civil servants covered with trainings.

The first evidence refers to the number of annual programmes for training of civil servants submitted on behalf of the authorized organs to the Agency for Civil Servants. Besides the fact that this activity is notified as a legal obligation determined with the Law on Civil Servants, from the Table below it is obvious that the fulfillment of this obligation significantly differ between the units of the local government and those of the central government. The number of organs of the local government that submitted annual programmes is 53 i.e. 62%, whereas in the case of the central government this number is 52 i.e. 98% of the total number of organs. This difference in data shows the non-seriousness especially of the units of local self-government regarding the fulfillment of their legal obligations, or the incompetence of the staff and the public services to prepare reports of this kind.

about civil servants trainings			
	Total number of	Total number of	Total numbers of
	organs obligated to	organs that	organs that have not
	adopt annual	submitted annual	submitted annual
	programmes	programmes	programmes
Central	53	52 (98%)	1 (2%)

 Table 2: Quantity regarding the submission of annual programmes about civil servants trainings

Source: Agency for Civil Servants, Annual Programme for Generic Training of the Civil Servants in the Republic of Macedonia for year 2010, (Skopje, 2009), p. 4.

53 (62%)

105 (76%)

85

138

In the next table is shown the number of civil servants who attended prioritized generic trainings. The data is presented by referring to fields.

32 (38%)

33 (24%)

Table 3: Prioritized generic trainings

	Field	Total number of CS
1.	Human Resource Management	2637
2.	IT Skills	2112
3.	Foreign Languages	1946
4.	EU Trainings	1687
5.	Project Cycle Management	1357
6.	System of Public Administration and Civil Service in	1071
	Macedonia	
7.	Communications	1040
8.	Finance Management	908
9.	Policy Creation	896
10.	Administrative Operations	889
11.	E-Governance	506
12.	Fields that are not covered with the CS template	12

Source: Agency for Civil Servants, Annual Programme for Generic Training of the Civil Servants in the Republic of Macedonia for year 2010, (Skopje, 2009), p. 6.

From the Table 3, a conclusion can be drawn that major fields that require additional investment in human capital are those regarding the skills related to human resources management (17.5%), IT skills (14%) and foreign languages (13%).

The specialized trainings are divided into two different levels: the level of central government and the one of local government. This division is due to the various responsibilities and competences at various levels of government.

	Field	Number of CS
1.	Statistics	7262
2.	Agriculture, Forestry and Water-supply	1684
3.	Justice	1467
4.	Economy	753
5.	Finance	615
6.	Foreign Affairs	506
7.	Local Self-government	404
8.	Culture	327
9.	Education and Science	231
10.	Labour and Social Policy	166
11.	Environment and Urban Planning	134
12.	Health-care	133
13.	Interior Affairs	120

Table 4: Prioritized specialized trainings in the organs of central government

Source: Agency for Civil Servants, Annual Programme for Generic Training of the Civil Servants in the Republic of Macedonia for year 2010, (Skopje, 2009), p. 6.

	Field	Total number of CS
1.	Fields that are not covered with the CS template	1070
2.	Urban Planning	346
3.	Financing in Municipalities	335
4.	Local Economic Growth	205
5.	Environment and Nature Protection	187
6.	Communal Activities	181
7.	Education	73
8.	Protection and Saving Citizens and Material Goods	50
9.	Culture	33
10.	Social-care and Child-care	32
11.	Sports and Recreation	30
12.	Protection against fire	27
13.	Inter-municipality cooperation	25
14.	Cross-border cooperation	20
15.	Health-care	15

Table 5: Prioritized specialized trainings in the organs of local government

Source: Agency for Civil Servants, Annual Programme for Generic Training of the Civil Servants in the Republic of Macedonia for year 2010, (Skopje, 2009), p. 7.

The final Table presentation (Table 6) refers to the number of civil servants who attended trainings (generic or specialized) during the year 2009.

	Head Civil Servants	Expert Civil Servants	Vocational- administrative CS
Generic Trainings	5026	6964	2981
Specialized Trainings			
Central Government	1725	4534	834
Local Government	370	830	359

Table 6: Structure and number of civil servants covered with trainings in year 2009

Source: Agency for Civil Servant, Annual Programme for Generic Training of the Civil Servants in the Republic of Macedonia for year 2010, (Skopje, 2009), p. 7.

All the data listed in this part of the paper explain the condition the public administration in the Republic of Macedonia was in, during the year 2009. It should be pointed out that besides the fact that the Agency publishes annual programmes for training of civil servants each year, it is only the referred report that states concrete conditions regarding these kinds of investments. This fact represents a serious constraint of both the possibility to analyze the investments in this sector and drawing conclusions about the justification (non-justification) of these investments.

5. Concluding Remarks

From all the above mentioned about the investments in human capital, a few conclusion can be drawn. Firstly, as it was elaborated at the beginning of this paper, the significance of human capital is huge, especially in the public sector. Public administration i.e. the state governance, as a part of the public sector should unconditionally make investments in its employees in order to create strong and professional administration that will be service of the citizens and the business sector. The benefits from this kind of investment are multiple. However, besides the fact that actual problem appears to be the incapability to quantify the effects from these investments, especially regarding the administrations' efficiency and productivity, yet there could be made qualitative and empirical confirmation of the benefits from the investments in human factor in the administration.

From the analysis in the Republic of Macedonia, there are also a few conclusions that can be drawn. Firstly, the reform of public administration requires investing in capabilities, experience, knowledge and skills of the civil servants. Thus, investment in human capital imposes itself as a principle of operation of the public administration in the Republic of Macedonia. What has also been made is the Strategy for Civil Servants Training that can act as institutional support to these kinds of investments. Potential problems that may arise in this field are the poor sources of data for making quantitative analysis of these investments. The reports published on behalf of the Agency for Civil Servants there are pointed out several problems that arise during the process of organization, carrying out and evaluation of trainings of employees. Also, except for the year 2009, there had not been made any records of these kinds of investments. From all the above mentioned, it could be concluded that the initiative for investing in human capital in the public administration in the Republic of Macedonia is a positive initiative, but there is a necessity that the process of investment and selection of trainings should be intensified, and that a study should be made about the potential effects that these kinds of investments have on the employees' product.

References

- 1. Agency for Civil Servants (2008), Strategy for Civil Servants Training in the Republic of Macedonia 2009-2011, Skopje.
- 2. Evan M. Berman, James S. Bowman, Jonathan P. West, Montgomery Van Wart (2001), *Human resource management in public service – Paradoxes, processes, and problems,* Sage Publications.
- 3. Farazmand Ali (2007), *Strategic Public Personnel Administration: Building and Managing Human Capital for the 21st Century*, Praeger Publishers.
- 4. Keeley Brian (2007), Human Capital How what you know shapes your life, OECD.
- Law on State Servants ("Official Gazette of the Republic of Macedonia" No. 59/2000, 112/2000, 34/2001, 103/2001, 43/2002, 98/2002, 17/2003, 40/2003, 85/2003, 17/2004, 69/2004, 81/2005, 61/2006, 36/2007, 161/2008, 6/2009 and 114/2009).
- 6. Murray J. Horn (1995), *The Political Economy of Public Administration*, Cambridge University Press.
- 7. The International Bank for Reconstruction and Development / The World Bank (2003), *Reforming Public Institutions and Strengthening Governance.*

8. UNDP Project (2005) "Support to the system for training administration in public administration", *Guidelines for Human Resource Management – For Secretaries of Municipalities*, Skopje.

INVESTIRANJE U LJUDSKI KAPITAL U JAVNOJ ADMNISTRACIJI – SLUČAJ REPUBLIKE MAKEDONIJE

Rezime: Investiranje u ljudski kapital je jedno od fundamentalnih pitanja suvremenih ekonomija. Ljudski kapital je značajan faktor koji utiče na aktivnost kompanija i tokom vremena postaje jedan od najznačajnijih faktora proizvodnje. Investiranje u razvoj obrazovanja, sposobnosti, znanje i iskustvo radnika, bez sumnje vodi ka povećanju njihovog proizvoda. U privatnom sektoru, ove investicije dobijaju sve više na značaju kako za poslodavca, tako i za radnika. U svakom slučaju, kada je u pitanju javni sektor, ove investicije imaju šire eksterne efekte za nacionalnu ekonomiju. Predmet ovog rada je investiranje u ljudski kapital u javnoj adminstraciji. Javna administracija je samo jedan deo javnog sektora, ali vredi istaći trendove i uslove koji su validni za ovo područje. Ovaj rad analizira osnovne teorijske pretpostavke o investiranju u ljudski kapital, kao i koncepte koji se odnose na javnu administraciju. Posebna pažnja je posvećena uslovima u ovom području u Republici Makedoniji, prezentirajući sadašnju situaciju kao i perspektive za budući razvoj.

Ključne reči: ljudski kapital, javna administracija, treninzi, Republika Makedonija.