

EFFECTIVE
HUMAN RESOURCE MANAGEMENT POLICIES:
APPLYING TO MUNICIPALITY

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Human Resource Management Policies:
Applying To Municipality

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ABSTRACT

The paper subject concerns with applying modern approaches in Human Resource management to local government of the city of Yevpatoria.

Now in Ukraine, as well as in Yevpatoria, many tools for effective steering, including strategic planning and management control, are implementing. So it's crucially important to interconnect the strategic goals, values and organizational culture with policies of human resource management. In the paper strategic goals are investigated and the key competencies of city authority are determined. It is shown that taking into account modern turbulent environment, traditional hierarchical structures of local government act ineffectively and don't support innovations. Based on these investigations the specific model of local government organizational structures is proposed, as well as the scheme for interaction between local authorities and private sector including for-profit and non-for-profit organizations. Involving wide range of the city population in municipal governance is crucially important, and establishing partnership networks between governmental and non-governmental organizations for carrying out joint projects is an effective tool to achieve that purpose.

All these require fundamental realignments in the organizational culture and Human Resource Management. The entrepreneurship and partnership between executive bodies of the local government and non-governmental organizations, between colleagues (to create social nets) are the key factors for success. Teamwork has to be encouraged by top management, and assessed by goal achievements. For this very reason competence management is so important today.

In the modern world of increasing significance of human factor for competitiveness and effectiveness of organizations many of them try to attract, retain and develop talented, creative people. This trend reflects in appearance of the new notions: people talent marketing, talent management. It is obvious that old bureaucratic approaches to people control are already inadequate to this trend. Nowadays so called soft tools for people management, for instance coaching, have an increasing value. Now the social contract between the hired worker and the organization allows for highly effective labor of the worker in exchange for creative work assignment, possibilities for self-development and self-actualization.

In conclusion the paper shows how the above-mentioned approaches can be used to develop action plan and introduce personnel management programs in the municipality.

To give recommendations the paper examines legislation of Ukraine, pertinent literature, local normative documents of the City Council, and statistical data available.

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PREFACE

Recent decades some global trends have emerged such as fast changing competitive environment, significant advancement and complication of technologies. They generally lead to increased role of the cooperative interactions between companies, establishing organizational and social nets. Unstable and turbulent environment imposes specific requirements on organizational activities, in particular in the field of Human Resource Management (HRM).

The aforesaid is to a considerable extent applicable also to municipal authorities. In the globalization world it is possible to compare cities with the large corporations, which compete for the access to the resources, which in turn ensures stable development and high quality of citizens' life. Under these conditions the special role of personnel management is obvious. Indeed human resources are intangible but the most valuable assets of company.

The paper examines the approaches to Human Resource Management, which are used in the executive bodies of Yevpatoria City Council. They include the Executive Committee of the City Council and the Agencies of the City Council. In the article the terms local government and local authorities are also used, which have the same meaning as the executive bodies of the City Council.

The paper uses the Harvard and Michigan models of Human Resource Management as a frame. In the first chapter the analysis of internal and external resources is undertaken to determine the key points of HRM policies. In the second chapter the specific model of organizational structures and interactions is introduced. The third chapter contains approaches how to increase the effectiveness HRM policies. Forth chapter deals with possible obstacles for introducing the personnel management programs. In the fifth chapter the action plan to introduce the HRM program are presented. Last chapter clarify some question of my own participation in execution of paper's proposals.

Primary attention in the work is given to those questions, which need corrective actions. Those questions, which are working sufficiently well in the municipality, are mentioned briefly only to complete the general picture of strategies and policies in HRM.

CHAPTER 1. ANALYSIS OF INTERNAL AND EXTERNAL RESOURCES

1.1. Analysis of Stakeholders

The executive bodies of the City Council are the entities of Public authority¹ and their stakeholders are the local community. Nevertheless it is expedient to segment and reduce local community to the groups of main stakeholders in order to analyze the trends of their change and influence.

Table 1. The Main Stakeholders of the Local Government, their Expectations and Influence

	Stakeholders	Expectancies, interests	Dynamic, influence
1.	Municipal officials	High salary, social protection, creative work assignments.	Relative stability
2.	Profitable organizations (small, average and large business). External investors.	Establishing urban infrastructure for the business. Experienced workforce. High profit.	Significant increase in the number and influence
3.	Non-profitable non-governmental organizations	Social protection of the population and high quality of living. Healthy ecology. Advocacy of the vulnerable population groups	Significant increase in the number and influence
4.	Users of the services produced by non-governmental organizations (non-profitable and profitable)	High quality of services	Significant increase in the number of users
5.	Utility enterprises of communal properties.	Obtaining profit	Reduction in quantity and profitability
6.	Budgetary municipal facilities	Stable employment, stable financing	relative stability in quantity and influence
7.	Users of the services produced by municipal utility enterprises and budgetary facilities.	High quality of services	Reduction in quantity of users.

¹ .О.Харитонов, ред., Гражданский Кодекс Украины: Комментарий (Харьков: «Одиссей», 2004), с.258.

	Stakeholders	Expectancies, interests	Dynamic, influence
8.	State law-enforcement and controlling bodies.	Adherence to state norms, standards and legislation	Relative stability
9.	Population of working age	High incomes. High quality of social services. Interesting work. High employment.	Significant increase in the quantity of workers in the field of small and medium-size business
10.	Pensioners	High quality of social services, accessible urban infrastructure	Insignificant increase in the quantity of elderly nonworking population
11.	Children and young people	Education of high quality. Possibility for development and the socialization.	Reduction in number. Aging of the population (look at the Table 2)

Thus, from the Table 1 it follows that expectations of the populations from the local authorities are increasing in the field of establishing infrastructure for the business development, human development (high social protection, good education) and quality of living. The sector of services, directly produced by municipal establishments is reducing. At the same time the sector of the services produced by non-governmental organizations continuously grows. So new mechanisms of interaction between governmental and non-governmental organizations are requires from the executive authority to guarantee high social protection and quality of life for the population.

According to aforesaid the content of working assignments for the most of local officials has been gradually changing. Working tasks demand much more attention to strategic goals and lesser – to everyday municipal services.

1.2 Work Force and Labor Market Analysis

As modern challenges to local authorities demand from personnel more skills and qualifications work force and labor market analysis is important for two reasons.

Work force inside and outside local authority should create the balance for partnership interactions. Both sides have to be skilled and qualified to plan and execute joint projects, which have high importance for entire city. Secondly, the labor market provides certain pressure on working characteristics of personnel in executive authorities.

Statistical data on the executing bodies of the City Council show the high educational level of employees. 98%t has higher education. 22% has second higher education. 95% has the special training (at least specific courses) or education in the field of state or local governance. Personnel turnover is 3,5%.²

² Yevpatoria. Personnel Department of Executive Committee of the City Council, “Yearly Report 2005.” 08 Feb. 2006

Table 2. Population Distribution by Age³

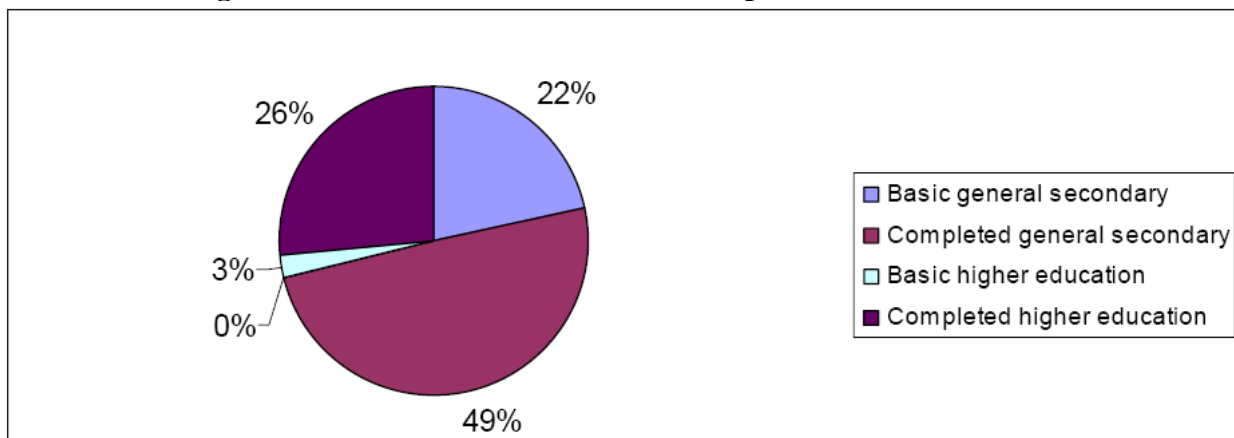
	2004	%
Men 0-14 years	7275	6.13%
Women 0-14 years	6764	5.70%
Total men and women 0-14 years	14039	11.83%
Men 15-24 years	8218	6.92%
Women 15-24 years	7809	6.58%
Total men and women 15-24 years	16027	13.50%
Men 25-44 years	13962	11.76%
Women 25-44 years	16557	13.95%
Total men and women 25-44 years	30519	25.71%
Men 45-60 years	9157	7.71%
Women 45-60 years	12124	10.21%
Total men and women 45-60 years	21281	17.93%
Men older than 60 years	7497	6.32%
Women older than 60 years	14013	11.81%
Total men and women older than 60 years	21510	18.12%
“Age index”	153.21604	

Note:

$$\text{Age index} = \frac{\text{population older than 60 years}}{\text{population up to and including 14 years of age}}$$

Aging of the population recent years is slightly mitigated because of increased immigration in the city younger people from other regions. These trends accompany by high educational level of the population. Almost half of the adult population has completed higher education.

Figure 1 Educational Structure of the Population⁴



³ Profile of Yevpatoria City Community <http://www.led.net.ua/ukr/pages/map_yevpatoria.html> (14.11.2006), p. 7.

⁴ Profile of Yevpatoria City Community <http://www.led.net.ua/ukr/pages/map_yevpatoria.html> (14.11.2006), p. 8.

Table 3 Number of Unemployed Persons per Vacancy as of December 31 (Number of Registered Unemployed Divided into the Number of Job Vacancies)⁵

	1995	2000	2001	2002	2003	2004
Yevpatoria	3	27	20	9	6	6
Crimea		13	11	14	9	0
Ukraine	2	17	11	9	7	

The situation on the labor market in the city is characterized by easing of social tensions and increase in the number of employed individuals. But high educational level of the population and unemployment rate brings some pressure on the personnel of local government.

Load per one job vacancy is the most important indicator of the situation on the labor market. The number of unemployed persons per one vacancy decreased from 27 percent in 2000 to six persons in 2004. As of July 1, 2005, the proportion was of one person per one job vacancy. The number of vacancies amounted to 1148 jobs and vacant positions as of July 1, 2005, which is 2.7 times more compared to the year outset.

1.3 Current HRM Policies

Qualification requirements and key competencies are the main criteria for recruiting employees to work in executive committee and agencies of the City Council. To each vacancy the competition declares, and according to its results a special commission selects the best workers.

Every worker has personal development plan. Usually he (or she) takes part in successor planning programs and trainings.

For every worker of the executive bodies the flexible system of the remuneration is developed based on the results of their work. Special commission on the monthly base evaluates results and sums them up. The criteria for the performance appraisal are developed in accordance with volume and quality of executed job assignments. The remuneration for labor is composed of base payment and bonus, paid out monthly.

Commissions consisted of top managers and immediate chief conduct yearly an appraisal interview with each official in the local government to evaluate the work, to place purposes on the future. They outline plans for individual development and recommendation for career.

1.4 Current Organizational Structures and Functions

Organizational structures and methods for personnel control has shaped historically originating from centralized state system. So control systems in the city adjust its structures to the structures of control in the state. Legislation of Ukraine divides the authorities (or responsibilities) of the local government on two groups. The first group is delegated authorities and the second – its own. Further these authorities are determined according to the functional signs, for instance health, social protection, and so on. Subsequently the structure of local government in the city to a considerable degree repeats the authorities (or

⁵ Profile of Yevpatoria City Community <http://www.led.net.ua/ukr/pages/map_yevpatoria.html> (14.11.2006), p. 12.

responsibilities), extracted from the third chapter of law “About the local governance in the Ukraine”⁶. The structure of the executing bodies of the City Council on 5 July, 2006, is represented in the Table 4:

Table 4. The List of Organizational Structures of Executives Bodies of the City Council

# in sequence	The name	The quantity of staff
1.	Executive Committee of the City Council	84
2.	Agency of Economics of the City Council	17
3.	Agency of Secondary Education of the City Council	10
4.	Health Agency of the City Council	7
5.	Agency of Labor and Social Protection of the City Council	63
6.	Agency on Children and Family Affairs of the City Council	9
7.	Agency of Culture of the City Council	6
8.	Agency on Ethnic Group Affairs of the City Council	5
9.	Agency of Architecture and Building the City of the City Council	15
10.	Agency on Physical Activity and Sports of the City Council	4
11.	Service on Children Affair of the City Council	10
12.	Centre social services on Children, Family, and Youth Affairs of the City Council	5
13.	Finance Agency of the City Council	19
14.	Agency of Communal Services of the City Council (utilities and others)	21
15.	Agency of Trade and Entrepreneurship of the City Council	11
16.	The Main Agency of Investment Policy and External Economic Links of the City Council	21
17.	Agency on defense and Mobilizing Affairs and Protection of the Population of the City Council	6
18.	Agency of Major Building of the City Council	15
	Total:	328

Steering system of the local government has distinct hierarchical multilevel features. The Mayor controls four his deputies. Every Deputy Mayor controls his own sector of activities. All Agencies divided respectively in four sectors (according to the number of deputies). Furthermore every chief of an Agency controls pertinent directors of communal enterprises or budgetary facilities. And so on. In this hierarchic structure different specialist-experts, who belong to Agencies’ staff, play an important role. Because they are the base for the techno-structure, they provide limited horizontal decentralization of power⁷.

With some assumptions it is possible to say that the organizational structure of local government has the feature of machine bureaucracy. Nevertheless the tasks, which

⁶ Закон України "Про місцеве самоврядування в Україні" <<http://www.nau.kiev.ua/cgi-bin/nauonlu.exe?search+guest>> (23.06.2006)

⁷ Coos van Tuinen, Organizational Structure and Human Resource Management (Presentation at session of Newport Business Academy, Kiev, 09/04/2006), unpaginated

organizational structures perform under the contemporary conditions, are quite complicated and require serious expert knowledge. That defines the special role of techno-structure. On the other hand the difficulties of coordination of hierarchic structures emerge. This problem is especially actual when it's going about mission and strategic goals, which fall outside the limits of responsibilities of a distinct Agency. Moreover the model of the machine bureaucracy inherited to the local government contradicts with some municipal budgetary facility and communal enterprises. For instance, medical and social services, as well as school system could be more effective with the model based on the professional bureaucracy. Communal enterprises require a lot of entrepreneurship that is not always compatible with machine bureaucracy.

A large quantity of coordination committees, councils, commissions is created to coordinate activities of different Agencies and Departments of Executive Committee of the City Council. For example, Coordination Committee on Struggle against Corruption and Organized Criminality, or Coordination Council for HIV/AIDS Prevention, or Coordination Council for Introducing Family Medicine, and so forth. The total quantity of such coordination establishments comprises more than 50. Nevertheless, is obvious the insufficient effectiveness of their work, which relates to conflicts of interests and unwillingness of Agencies to take up additional responsibility. After all the absence of correspondence between volumes of carried out works and financing further hurdle collaboration. Because all budgetary money is already divided according to normatives at the beginning of financial year.

The abovementioned factors combined with great finance deficiency lead to reduction in the quality of municipal services rendered to population, and so to their obsolete structure. It's especially noticeable in the field of municipal Public Health, secondary education and utility services. Insufficient quality of municipal services is the most important reason for the distrust of population to the local authorities.

It should be noted that last years in the city some positive changes occurred. Partially the quality of municipal services increase due to amendment of administrative control with structured process defining. But this work is at its beginning, and tangible results will be achieved in the future in some kinds of pertinent services.

During 2005-2006 in the city the Public-Private coalition has developed the strategic plan of the city development for the period up to 2015 that includes economic and medico-social blocks. Developing the strategic plans Departments of the Executive Committee and Agencies of the City Council collaborate with a wide range community organizations, national and international experts. Thus, for the first time principles of strategic goal-setting penetrated the Agencies with general priorities of the city development.

Since 2005 local government has been implementing Purpose Performing Budgeting to increase the effectiveness of local budget, coordinating it with strategic goals and action plans. Nevertheless, this work needs improvement, since the general strategic plan of the city is not connected to strategic plans of Agencies, utility enterprises and budgetary organizations of the city. The procedure of monitoring and correction of strategic plans, developing policies for innovation are waiting rethinking and thorough adaptation.

Policies for continuous innovations is the most hard and complex challenge under the conditions of the prevailing hierarchical machine bureaucracy.

1.5 Strategies for City Development

As mission and strategies are prominent factors to take into account for developing HRM policies and organizational structures, we have to consider Yevpatoria Strategic Economic Development Plan and Yevpatoria Strategic Health Plan.

Strategic Vision is a common landmark for development of Yevpatoria. It is concentrated in the following statement: *Yevpatoria is a city where people like to live and rest; a year-round international resort and tourism center with world standard facilities, a high quality of life, and highly cultured people. The economy, business and communal sectors of the city, is oriented to provide high quality service to visitors and city citizens*⁸.

Critical issues and goals of Strategic Plans⁹ are summarized in the Table5 and Table6.

Table 5. Critical Issues and Goals of Strategic Economic Development Plan

CRITICAL ISSUE A: HEALTH RESORT, SPA & TOURISM DEVELOPMENT	
<i>Goal A.1.</i>	Overcome seasonal character of resort and to attract other groups of visitors, including foreigners
<i>Goal A.2.</i>	Development of spa and tourism infrastructure, and creation of efficient management and coordination mechanism for that infrastructure
<i>Goal A.3.</i>	Creation of highly effective hospitality industry that meets international service standards.
CRITICAL ISSUE B: COMPLIANCE WITH MODERN REQUIREMENTS TO STANDARDS AND QUALITY OF PUBLIC UTILITY SERVICE	
<i>Goal B.1.</i>	Assurance of high environmental and sanitary standards in city, planting of greenery in city.
<i>Goal B.2.</i>	Create comfort living conditions based on the rational improvement and development of road transportation system (in particular, in the context of implementation of the City Master Plan).
<i>Goal B.3.</i>	Organization of reliable and quality supply with all types of utility services (water supply, heat supply, natural gas supply, etc.) based on the usage of energy saving technologies.
<i>Goal B.4.</i>	Create the system of quality maintenance of the housing stock and prevention of man-caused accidents.
CRITICAL ISSUE C: IMPROVEMENT OF CONDITIONS FOR THE DEVELOPMENT OF MAJOR ECONOMIC SECTORS AND PRIVATE BUSINESSES. SHAPING INVESTMENT ATTRACTIVENESS OF THE CITY	

⁸ Strategic Economic Development Plan City Of Yevpatoria <http://www.led.net.ua/ukr/pages/map_yevpatoria.html> (14.11.2006), p.6.

⁹ Strategic Economic Development Plan City Of Yevpatoria <http://www.led.net.ua/ukr/pages/map_yevpatoria.html> (14.11.2006), pp. 7-55.

<i>Goal C.1.</i>	Create a flexible system of human resource management in compliance with the needs of the city labor market.
<i>Goal C.2.</i>	Create (develop) infrastructure for the development of major branches of city economy, small and medium business.
<i>Goal C.3.</i>	Create the system of attracting investments into the city's economy and ensure city's competitiveness at the market of investments.

Table 6. The basic strategies for Public Health development for the period till 2015¹⁰

Goal 1.	Introducing tools for effective multisector interaction (institutions of local government, local community, NGOs, Business) for implementation of the Strategic Plan and a portfolio of projects, strategically important for Public Health. Monitoring of implementation of Strategic Plan.
Goal 2.	Implementing New Model of Health Care Management and Financing.
Goal 3	Creating new organizational culture in health care facilities, social protection of medical workers.
Goal 4.	Supporting healthy way of life at all age groups of the population.

It's evident from the tables that the Yevpatoria city now has great modern challenges concerning global market competition and provision of high quality living condition for residents and non-residents. The city needs effective tools for organizational coordination, quality management, standardization of tasks and work processes, and introducing flexible system of human resource management. Some highly complicated functions have to be managed in specific ways, as it'll be shown below.

1.6 SWOT-Analysis

Table 7. Key Points for SWOT-Analysis Pertinent to Organizational Structures and HRM-policies

<h3>Opportunities</h3> <ol style="list-style-type: none"> 1. Increased activity of citizens, public organizations, political parties which are committed to Public welfare. 2. Contemporary environment is fast changing and world become more and more mutually interdependent. So much more opportunities emerge. This can significantly enrich the job content of local government officials. 3. In the country there are many higher educational facilities, and the quality of education grow. 	<h3>Threats</h3> <ol style="list-style-type: none"> 1. In the world of globalization and turbulent environment cities experience hard complete pressure for the access to resources. That often lead to change in activities local government perform. 2. Turbulent environment demands flexible organizational structures and advanced strategic management, which many cities lack.
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¹⁰ The concept of the Yevpatoria Health Strategic Plan <<http://www.kpgis.net/content/view/59/74/>> (14.11.2006), unpaginated.

Strength	Weak
<ol style="list-style-type: none"> 1. Qualified enough personnel and labor market. 2. Successor planning (reserve of manager personnel) is working. 3. Implementing Strategic Planning procedures under broad Public Participation. 4. Highly developed sector of non-for-profit non-governmental organizations. 5. Advisory Public Councils at Mayor and some Agencies of the City Council. 6. Public hearings and discussions are common for decision-making. 7. Availability of educational institutions. 8. Implementing Program Performing Budgeting methodology. 9. Implementing ISO standards for quality management in executive governmental bodies (Standardization of work processes) 	<ol style="list-style-type: none"> 1. Functional organizational structure with cross-functional teams doesn't fit modern challenges for the city and requirements for innovation policy. 2. Shortage of strategic management skills at the level of agencies and departments. Many of them haven't defined their strategic goals and priorities. Accordingly competence management is not oriented on strategic goals. 3. Award system is not bound to strategic goals and mission. Performance appraisal is quite complicated and so carried out sometimes formally. 4. Officials at the bottom and middle-line are not encouraged to be initiative. 5. Significant finance deficiency.

Conclusions:

1. Globalization and turbulent environment demands from local government flexible organizational structures, which can be established by Public-Private partnership with non-governmental non-for-profit and profitable organizations.
2. Some municipal services shouldn't be delivered by communal facilities. Private sector can manage them much better and cheaper. This can partially release local government officials (personnel of agencies) from routine tasks.
3. Other part of municipal services can be amended with standardization of work processes. As an example it's worth to mention ISO-standards for quality management.
4. ISO-standardization of local government is also useful for Strategic Planning and Program Purpose Budgeting with broad Public Participation. It to some extent arranges the tools for interactions between governmental and non-governmental organizations in the city.
5. Innovative policies don't fit to existing organizational structure. It's sensible to establish specific ad hoc structures to boost up innovations.
6. High educational level of personnel and complicated tasks demand more inclusive pattern of decision-making and horizontal structural approach. Agencies and departments should support inside and outside them social nets for effective knowledge management¹¹.

¹¹ Eric Lesser, and Laurence Prusak, eds. Creating value with knowledge: Insights from IBM Institute for Business Value (n.p.: Oxford University Press, Inc. 2004. Translated in Russian, Москва: «Альпина Бизнес Букс», 2006) p.64.

Now using the results of SWOT-analysis it's sensible to consider the environment where employees of local government should act. I mean organizational structures and interactions that have to be reorganized. Then we can analyze organizational culture and motivation factors (comparing them again with points of the Table 7) in order to get over to the planning of HRM policies and activities.

CHAPTER 2. ORGANIZATIONAL STRUCTURES PROPOSED

As follows from the analysis, undertaken in the previous parts of the paper, the nature of the tasks challenging the local authority is extremely diverse, and they are increasingly getting more complicated. According to legislation of Ukraine¹² objectives of the local authorities can be divided into three groups:

1. Rendering of qualitative municipal services to population. The part of these services should be improved through standardization of procedures; another part could be transmitted to private business and non-profitable organizations.
2. Strategic planning and innovation policy.
3. Mobilization of the internal resources of local community to increase the competitive advantages of the city and accelerate its development. Creativity, Public participation in strategic plan development and decision-making, support for business and social net structures are key factors for the city development.

Different organizational structures match each of the listed tasks.

The existing hierarchic structures can successfully render part of qualitative municipal services to the population on the assumptions of work processes standardization, limited decentralization of power, and correction of HRM policies.

Nevertheless, in accordance with Prahalad & Hamel concept¹³ in the sector of municipal services it is expedient to define the key competencies (or services in this case), which could be carried out by the local authority most successfully, where the non-governmental sector and private business are not effective. At the same time there is a wide range of activities and services where public sector is ineffective. As a result, public-sector organizations in difficult-to-privatize areas of the economy usually can't discontinue expensive services, dismiss underperforming staff, or offer the high salaries needed to attract top talent from the private sector¹⁴.

Urban strategic planning and innovation policies are the crucial competencies of the local authority, as well as a number of functions concerning with regulations and controlling. It is expedient to transmit the substantial part of the municipal services to non-governmental non-profitable organizations and private business. In this case the local authorities determine municipal package of these services, distribute it among the

¹² Закон України "Про місцеве самоврядування в Україні" <<http://www.nau.kiev.ua/cgi-bin/nauonlu.exe?search+guest>> (23.06.2006)

¹³ Coos van Tuinen, Organizational Structure and Human Resource Management (Presentation at session of Newport Business Academy, Kiev, 09/05/2006), unpaginated.

¹⁴ Keith Leslie and Catherine Tilley. "Organizing for effectiveness in the public sector." The McKinsey Quarterly. no. 4 (2004)

organizations (where this is possible – on competitive base) and then monitor for their qualitative rendering.

This concerns the sphere of public health, where during the first stage it is reasonable to convert budgetary health care facilities into municipal noncommercial enterprises. Subsequently using managed competition tools including specific package of essential medical services it is necessary to create equal competitive conditions for the medical providers of various property.

The substantial part of the social services, especially concerning with specific services to vulnerable population groups, it is expedient to transmit to non-profitable non-governmental organizations and, in certain cases, to private for-profit business. The share of non-governmental non-profitable organizations in the rendering of social services to population in many countries of Western Europe considerably exceeds the portion of municipal establishments. Thus, partial handing over of municipal services to non-governmental sector allows the local authorities to concentrate their crucial competencies.

Local government should support partnerships¹⁵ and networking between the governmental and non-governmental organizations to perform different projects, especially financed from mixed sources. This mechanism can be the most advantageous if one part of the Agencies' financing is obtained from the local budget directly for maintenance (as it take place now), but another part goes to Agencies on the competitive basis to carry out strategic programs and joint projects. For the second part of the financing governmental and non-governmental organizations compete under equal starting opportunities. Special municipal body should develop fair and transparent criteria for competition in accordance with general priorities of the city.

As far as strategic planning and innovation policy are concerned, the traditional hierarchic structures of local authority in these fields under the contemporary conditions cannot carry out stated activities. Experience shows that the strategic planning cannot be effectively realized within the framework of traditional organizational structures, which are responsible for everyday activities and control, and rendering of routine services.

To raise productivity of professionals, big corporations must change their organizational structures dramatically, retaining the best of the traditional hierarchy while acknowledging the heightened value of the people who hatch ideas, innovate, and collaborate with peers to generate revenues and create value through intangible assets such as brands and networks. Companies can achieve these goals by modifying their vertical structures to let different groups of professionals focus on clearly defined tasks – line managers on earnings, for instance, and off-line teams on longer-term growth initiatives – with clear accountability. Then these companies should create new, overlaid networks and marketplaces that make it easier for professionals to interact collaboratively and to find the knowledge they need¹⁶.

Thus, in the local government it is expedient to create special structures, which on one hand would be independent from the traditional bureaucratic structures, and on another hand - would be implicated in the net interactions between governmental and non-governmental organizations and the private business.

¹⁵ Leonid Voloshenko, The Ways to use in Ukraine the world experience of partnership between public and private initiatives in the field of health protection . Materials of the international conference "The Regional policy in health protection: ways of designing and implementation" at The Ukrainian Academy of governance at the President of Ukraine (Odessa: OPIДY YAДY, 2003) pp.115-124

¹⁶ Lowell L. Bryan and Claudia Joyce. "The 21st-century organization." The McKinsey Quarterly. no. 3 (2005)

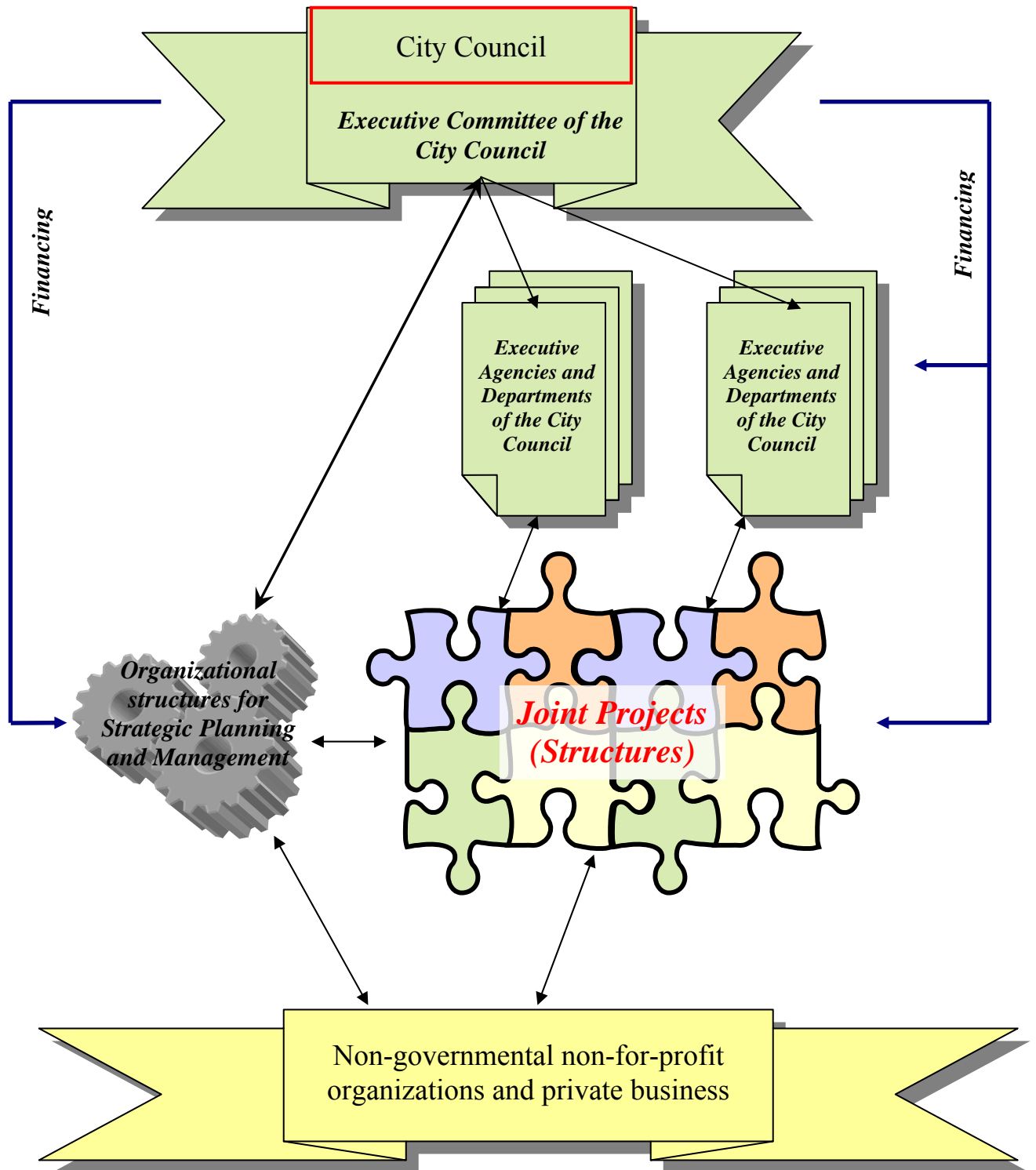
Such patterns reveal intriguingly promising "networks of creation" (or "creation nets"), where hundreds and even thousands of participants from diverse institutional settings collaborate to create new knowledge, to learn from one another, and to appropriate and build on one another's work – all under the guidance of a network organizer¹⁷.

To realize this scenario is possible if structures, responsible for strategic urban planning, are involved in developing a project briefcase according to strategic plans priorities, and in monitoring after their fulfillment. The general model of organizational structures and interactions proposed is presented on the Diagram 2.

The first steps in the city to implement this scenario are already made. In the city strategic plans are developed, monitoring committees and advisory public councils at the Agencies of the City Council are established. The Main Agency of Investment Policy and External Economic Links of the City Council has been already created as intersectoral entity. Its main responsibilities include defining priorities for economic development of the city and management of investment projects, which are crucially important for the city.

¹⁷ John Seely Brown and John Hagel III. "Creation nets: Getting the most from open innovation" The McKinsey Quarterly. no. 2 (2006)

Figure 2. Organizational Structures and Interactions for Strategic Planning, Innovations, and Business Nets



CHAPTER 3. HUMAN RESOURCES DEVELOPMENT STRATEGIES

3.1 Organizational Culture

The most important features of organizational culture in executive agencies and departments of the City Council are presented in Table 8.

Table 8. Organizational Culture in Executive Agencies and Departments of the City Council

	Component	Description
1.	Stories	<ul style="list-style-type: none"> • "I am an important person (small or big chief), and common citizens are suppliants". • "So was earlier and always, therefore it is correct". • "As I have the best relations with our chief, I have the superiority" • "I work hardly, but I love my job" • "Even though people can be unfair, I am a professional and relate to them fair"
2.	Symbols	<ul style="list-style-type: none"> • Good decorated offices symbolize the level of power. • Offices equipped weakly with computers and management systems. • Every office has pictures of the President and the Mayor on the wall.
3.	Power structure	<ul style="list-style-type: none"> • Informal leadership plays a great role. Some official have significant personal power using familiarity to politicians. • Conflicts are one of the main driving forces for decision-making and a source of power for top officials. • Every chief don't support his successor and sometimes try to fire him.
4.	Organization structure	<ul style="list-style-type: none"> • Hierarchical with weak interactions between departments. • Inefficient multidiscipline teams.
5.	Control	<ul style="list-style-type: none"> • Treasure control for line-item budget performing. • Quality management is not systematically implemented. • Investigations on client complaints.
6.	Rituals and routines	<ul style="list-style-type: none"> • The mainstream activity of executive bodies of the City Council is not driven by strategic priorities and action plans, but routines and competition for resources. • Personnel evaluation is based rather on volume of working tasks, not on quality and goal achievements. • Lack of interactions and collaboration between colleagues. • Initiatives of the middle and bottom line officials are mostly not approved. • Decisions are usually made without sufficient involvement of subordinate officials
7.	Paradigm of the system	Municipal Local Government has rather professional and qualitative personnel, but the system as a whole is characterized as highly hierarchical and rigid, not enough supportive and collaborative.

Taking into account modern challenges for local government and the organizational structure model proposed above we have to change the pattern of the organizational culture

and personnel behavior. The entrepreneurship and partnership between executive bodies and non-governmental organizations, between colleagues and social nets are the key factors of success. Teamwork has to be encouraged by top management, and assessed by goal achievements.

For activity planning and resolving conflicts we have to take into account mission and strategies of the local government as a starting point.

Personnel participation, as well as Public participation, in decision-making is crucially important for viable strategy development and fulfilling.

In the next paragraphs I'll consider tools for changes in organizational culture.

3.2 Philosophy of Human Resource Management

If we look at the development of local authority, we have to acknowledge that it's fruitless and even wrong to consider this topic without interconnection with the city development. Is it possible to have successful local government without sustainable development of the city?! Can we imagine a highly developed local government and a ruined city behind?! The "key" word in this part of the paper again is "collaboration" as in the paragraphs about organizational structures. But some more:

Nowadays the most significant competitive advantage for development of organizations appears the creativity of its personnel. If we say the same about cities, we should state it both for personnel of the local government and for citizens. Therefore investment in human resources now should be the cornerstones of every policy¹⁸. And every HRM policy has to take into account possibilities for development and self-actualization for people, who work in an organization.

We ought not to feed illusion that we can radically change people (our employees) and their core competencies. Unfortunately most organizations now abandon the attempt to make rational choices and instead merely guess how best to assign employees to jobs. By treating people with diverse skills as an undifferentiated resource, these organizations forfeit the chance to make substantial gains in productivity, profitability, and personnel development. More fruitful is another way. In modern conditions concepts of competence management is widely prevailing. Companies and organizations should define their core competencies and competencies required for workplaces. They should give the opportunity for right peoples to match right job¹⁹. So personnel recruiting policies are very important. Too often we suppose a human untalented, but the matter is that we can't see his (or her) gifts and competencies/talents. Modern tools to easy matching right people and right job are now emerging.

At this point, managers can assess the growing number of customized software solutions for resolving specific workforce problems. The tools, which can be integrated into a company's underlying IT infrastructure, fall into several categories. Deployment tools help a company manage its cost structure by improving its utilization rates and making the most of differences in skills to match workers with jobs. These tools, which integrate staffing

¹⁸ Lee G. Bolman, Terrence E. Deal, Reframing Organizations: Artistry, Choice, and Leadership (San Francisco: John Willey & Sons, 2003. Translated in Russian, Санкт-Петербург: Стокгольмская школа экономики в Санкт-Петербурге, 2005) p. 152.

¹⁹ Vivek Agrawal, James M. Manyika, and John E. Richards. "Matching people and jobs." The McKinsey Quarterly. Special Edition: Organization (2003)

algorithms with project-management software, can be used in applications that range from the staffing of retail or call centers to the resolution of service-industry challenges²⁰.

In a modern, networked, and knowledge-based business environment, intangible assets (such as skills, reputations, and relationships) generate the highest value. Effective resource allocation means unleashing the value of talent by mobilizing talented people for the best opportunities – including, in particular, opportunities to become even more developed by finding work that creates distinctive new skills and knowledge. As global markets become more dynamic and competitive, companies will need to deploy talent even more flexibly across broader swaths of the organization. Since management must develop and execute value-creating initiatives so quickly, talent is becoming more critical to corporate performance, specific needs for talent are more unpredictable, and companies must develop talent more rapidly than ever²¹.

Now responsibilities of a manager much wider than simple supervision and directive control. For effective personnel management it is necessary to support collaboration and effectively distribute authorities. A manager becomes a helper, coacher of the employee, not a chief. This approach transforms to a new notion of coach-management²².

Coach-manager can solve psychological problems of employee; he serves as the catalyst for professional and personal growth of every person in the working team. Managerial skills for interpersonal interaction and teambuilding with regard of personal special features and professionalism of employees are extremely important now. The manager have to built micro-organizational structures and job responsibilities in order to match core competencies of employees with job assignments, open creativity, bust productivity, and support personal development.

It is necessary to find the appropriate balance between the power between an employee and the power of an organization. And a manager, as if clamped in the middle, must understand how to do this. In order to achieve organizational success he must transmit the part of the organizational power to the employee in order to conduct collaborative activity. Such an empowerment is the very business relations that someone can name hired labour²³.

3.3 Methods for Increasing Individual Performance

For achievement of high individual results at the workplace it is reasonable to develop the motivational program²⁴ that can include the following components:

1. Job design:
 - Clear mission, goals and tasks;
 - Work enrichment;

²⁰ Vivek Agrawal, James M. Manyika, and John E. Richards. "Matching people and jobs." *The McKinsey Quarterly*. Special Edition: Organization (2003)

²¹ Lowell L. Bryan, Claudia I. Joyce, and Leigh M. Weiss. "Making a market in talent." *The McKinsey Quarterly* . no 2 (2006)

²² Jane Greene, Anthony M. Grant, Solution-focused coaching. (N.p.: n.p., 2003. Translated in Russian. Saint-Petersburg: Publishing house "Pieter", 2005) p. 17.

²³ Myles Downey, Effective Coaching: Lessons from the Coaches' Coach. (Texere, Tompson corporation, 2003. Translated in Russian, Москва, «Добрая книга», 2005) p.146.

²⁴ David A. Whetten & Kim S. Cameron, Developing management skills (London: Prentice Hall , 2002. Translated in Russian, Санкт-Петербург: Издательский дом «Нева», 2004) p.407-440.

- Work flexibility;
 - Working conditions;
 - Availability of resources for archiving goals and tasks.
2. Reward system:
- Competitive pay and benefits;
 - Performance rewards differentiation by fair criteria;
 - Recognition.
3. Supportive environment:
- Training and development;
 - Equipment and technology;
 - Performance standards;
 - Supportive management and co-workers.

As some components of the motivation program have been already working sufficiently in Yevpatoria local government, I restrict the essay to ones that need crucial amendment.

In Yevpatoria local government we should pay much attention to connection of rewards with strategic goal achievement and performance standards. And performance rewards differentiation has to use these criteria as the main principle. So we should to develop clear performance standards for the most of working processes. It can be achieved with ISO accreditation of the local government.

One of the main challenges for our city is shortage of qualified managers skilled in modern managerial approaches. So we should organize systematical trainings for top and middle line managers.

To launch the development and implementation of comprehensive personnel motivation programs each department and agency needs supportive guidance of personnel department. So its stricture, functions and professional requirements should be revised first.

3.4 Psychological Contract

In conclusion of this chapter it would be appropriate to mention about significant changes in psychological contract that take place in the resent decades²⁵. The phenomenon of concrete ties between hired worker and the corporation is a comparatively new, and it arose after industrial revolution. Earlier the personal identity of a man was determined through the kind of occupations - craftsman, farmer, merchant, artist, etc. Therefore the contemporary trend of weakening relations with the corporations and organizations leads not to the destruction of social links, but rather to the older principles of self-identification and social nets establishment outside corporations²⁶.

Today people more frequently select not the vertical, but horizontal careers, when the worker frequently enough changes the place of work both inside the organization and

²⁵ Richard Florida, *The Rise of Creative Class: And How It's Transforming Work, Leisure, Community, and Everyday Life* (New York: Perseus Books Group, 2002. Translated in Russian, Москва: Издательство «Классика», 2005) p.158.

²⁶ Richard Florida, *The Rise of Creative Class: And How It's Transforming Work, Leisure, Community, and Everyday Life* (New York: Perseus Books Group, 2002. Translated in Russian, Москва: Издательство «Классика», 2005) p.127.

outside passing into another organization²⁷. The reasons for this behavioral pattern relates to global change in organizational structures and increasing professional specialization. In corporations and organizations the decrease of quantity of hierarchical levels occurs. They become more dynamic and more variable. The processes of merging, disappearance and establishment of organizations continuously perform. An increase in professional specialization leads to the fact that the expert-professional has usually higher knowledge than his (her) manager.

This factors lead to the trend that people take responsibility for their own career to themselves, without laying it on the company. From the company it is expected the interesting and enriched work, flexible and supportive working conditions, and opportunity for personal and professional growth. In this case the workers are ready to devote completely fixed and extra-fixed time to work. Contemporary researchers note the gradual erasure of the boundaries between the operating time and the time of leisure²⁸.

The trends indicated are entirely applicable to executive bodies of the City Council. The main features of work assignment here are very complicated and creative. So we have to develop the program for job rotation. Now the personnel reserve (successor planning; doubling officials for managerial positions) is already established, but it performs unsatisfactory.

New design of local government organizational structures and interactions also motivates human capital for high achievements. The model proposed at the Figure 2 implies personnel participation in different projects to enrich job contents and stimulate entrepreneurship and creativity.

CHAPTER 4. ANALYSIS OF POSSIBLE THREATS

The results of the research – which included in-depth interviews with 50 CEOs, business unit leaders, and human-resources professionals from around the world – suggest that the obstacles for effective HRM programs relate mostly to human factors²⁹.

Nearly half of the interviewees expressed concern that the senior leadership of their organizations doesn't align talent-management strategies with business strategies. Business line managers – the group responsible for a company's day-to-day operations – were found equally culpable. This is even more applicable for governmental organizations such as Yevpatoria municipality, where strategic planning still insufficiently concrete and every-day working of the most part of the officials are not bound with strategic planning. Focusing on the interests of one part of the organization rather than the whole – not only hinders the mobility of talent within an organization but also undermines the sharing of knowledge and the development of interpersonal networks (or “social capital”) across the organization.

More over, in Yevpatoria for the reason of legislation change this year we have newly elected deputies of the City Council whose stand to organization changes is rather

²⁷ Richard Florida, *The Rise of Creative Class: And How It's Transforming Work, Leisure, Community, and Everyday Life* (New York: Perseus Books Group, 2002. Translated in Russian, Москва: Издательство «Классика», 2005) p.122.

²⁸ Richard Florida, *The Rise of Creative Class: And How It's Transforming Work, Leisure, Community, and Everyday Life* (New York: Perseus Books Group, 2002. Translated in Russian, Москва: Издательство «Классика», 2005) p.172.

²⁹ Matthew Guthridge, Asmus B. Komm, and Emily Lawson. “The people problem in talent management.” *The McKinsey Quarterly*, no. 2 (2006)

unpredictable. Almost all deputies were elected for the first time, and their education mostly doesn't relate to management. So it's a significant problem, because they could misunderstand the role of public-private partnerships and "social capital" networking.

Another possible threat for successful HR-program implementation is traditional approach to HRM that takes place in our municipality. Many HR regulations for local officials are driven by central government. Even though now we have all required legislation for local governments, we still don't always apply it. In this case we see that activities of our HR department are confined only to state regulations and don't reflect local needs. So we don't have specific for our municipality HRM policies, as well as qualified HR managers.

One more possible threat concerns to strong local budget deficiency. This obstacle can interfere with new model of organizational structures and interactions (governmental-public-private) and financing of joint projects (see Figure 2).

CHAPTER 5. ACTION PLAN

Action plan presented here is developed using model introduced at learning session of Newport Business Academy at the 5th of September, 2006 as a frame. We have seven areas of HRM activities³⁰, but the contents of the activities follow from the investigations made in previous chapters and summarized in the "seven areas model". Again, as in the previous chapters, I'll focus only on those matters that need amendment. After consideration of the HR activity areas I'll point some pivotal measures to overcome threats mentioned in the chapter above.

1. Human resource planning. HR information and assessment systems.

According to mission and strategic goals all the agencies and departments should define key competencies for every job place. Personnel department of the executive committee could use the specific software³¹ with database containing all key competencies for job places and employees' preferences and achievements. Also personnel department should take part in yearly appraisal interviews and job assessment to give recommendations on the rational career and development for the employee taking into account the results of assessment and employee's preferences.

2. Equal employment opportunity (compliance, diversity, alternative actions)/

All employees according to new model of net interaction presented at the Figure 2 can participate in joint projects, which propose them highly diverse and creative work. The employees match the seeking job using abovementioned IT software.

Also personnel department as well as all other departments and agencies have to develop the program for job rotation taking into account the personnel reserve

³⁰ Coos van Tuinen, Organizational Structure and Human Resource Management (Presentation at session of Newport Business Academy, Kiev, 09/05/2006), unpaginated.

³¹ Vivek Agrawal, James M. Manyika, and John E. Richards. "Matching people and jobs" The McKinsey Quarterly Special Edition: Organization (2003)

(doubling officials for managerial positions). We should plan job rotation and keep to it.

3. Staffing (job analysis, recruiting, selections)

At the time of job contest the specific commission for staffing should include experts in all required areas so that it could be able to check the hired employee for competencies according to needs of executive bodies of the City Council and strategic goals and tasks.

4. HR development (orientation, training, employee development, career planning, performance management)

Results of the yearly job assessments should relate to training plans and individual employee development. So after every assessment session appropriate general plans and individual plans have to be made by personnel department, executive bodies, and employees. Personnel department should hire an expert in coaching, who could consult managers and employees about specific topics of personal development and problem solving. It would be sensible to arrange training for top and middle-line managers in coach-management so that they could use proper tools and techniques in every-day activity for personnel development.

5. Competition and benefits (wages/salaries administration, incentives, benefits)

Formally wages and salaries of the personnel in local government are bound to performance evaluation criteria on monthly base. But in reality the system is not working, possibly for the reason of labor-intensive procedures of unbiased evaluation. Using IT software for management accounting and electronic document management under these circumstances can partially be the solution. On the other hand performance evaluation criteria are the same for all executive bodies without specificity. Moreover they are weakly bound to the mission and strategic objectives of the local government and its agencies. So the evaluation criteria should be revised and vitalized.

Also it would be helpful to use training and education as incentives and benefits for personnel. In this case we can combine personal development with rewards.

6. Health, safety, and security

Personnel department in collaboration with City's Placement Service should support people firing from the job in local government for the reason of professional unfitness. These people should be retrained and hired for work places in other sector of professional activities.

7. Employee and labor/management relationships

Managers are not now able to treat with people as chiefs and controllers. Managers who are skilled in soft techniques of human capital management should preferably be staffed on managerial positions.

We should encourage competitive collaboration among employees and sharing information with colleagues. This can be achieved by teamwork in joint projects. At the time of establishing project teams specific trainings on teambuilding

are pertinent. Personnel department should be responsible for carrying out the trainings.

To overcome the possible hurdle and threats for implementing this approaches the key role belongs to Personnel Department. So its responsibilities, organizational structure, and workforce competencies are the first things for revising. The next step includes development and implementation of personnel management plans into other executive bodies under supervision of the Personnel Department. *It's crucially important to involve all employees and all managers into planning activity in order to provide realistic qualitative and executable HRM plans.*

However, to successfully implement these plans we have to create supportive organizational structures presented above and implement strategic goal setting in everyday working activity. These are the task for top level managers, who have to show political will for change to advance competitiveness of the city and improve citizen's quality of living.

Here we gradually go over to political issues that deserve further investigations. These processes are now under way in our city. They include broad Public Participation in decision-making, growing influence of non-governmental advisory committees, and further development of citizens' self-governing bodies. Non-governmental organization sector has already carried out a lot of projects related to innovational policies in local government. And the best practices of collaboration between executive bodies of local government and NGOs have been getting more and more common. In this way the social nets have been establishing so that the borders between active citizens and local government officials disappear.

CHAPTER 6. CONCLUSION

For some last years I have been working as deputy chief of Health Agency of the City Council and as active participant of civil activities in the city at the same time. I am an executive director of non-governmental non-for-profit organization "The Agency of the City Development". So it's evident that both sectors of my work are familiar for me, and I see a great variety of opportunities to boost the city development by harnessing them both with common values and strategic goals of the city.

The synergy of all sectors – governmental, non-profitable and profitable business – could dramatically change the world. We see that at multiple examples of cities with sudden and rapid growth³². But unfortunately we see much more multiple depressive results where this synergy is absent. So the clear responsibility to provide the guidance for collaborations inside the city to achieve its strategic goals lies on the local authorities.

This is the things that I do every day as a local government official and non-governmental activist.

The work on this paper gives me the opportunity to rethink many things. I've built for myself the holistic picture of organizational structures pertinent for our city and tools for integrations of all players to achieve city goals and objectives. And what is the most

³² Charls Landry, [Creative City: A Toolkit for Urban Innovators](#) (London: Earthscan Publications Ltd, 2000. Translated in Russian, Москва: Классика-XXI, 2006) pp.34-78.

important for me I've seen the interconnection between structural arrangements and HRM policies. They both are closely interdependent.

As the executive director of the "Agency of the city development" I am working now for introducing proposed in the Chapter 2 model of organizational structures. Now in our city the Advisory Committee at the City Mayor has been established. It's very influential, and the Agency for the City Development has close links with the committee. Now we initiate some *joint* projects that can change many things in our city.

The situation about HRM policies in local government for me is quite different. I can use my own proposals on my workplace without general components suitable for city's top-management and special personnel department until our first pilot projects will succeed. Then we can state the need for change before the top-management of the city and implement the whole action plan presented in the Chapter 6, of course with corrections according to real changes of environment.

It's hard to define the time frame for the action plan taking into account my current job position as local government official, but anyway it'll be fulfilled by me and others, which name is collaborating team.

GLOSSARY

Appraisal interview: Meeting where at least employee, immediate manager, and top manager are present. They discuss job assignments, problems and success, plan career of the employee.

Accreditation: The process by which an authorized agency or organization evaluates and recognizes an institution or an individual according to a set of “standards” describing the structures and processes that contribute to desirable patient outcomes.

Budget: A statement of the financial resources made available to provide an agreed level of service over a set period of time or to use them for a specific purpose.

Coaching: Leadership style to prepare, support, encourage, and direct the working team. In this case manager usually doesn't take part in the “play” patiently.

Decentralization: Changing relations within and between a variety of organizational structures/ bodies, resulting in the transfer of the authority to plan, make decisions or manage public functions from the national level to any organization or agency at the sub-national level.

Empowerment: providing employees with more autonomy, more information, and giving them the authority to control factors, that crucially influence working processes.

Health care facilities: institutions, enterprises and organizations, which immediately deliver health care services to the population.

Health services: Any service which can contribute to improved health or the diagnosis, treatment and rehabilitation of sick people and not necessarily limited to medical or health-care services.

Limited horizontal decentralization: limited shift power from the top-management to technostructure that develops work standards to coordinate the organization. This type of decentralization features machine bureaucracy organization structures.

Managed competition: Government regulation of a health care market which uses competition as the means to achieve efficiency objectives within a framework of government intervention designed to achieve other policy objectives, such as equity.

Machine Bureaucracy: These are large, well-oiled structures that are managed as integrated, regulated systems which make use of specialized, routinised methods and tasks; formal operating procedures governed by well defined rules and regulations; formal organizational communication systems are well-developed to ensure communication flow between operational units; tasks are grouped (organization structure) on functional lines; decision making powers are more centralized. Decentralized decision-making is governed by well-defined authorities and monitoring methods; administrative systems are well-defined with operating departments (line) and staff sections differentiated.

Motivation: Efforts to encourage the person for defined actions.

Motivation factors: Conditions that significantly motivate a person, but the absence of them usually don't induce negative emotions.

Mutual adjustment: co-ordination of work by process of informal communication. Control of work rests in the hands of the 'doers'.

Network: Group of people that develop and support informal exchange of information that stimulate mutual interests of members.

Performance appraisal: Evaluation process of quality and quantity of employee's work

Personnel turnover: The number of fired worker (for the defined period of time, usually one year) related to the general number of the staff.

Public participation in decision-making: Procedures and tools to involve wide range of citizens in discussing about problem of the civil life influencing them. Public participation usually significantly improves quality of decisions of government, increases awareness of public, and promotes social coherence.

Psychological contract: Informal agreement between employer and employee that define conditions for psychological involvement every worker in social system, which allow for exchange time, talent, energy of employee on salary and working conditions.

Professional Bureaucracy: Standardization of skills and values is the glue that binds a Professional Bureaucracy together. The professional bureaucracy is typified by a collegiate of academics in a university, a practice of doctors, a partnership of solicitors and a trumpet of volunteers. Professional bureaucracy lays more store on expertise and an externally referenced body of rules, values and regulation.

Provider: Professionals and institutions providing health care services to patients.

Supportive management: Concept that stated obligations for managers to support personal development, self-actualization, and professional growth of employees.

Standardization of work processes: defining work as a set of processes. Each process is considered as the chain of operations, for which specific requirements are stated.

Stewardship: A function of government responsible for the welfare of the population, and concerned with the trust and legitimacy with which its activities are viewed by the citizenry.

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