STRATEGIC MANAGEMENT

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STRATEGIC MANAGEMENT
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Abstract: This paper presents program orientations and reorientations of the Strategic Research Institute. We envelop a number of representative research projects for each of few main phases of development and transformation of the mentioned organization. At the moment, Strategic Research Institute tends to be a member of academic community of organizations accredited according to the actual standards for scientific research in Serbia. It is good time to look in past, think about that and realize what could be possible ways for future program orientation, projects selection, organizational development and organizational allocation inside an bigger organization as it is Ministry of Defence.

Keywords: Defence, Military, Strategic Research, Projects, Accreditation, Science

1. INTRODUCTION

Strategic Research Institute (SRI) is an organization in the Defence Policy Sector of the Ministry of Defence (MoD) of Republic of Serbia. Its mission is to make research in different scientific areas such as next: national security, defence strategy, various military issues related to the organization, management, doctrine, resources, different aspects of human resources management, military history, etc. SRI is an integral part of the Ministry of Defence and functioning according to the rules of the Ministry, serving and supporting the MoD needs and preferences with particular sense for specific needs of the Serbian Army. At the same time, the Institute tends to operate according to the high standards of scientific work declared and defined at the level of state law of Republic of Serbia. Also, SRI always has strong and dynamic cooperation with the Military academy in Belgrade, as well as with a number of civilian faculties and institutes.

At the moment, SRI has about two dozens of researchers, organized in three sections: security analyses and integration section, defence studies section, and military history section. Span of past few years was a period of intensive actions to obtain researcher’s formal competencies. The goal has been to achieve at least needed formal condition of minimal number of qualified researchers, that is: 7 research fellows and 5 junior research fellows. At this moment, SRI reached the goal obtaining 8 research fellows, two professors and 5 junior research fellows for few different sub-disciplines of social sciences and humanities, which imply that the Institute is ready to apply for accreditation at Ministry of education and science.

Life-cycle and development of Strategic Research Institute could be presented through few phases:

- First phase was from 1977 to 1984. A strategic research organization at that time has the name: “Center for Strategic Studies”, and was organizationally allocated in General Staff of Yugoslav People’s Army. At that time, Center has been much more dedicated to operational need of GS, than to pure academic work. A little of those works have been available, particularly for public usage, nor it has been strongly in line with pure academic standards. However, even existence of the Center is a proof of intention and will to establish a research organization for strategic studies near to the top of military hierarchy.

- Second phase was from 1984 to 1990. On the basis of one ministerial order from June, 1984, current Center for Strategic Studies changed its name to: “Institute for Strategic Research”. Organizational allocation of the center was also changed, and it became a part of a structure of the military education system (Center of Higher Military Schools). Internal organization consisted of next entities: Section for researching the National Defence and Societal Self-Protection (that was a kind of national security strategy in that time); Section for researching armed combat; and Section for researching military policies and strategies.

- Third phase roughly starts around 1990 and ended in 2006. During this phase, the Center for strategic research renamed its title and became the “Institute for Military Art” (September 1992, on the basis of an order of the Chief of General Staff). In this period the Institute consists of next subdivisions: Section for military strategy; Section for operations art; Section for tactics; Section for combat information systems. This phase is complex and it consists of two sub-periods: 1990-2000, and 2000-2006.

- Fourth phase started in 2006 and continue up to now (2014). This is actual phase, and the name of the strategic research organization is: “Strategic Research Institute”. The SRI became part of Defence Policy Sector of MoD. Also, it changed its program orientation as well as a structure. Part of human and
material resources of disbanded Military History Institute, has entered the Strategic Research Institute and became its integral part.

2. RESEARCH TOPICS IN PERIOD 1984-1990.

In the period 1984-1990, the organization exit General Staff and became part of wider military education establishment (Center of Higher Military Schools), and got the new name: “Institute for Strategic Research”. Program orientation was towards research of main concept of national defence in that time; investigating armed combat operations, and studying defence policies and strategies including those of foreign countries.

Research topics are in the line with national defence strategy and military doctrines in that time (the Concept of overall national defence and social self-protection). It was a time of cold war and sharp divide at the international level on two military-political blocks (NATO and Warsaw pact). At the level of military doctrine, it is a time when armed conflict’s research was under dominant perception of large scale conflict. Also, it is a time of strong influence of ideology, and promotionally oriented research that should confirmed actual state of the art rather than to expose actual concept to the research critics and objective evaluation.

Research topics were next:
- Concept of National Defence and Societal Self-Protection (Concept of NDSSP, 1983-1990.)
- Improvement of Counter Airborne Combat System in the system of NDSSP (1984-1986.)
- Initial Period of War (1986-1988.)
- Combat Operations Modeling at Operational and Tactical Level (1986-1987.)
- Possible Attritions of Personnel and Equipment in General National Defencive Warfare (GNDW, 1986-1987.)
- Methods of Staff works on Estimation of Personnel Attritions and Filling Losses in Combat (1987.)
- Use of Armed Forces in Emergency Situation (1989-1990.)

Research projects in this phase were complex with big project teams and were well funded. And, as a result there had been produced 142 research studies and monographs. However, much of those project’s results were not approved for public use, and were dedicated for internal usage. At the end of story, a destiny of many classified project’s results finished as other classified papers. It is fair to say that academic environment and standards in that time were very different from today. There wasn’t Internet, no Bologna process, nor transparency in dealing with defence and military issues as it is today, not only for a particular state. It was a time of the Cold war, large armies, a dominance of quantitative aspects of military forces in research, etc.

3. RESEARCH TOPICS IN SUB-PERIOD 1990-2000

Main events which define this period are dissolution of a former state (Socialistic Federal Republic of Yugoslavia, 1991), and boiling after war period and social change around 2000 year. Program orientation was dedicated to: investigating of strategic problems of armed conflict, doctrinal and strategic documents, security and defence strategies of foreign countries, realizing different studies for top managers in national defence, and realizing scientific projects in the field of military arts.

In the period up to 2000 year, there were realized next projects:
- Scientific Development of Military Arts (1990-1996.)
- International and Internal Factors of Dissolution of Yugoslavia and its Armed Forces (1992.)
- System of Military Education in the Yugoslav Army (1996-1997.)
- Strategic Consequences of the NATO Engagement in the Balkans (1996.)
- Prevlaka (1998.)
- Contemporary Aspects of Crises in Kosovo and Metohija (1998.)
- Fighting Commando-Terrorist Forces, Experiences and Forecasts (1999.)
• Low Intensity Conflict – Unarmed Aggression on Yugoslavia and the Means of Opposing it - Expert's Talks (2000.)
• Basic Characteristics of a Future War in This Region (1999.)
• Serbian Military Memorial (1999-2000.)

There were more than 20 publications in this period, and that shows one of big change in approach to the research and treatment of the research results. Comparing the publication opus of two successive phases it is evidently that things were radically changed. Looking at the titles of research projects it is viewable research directions change, abandoning some traditional fields and perceiving new security challenges.

4. RESEARCH TOPICS IN SUB-PERIOD 2000-2006

In 2000 year, the Institute of Military Art had got formal document from his founder (the Government) for its establishing as a research organization in the MoD. The mission of Institute of Military Art was defined according to next: to make research in next disciplines: warfare art and military science in the field of strategy, operational art and tactics. Additional task were to investigate: armed combat; military doctrines; military management, command and control; as well as to make military-strategically estimations, to develop research resources, to cooperate with other institutions, etc.

In practice, the mission of the Institute of Military Arts in this sub-phase was realized dominantly through research in next disciplines: security analyses, issues on security integrations at international level, gender issues, investigating military public opinion on different topics, and making insight into new security challenges. In the period from 2000 up to 2006 year, there were realized next projects:
• The Role of Special Forces in Combat Operations (2000-2001.)
• Civilian Control of Armed Forces – Expert's Talks (2001.)
• International Association and Organizations as Centers of Power in International Relations and Their Influence on Security of Federal Republic of Yugoslavia (2001.)
• Professionalization of Yugoslav Army – Expert's Talks (2001.)
• Military Experts Analyses of Armed Conflicts in SFRY and FRY in period 1991-1999 (2002.)
• Conflict Genesis in Kosovo and Metohija (2004.)
• Theoretical Basis for Determining the Effectiveness of Military Organizational Systems (2002-2005.)
• Scope and Models of Engaging Women in Modern Armed Forces (2003-2005.)

5. RESEARCH TOPICS AFTER THE LAST SHIFT (2006 UP TO 2014)

Main event that distinguishes this period was organizational, personnel and program transformation of the Institute of Military Arts, into the Strategic Research Institute (SRI), which is defined as a research institution of the MoD working in the fields of security, defense, and military history. The Strategic Research Institute was founded on October 1, 2006, merging resources of the Military Arts Institute and the Military-history Institut. The Institute consists of next entities: Section for strategic assessments and security integration, section for defense studies, section for military history and group for general administration.

Organizationally, SRI is allocated inside structure of the Defence Policy Sector of MoD. Basic tasks of the Strategic Research Institute are: analyzing international relations processes and factors that affect Serbia's security and international status; researching the experience of regional and world conflicts important for Serbian security; providing analysis, assessments and recommendations to help Serbia react when its security is threatened; researching how Serbia could be included and engaged in international security organizations; researching the field of defense system management; researching civil-military relations in democratic and transitional countries, with an emphasis on conversion and the reform of civil-military relations in Serbia; researching psychological aspects in the military; researching public opinion within the MoD, and Serbian Armed Forces (SAF) on relevant issues; researching military history; preparing and conducting scientific and expert meetings in the fields of security, defense and military history; participating in
the Military Academy's educational process and the SAF training process; and publishing books, magazines
and other scientifically useful documentation.

In the period from 2006 to 2014 year, there were next projects:
- Attitudes of High School Youth About Schooling at Military Academy (2006-2008.)
- Defence System of Republic of Serbia in Opposing Contemporary Terrorism (2007.)
- Model of Evaluating of Moral of Serbian Army in Contemporary Conditions (2007.)
- Democratization of Security Sector in Serbia (2009.)
- Defence from Threats in Cyber Space (2009-2011.)
(2011-2012.)
- Security and Defence Aspects of Association of Republic of Serbia to the European Union (2011-2013.)

The last project, entitled “History of Serbian and Yugoslav army in XIX and XX century”, is a complex
multiyear project of special kind: it deals with military history through the lens and with the methods and
standards of history as specific scientific discipline (humanities).

Some of publications in the current phase of strategic research are next:
- Woman in Defence: From Past to Present
- Women in the Armed Forces
- Education of Female Cadets at Military Academy
- Women in the Security Sector: A Regional Perspective
- In Step with Time – Ministry of Defence and Serbian Armed Forces on the Path of Gender Equality
Objectification
- Defence from Cyberspace Threats
- Information Handbook on Defence System of the Republic of Serbia
- Proceedings: Security and Defence Aspects of the Republic of Serbia’s Accession to the European
Union
- Proceedings: Serbia in Contemporary Geostrategic Surroundings
- Military Profession in Serbia: Review and Perspectives
- Proceedings: Civil Emergencies
- Emergencies: How to Manage Them?
- High School Graduates’ Opinion on Military Profession
- The Role of Humanitarian Organizations in Providing for Civilians during Emergencies
- The Automobile in the Serbian Armed Forces 1908-1918
- War after the War: The Kingdom of Serbs, Croats and Slovenians Armed Forces in Kosovo and
Metohija and Macedonia 1918-1920
- Balkan Pact 1953-54
- Europeanization of Serbian Armed Forces from 1878 to 1903
- Serbian Military Luminaries

6. CONCLUSION

Current Strategic Research Institute and all its predecessors have dynamic life-cycle due to internal
organizational changes inside Ministry of Defence, but also due to changes of a wide set of different
conditions coming from military, security, political, international and technological field. Thematic orientation
of scientific research depends heavily on the MoD stakeholder preferences, but also on the initiative of the
management of the Institute.

Besides organizational and program transformations, subject of change were also a size of organization
(number of employees), education and professional background of the staff, and least but not last a gender
(sex). The general trends about staff characteristics are towards preferring younger rather than more
experienced staff; civilian rather than military educational background; sexual distribution share has also
dynamic character in favour of women.
Growing openness in overall work is one of strong characteristics of current phase. This stands for threefold aspect: first, openness for all kinds of international cooperation; second, openness towards all domestic organizations and institutions; and third, adjustment towards academic standards valid for science institutes and scientific work in the state. The last aspect is seen as one of the main challenges for the future, that will obtain arise of quality level of research rather then expanding quantity.

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ORGANIZATION AND FUNCTIONING OF THE SECURITY MANAGEMENT IN CRISIS SITUATIONS

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Abstract: This paper suggests that in the development phase and during pacification of the crisis, security management is experiencing significant functional and institutional changes. There are several organizational and functional properties of the security management in case of crisis situations which will illustratively be presented by perceiving experiences in achieving the organization's objectives of security management in crisis situations, the content and features of functioning of the security management in crisis situations.

Key words: security management, crisis situations, characteristics of functioning of the security management in crisis situations.

1. INTRODUCTION

To understand the security management, an important aspect present the doctrinal documents dealing with the areas important to engage the Army in specific situations. These specific situations, conditionally come under crisis situations and are defined by a specific mission of the Army of Serbia. In order to present these issues it is necessary to consider the importance of entities and parts of the security management, security environment of the Republic of Serbia and the specific conditions of crisis situations in which crisis management can be an essential element of resolving the situation in the Republic of Serbia.

2. IMPORTANCE OF ENTITIES AND PARTS OF THE SECURITY MANAGEMENT

Subjects of crisis management are the carriers whose activities generate the totality of relationships in resolving certain crisis. They are also the actors of this crisis and subjective factors on the scale at which the crisis is concerned. Their key feature is the effect of the crisis within a certain scale. However, it should be emphasized that the subjects of security management within the framework of resolving certain crisis are part of a broader environment which influence resolution of the specific crisis. It is important to emphasize that they present specific carriers of subjectivity in resolving certain crisis and are carriers of specific activities or events characteristic to a particular crisis and which has impact on particular organization.

From the standpoint of complete understanding of this issue, one fact should be noticed which is based on the essence of complete factors' analysis that led to the problem or crisis, which means it is needed to carry out an analysis of all the aspects of the organization. These are the elements which are essential and which have an impact on the entire management that resolves the problems directly associated with the crisis.

In order to examine the role and importance of the subjects and parts of the security management, it is essential to evaluate the adequate perspective of a particular organization in the future. This means that each specific organization needs to look far enough into the future to have enough time to prepare itself. This is especially true for military organization, which is primarily conditioned by an generally unstable environment. For these reasons, it is necessary to think and plan for the long-term effects of what would happen. The essence of this stems from the need to adapt to changes in the environment and, therefore, impose the need for an adequate adaptation to such changes.

Context of the importance of entities and parts of the security management and the difficulties encountered in resolving the crisis may be qualitatively similar to other elements with which the organizational system meets in its work. It is primarily the similarity with resolution or conduct of specific projects, so that the holders of the security management have several common characteristics primarily expressed through:
- Unusual activities that are rarely repeated,
- Demand for skills and experiences of people of different functions,
- Limited duration and
- After the crisis, the immediate actors return to their regular duties.
These elements suggest that the holders of the security management or crisis teams should be organized and access the problems in the manner the work project teams do. This means that they need to gather experience, areas and skills needed to master the situation. However, there are some differences, primarily expressed in the lack of time to plan their activities. The teams gathered for the sake of specific hazards (e.g., fires, floods, etc.) have plans for emergency situations. Still, they also lack some knowledge of what to do, since the crisis often occurs unpredictably.

Bearing in mind that project management has four stages: defining and organizing, planning, implementation, management and closure of the project, in this sense the holders of the security management can successfully adapt these steps to their needs.

2.1. Defining and organizing

At this stage are clearly defined the project objectives and organized the right people and resources. Thus, the following questions are asked: "What exactly is the problem?", "What we need to do to resolve it?", "Who should be included to help us?" and "What resources will we need to resolve an issue and bring the situation back to normal?". The first assumption of successful action of the security management subjects is defining the crisis, gathering the right people and resources, which is also the basis for the start of action.

2.2. Planning

The main task of the manager is to ensure the successful carrying out of activities for which it is responsible. This requires a lot of thinking about future events and undertaking steps in advance to provide a normal operation. All these activities are called by one word: planning. Planning begins by setting clear targets and takes place in the past in four consecutive steps: (Luecke, R. 2005).

- Determination of specific tasks that need to be implemented,
- Determination of the fittest individuals or groups for the execution of each task,
- Estimation of the time required to execute a specific task and
- Concretization of holders for each task.

If you approach the realization of the tasks in this manner, inevitably follows the dismantling of these tasks into sub-tasks. What is more typical in terms of the role of the management security holders is determining the holders responsible for a specific task, as it provides high-quality execution of the task.

2.3. Management implementation

The phase management implementation includes all the usual tasks of effective management as well as careful monitoring and control. These two together provide compliance to the plan, standards and budgets. In particular should be borne in mind the coordination of activities of the engaged stakeholders or teams in the implementation process.

2.4. Closing the project

A common feature of the project and the crisis is their end. The project is finished the moment its objectives are met. Security management has the final stage, and one of the main tasks of this phase is to review the development and the experience and to draw conclusions: What was good? What was done wrong? Whether and how to change the approach if and when a similar situation hits the organizational system? Drawing conclusions is an area that is assessed in detail and which is implemented in the contingency plans.

The most important thing is to declare the end of the crisis, to indicate the most important events and ensure that the immediate holders of resolving the crisis participate in subsequent analysis in order to implement these experiences in contingency plans.

2.5. Response to crisis and dangers

The crisis and sudden event can often involve a natural human reaction, surprises, denials, anger and fear. How one organization controls emotions will determine how the organization will deal with crisis or sudden event. Fight or flight risk syndrome can be overcome by internal faith. Without inner faith, the procedure is sentenced to panic and collapse. When the crisis reaches a climax, the emphasis should be on understanding, explaining and reorientation of events.
In this regard, the quality of good managers should have the following properties: perception, intuition, knowledge in one or more areas, the ability to take on additional responsibilities, the ability to think clearly, determination and composure under pressure. Of course, the question is raised whether all managers have such capabilities and whether they can carry out activities required in the process of resolving the crisis? All managers must be familiar with the work they do - aspect "work knowledge"; should have the skill and ability.

3. RESOLVING CRISIS SITUATIONS

From the aspect of understanding resolving crisis situations in the domain of defense system, it is important to emphasis that within the context of the aforementioned issue, there are acquired and generally accepted principles in the most developed countries in the world and they are mainly definad into war doctrine. In order to successfully overcome crisis situations and its actions in each stage, the elements of crisis situations are shown in Fig. 1.

![Figure 1: The general form of a crisis situation (Karović, S. 2014.)](image)

It can be observed in the figure that at certain stages of the crisis there are indicated elements which in the pre-crisis stage stem and are connected in a continuum; which then leads to its culmination and the highest point, regardless of whether it is a crisis in the system or a crisis caused by the act of nature. However, it is important to distinguish the effects of the particular situation where there is not an elaborate system that would fully meet all the necessary criteria. Yet, there is a general attitude that leads to that, depending on the type of crisis, quite certain resources would be engaged. To define the specific model of action is not possible, because in this case are activated the already prepared plans for a specific situation. This means that the plan is the basis for the action model in a specific situation. (Karović, S. 2014).

According to the standpoints of the modern armies, primarily NATO, the approach or model for resolving crisis situations has elements shown in Figure 1. It is characterized by existence of two phases which are divided by the culmination point, i.e., the phase of escalation and de-escalation of the crisis.

In the escalation phase, there are two phases of crisis’ development processes - the escalation phase, followed in certain points by the de-escalation phase. This transition occurs in any form of defining the crisis process. What characterizes the escalation phase and is apparent in the diagram as the "stability condition", is presented in the form of a crisis where there is no violence or threats to priority objectives. There is a lack of potential tensions between the conflicting parties.

The diagram unit can be moved upwards to the "disagreement - strife" showing that a threat to priority objectives is identified. It is characterized by the growth of warning of the impending crisis.

The curve can progress to a "confrontation" point, indicating that the actions of violence growth are retrieved from one or the other side of the crisis, showing that there is a crisis and, of course, the curve can present crisis growing up to the point where it escalates into conflict.

De-escalation phase is characterized by such kind of the crisis effect intensity which will eventually decrease showing its flow on the diagram. The curve shows decline passing through a phase of decline of the conflicting parties. It may include a recognition that the threat to priority objectives is in decline. This does not mean that
the crisis is over, nor that it is brought into the state favorably, but it only shows that the worst is over as a form of crisis. The curve decreases to a relatively low intensity showing "new stability" on the diagram which may be a crisis of intensity higher or lower than the original, shows the new "status quo" acceptable to all parties involved in the crisis. (Karović, S. 2014).

In such conditions of resolving the crisis, the position of the crisis management is oriented towards enforcement of activities substantially shown in Table 3.

Table 1: Main activities of the security management (Karović, S. 2014).

<table>
<thead>
<tr>
<th>SECURITY MANAGEMENT ACTIVITIES’ CONTENT</th>
<th>CRISIS FORMS</th>
<th>DE-ESCALATION</th>
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<tbody>
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<td></td>
<td>ESCALATION</td>
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<tr>
<td></td>
<td>Stability</td>
<td>Rift</td>
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<tr>
<td>Situation monitoring</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Crisis detecting support</td>
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<td>Crisis content</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Permitted engagement</td>
<td>X</td>
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<tr>
<td>Building stability</td>
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Situation monitoring as an activity that is conducted in resolving the crisis is characterized by properties expressed in the assessment of the operating environment, principally on collection and information analysis. It is important for one simple reason, which has its stronghold in the process of engagement the forces and the risk assessment which is born by operation performance. Information and their analysis will provide the operational planning process for the engagement of forces to be done completely and a decision to be brought which should ensure the success of the implementation of such operation. This segment is distinctive because it is done at the all crisis stages and is directly related to intelligence assessments of the battlefield, which reflects the operational planning process,

Crisis detecting support is directly related to the segment when the crisis is identified. The information in the function of supplementing previous solutions or supplementing decision with new information that will enable successful implementation of the operation.

In the crisis escalation stage are manifested certain action forms and manifestations of such a condition. Most often they are expressed in the form of discord, confrontation and conflict. In such situations the crisis management activities are focused on the development and implementation of concrete actions which lead to prevention of the crisis escalation. Actions may be substantially different and are primarily determined by the type of operation being conducted.

As particularly important should be noted that in the escalation phase when there is a conflict, it is possible to engage the power of the army. Simply, there is no reason for postponement of the force application or operation implementation that leads to dismissal of such a situation. The use of force remains at the stage of de-escalation as well, especially in the decline segment which should lead to stability condition.

The last significant activity on the dismissal of the crisis relates to building stability and is applied in the stage of de-escalation as a natural consequence of continuously conducted prior contents. Particularly are significant the development and implementation of new forms of post-crisis stability.

In order to understand the essence of crisis management, it should be emphasized that the effects of crisis management usually occur where the potential crisis is detected and where the treatment is done before the crisis emerged. In this case, the lines of communication are clean and the plan prepared in advance will prove to be effective. The management and organizations without the crisis management system will in this case inevitably have to deal with an unexpected crisis, i.e., will expect the unexpected as a specificity from such condition. (Karović, S. 2014.).

According to the doctrine of the Army of Serbia, the Army of Serbia plans, prepares and performs operations in peacetime, in emergency and state of war. In relation to the forces that are engaged, these operations may be: Army operations; air force and airborne defense operations; operations of the territorial forces, special forces’ operations and operations of joint forces; according to the form of combat operations – they can be attack and defense. The basic division of the military operations according to the manner of their applications is: combat and non-combat operations. Special type of operations are the multinational operations, in which can participate parts of the Army of Serbia, in accordance to the law.
As part of the campaign, according to importance, one operation is planned, prepared and executed as the main operation of the campaign, while the others are ancillary operations. (Доктрина Војске Србије, 2010.).

It is important to emphasize from the perspective of the security management that the Army can perform non-combat operations independently or as part of combat operations performed in peace, in a state of emergency and a state of war. Non-combat operations are: an information operation; operation of civil-military cooperation and support operation to civil authorities in combating unarmed security threats.

For the needs and understanding of functioning of the security management in the defense system, support operations to civil authorities in combating unarmed security threats are carried out in the event of natural disasters, industrial accidents and epidemics. The goal of executing operations is to support civil authorities and citizens to protect and rescue people's lives, material assets and the environment. For a success in the execution of operations are needed: direct cooperation and coordination with state authorities that govern all the forces in the affected area and a use of a fully trained and equipped units of the Army of Serbia. (Доктрина Војске Србије, 2010.).

3.1. Principles of resolving crisis situations

If it is understood that settling crisis situations involves planning and undertaking appropriate measures that can be subsumed under principles, then they are generally reflected through: prevention (taking measures to prevent the outbreak of crises), retention of crisis situations in existing borders and preventing their spread and settling of crisis situations.

The aim of resolving the crisis situations is providing adequate and balanced response to the occurrence of any hot spots. The jurisdiction of the Assembly of Serbia is involvement of the Army in dismissal of crisis situations. In the context of commanding with the Army, the responsibilities are defined and in case of crisis remain unchanged.

Hierarchical line for resolving crisis situations remains unchanged and goes in the direction of: Assembly - Department of Defence - Army General Headquarters - Command of the forms - Unit commanders, or compositions. These principles of command apply to all situations when the Army is used in the process of resolving the crisis situation, especially in the context of the defined mission. Based on the decision of the Assembly and on the basis of government policy, the Ministry of Defence is responsible for the realization of all varieties of military engagement in the process of resolving a crisis situation.

3.2. Command and control in crisis situations

System of successful command and control, from the highest to the lowest level, should provide a unique deployment of all forces toward a common goal and their most efficient use. Commanders must ensure the maximum possible freedom of action, within the given political and military guidelines for the execution of the tasks.

The command and control system should be simple and maximally unique, and the decisions brought must be precise and unambiguous. Each commander must be given the command responsibilities in accordance to the level of its responsibilities. This system will have its own particular specificity for different types of operations, but is primarily based on the adopted procedures. (Karović, S. 2014.).

Means of mass media should be engaged so to ensure continuous reporting on the progress of operations and the engagement of the Army. Their work has to take place within the official (government) information campaign according to specific crisis situation. The statements and briefings from top political and military figures have special significance in informing the public about the development of the overall political and military situation in the crisis area and during the course of the military operations.

Their activity has to take place within the official (government) information campaign towards specific crisis situation. The statements and briefings from top political and military figures have special significance in the public information about the development of the overall political and military situation in the crisis area and during the course of military operations.

During the operation a coordinated and continuous monitoring should be ensured of its results for timely identifying potential failures and shortcomings and prompt undertaking measures for their elimination.

After the operation, it is a must to make an overall analysis of its success (or failure) to use the experience gained to possible change of certain doctrinal solutions, the size and structure of the Army and its operational capabilities in order to provide better and more effective response to future challenges in mediating crisis situations.
4. CONCLUSION

Understanding the security management in the process of resolving the crisis can be understood through certain stages that characterize the process. The process, basically, is the dynamic that involves certain stages and they make the unity of continuous action towards resolving the crisis.

It follows from the properties of the crisis manifested in the fact that the crisis is largely left to the subject of time and the possibility to act, it requires action in order to survive. In this sense, the crisis is any entity that perceives a part of its state, which is reflected in the decline of its mechanisms of regulation, as a threat to its own existence.

In order to restore these mechanisms of regulation, security management just tends to find objects that will act to restore the function of an entity that was in a given moment found under "suffering" because there is no object which acts on it. Therefore it is essential to the functioning of the security management, for the mass media to receive special significance which makes the security management specific in the process of resolving a crisis situation.

REFERENCES

DEFENCE STRATEGIC MANAGEMENT- APPLICATION OF SIMULATION IN THE PERSONNEL COSTS OPTIMIZATION

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Abstract: This article presents the simulation in iThink software in personnel costs optimization. The model is based on the correction of number of personnel in defence based on desired defence cost structure, as well as the estimated defence budget. This method considerate consequences at the height of personnel costs and cost structure of the defence, before correction of number of employees are implemented in practice. iThink, as a simulation software can be used to simulate all processes in the defence organization in order to the determine the optimal development strategy. On the other hand, the use of the program iThink requires expert knowledge of organizational processes and iThink software, ability to represent organization model using different mathematical and logical functions, and creativity, in order to obtain the required results.

Keywords: Strategic management, Defence, Human resources management, Simulations, iThink software

1. INTRODUCTION

Some of Defence strategic management aim is to determine defence development goals and objectives according to environment assessment; determine strategies to achieve the goals and objectives; assessments of resources needed for the strategies implementation, as well as deploy and direct resources thru defence organization. For properly deployed and directed defence’s resources in order to provide development, all the costs that defence generates need to be considered. The total cost of the defence organization is usually classified according to usage purpose in personnel costs, operational costs and investment. Practice shows trend of continuous increase in personnel costs at the expense of operational cost and investment, so that personnel costs are the largest share of the total cost structure. There is the need to control personnel costs in the defence, and to ensure a smooth development and implementation of Long-term goals.

The value of personnel costs are influenced by many parameters. Parameters that affect the amount of personnel costs varied, and most often these are the remuneration of employees, the amount of benefits and the number of employees in the defence. Control of the height of personnel costs can be achieved by impact on some of these parameters, and thus the overall defence cost structure. One of the parameters that are most commonly affects the control of personnel costs is the number of the employees. The question is, what is the impact of the budget and the desired cost structure to the number of employees in the defence. One way to examine this impact is by using simulation. Simulations, as a form of modal experiments, allow observation of the interconnections of the experimental factors, in this case the defence budget and desired cost structure and the experimental object, or number of employees in the defence organization. In this way, simulations can examine a variety of strategies to reduce personnel costs by influencing the number of the employees, as well as the effects of the strategy implementation before the implementation. Simulations provides to strategic management timely risk assessment for strategies implementation and provide accurate data on the number of employees that need to be corrected in order to achieve the desired cost structure.

One of the tools for the defence models development and experimentation with strategy implementation is software iThink. With this software the processes within the defence organization can be simulated, as well as the movement of resources within it, making it suitable for simulation and experimentation of the defence organization costs. In this way, required number of the employees in the defence may be a timely projected, in order to achieve the desired cost structure.

2. PERSONNEL COSTS IN DEFENCE

System of wages is a part of the remuneration of employees includes all the material rewards that an employer gives to employees in exchange for the work. Management see wages as the biggest expense (cost of personnel in companies ranging up to 50% of total costs), as well as the main instrument to influence the behavior of employees and improving organizational results (Bogicevic, 2006).
The wages system includes two types of wage earnings: direct and indirect. Direct forms of wage earnings include elements that employees receive in cash. The direct forms of earnings are: basic salary, salary increases in order to maintain purchasing power and wages depend on the performance. The base salary is the most important element of earnings that an employee receives based on the work they perform, regardless of what is his effect on the workplace. Salary increases in order to maintain the purchasing power of wages is an element that ensures the maintenance of the purchasing power of the basic pay in the long run, through a permanent salary increase based on the index of retail price increase, in most case it is CPI index or other indicator for which particular organization decides. Salaries based on the performance are the element of wage that takes into account the contribution of the individual in achieving organizational results, the result of the organizational unit or team in which the employee works and include various forms of short-term and long-term incentives.

Indirect forms of wages include conveniences and benefits. Conveniences are an element of profit that aims to provide safety to employees and their families. Conveniences include two types of applications, including: program to protect employees through health insurance, pension, social security, disability insurance, life insurance etc; and paid absence program that includes military service, vacation, sick absence, etc. Benefits are indirect earnings that is related to status and status symbols and includes a variety of forms such as free meals or meals at lower prices, use of a company car, free entertainment, the use of mobile phones and more.

In the any organizations disparity in the high of employee’s wages has been present. Wages of some employee depends on which personnel category it belongs in the established personnel structure frame. For example, in some organizations personnel structure frame is divided into categories: Clerk, lower executive, middle manager, senior managers and the like. etc. Personnel costs of specific personnel category \( k \) depend on the number of employees who fall into that personnel structure frame \( N_k \), the average height of the direct forms of wage \((Dw_k)\) and the average height of the indirect wage \((Iw_k)\), and it is calculated according to the formulae 1,

\[
P_k = N_k \times (Dw_k + Iw_k), \quad k = \{1,2,...,n\}
\]

In present formula, \( n \) is total number of personnel category in established personnel structure frame in some organization.

Height of personnel costs in the defence is even more pronounced, ranging from 50% to 80% of the total budget of defence. That is because of the specific involvement of human resources, which affects the level of benefits, free food of some categories of personnel, the cost of training staff, as well as clothing prices and footwear (uniforms, protective clothing and footwear, and civil suits for people who follows procurement of civil suits). Typical Europe country in the biggest share of personnel costs in total defence costs are: Romania with 80%, Portugal 78.5%, Albania 77.1%, Belgium 75.4%, Italy 74.8% and Slovenia 74.6%. By the smallest share of personnel costs in total costs of the defence in Europe country are Estonia with 32.3%, UK 35.7%, Norway 43.4% and Luxembourg 44.3%. The average share of personnel costs in total costs of defence for European countries is around 60% (Military balance, 2012).

In defence, personnel structure frame is usually divided into the following categories: officers, non-commissioned officer, civilian personnel, professional soldiers and cadets (Military Compensation Congressional budget office, November 2012). Due to the involvement of different tasks and level of education, the average cost of certain categories of personnel in the defence depend on the average cost of training staff \((T)\), average clothing and footwear purchase price \((C)\), average food price \((F)\), average participation in multinational operation price \((M)\), average extras and fees price \((G)\) and average cost of business travel in the country and abroad \((S)\) (Steven, 2005). In this case, the formulae 1 is expanded with the above mentioned costs and will have a shape as shown in formulae 2,

\[
P_k = N_k \times (Dw_k + Iw_k + T_k + C_k + F_k + M_k + G_k + S_k), \quad k = \{1,2,...,n\}
\]

Total personnel costs \((P)\) is the sum of personnel costs of all personnel categories in the defence organization, on the basis of formulae 3,

\[
P = \sum_{k=1}^{n} P_k, \quad k = \{1,2,...,n\}
\]
management control of this cost are of great importance. According to formulae 2, manage personal cost can be done on two ways:

- Control of the number of employees;
- Control of average wages value.

Control of the number of employees is a common method of controlling personnel cost, while maintaining the same average level of wages (Carl, 2007). By keeping the average wages maintaining the status of employees is achieved, which greatly affects the prevention of personnel leaving and positively influence employee behavior and organizational results. Disadvantages of the number of employees control is reflected in the legal regulations in many countries, in the impact of the reduction of capability of the company for the execution of mission and tasks, increasing the degree of combustion of staff, as well as the amount of the required financial resources for the payment of retirement benefits to employees who terminate employment. All of the above deficiencies can result in the reduction of profits to a profitable organization, or loss of role, due to the impossibility of conducting tasks for non-profitable organization, so in control of the number of employees should be approached carefully.

3. APPLICATION OF ITHINK SOFTWARE IN OPTIMIZATION OF PERSONNEL COSTS

Personnel costs in defence have a tendency of continuous growth and influence the changes in cost structure so the operational costs and investments are getting lower. On achieving defence long-term goals most affect have investment and operational costs, so optimization of the cost structure is one of activity that provides defence development. One of the possible ways to optimize the cost structure is the use of simulation, in order to comprehend the long-term effects of using certain strategies.

The basic preconditions for the application of simulation are: the existence of the model (the experimental situation), the ability to set the experimental factors, the ability to repeat the experiment, the possibility of permanent control of results, providing personnel for data collection and development of appropriate tools for data logging. With development of personnel computers usage of simulation are gaining in importance in the social sciences. The processes can be simulated in real time, fast or slow, depending on the intentions of researchers, research subjects and capabilities of simulators and computer. Also, simulations can be carried out reconstruction of certain events from the past, to simulate the phenomenon of present or may have prognostic character. The difference is primarily in the number, nature and organization of data, which may relate to past, present or future (Sakan, 2006).

According to iThink official web page, iThink is software for modeling and simulation of business processes. As such, it is useful to create models that simulate the original business processes and procedures, shows the consequences of new procedures and policies, and in particular to show the unwanted outputs from the process and the development of options for the control of undesirable outputs. The importance of iThink for Strategic planning is reflected in the way that it indicates the output from the system that can be critical, and therefore cause material loss or decrease of reputation of the organization. iThink provides a wide view on a particular issue, operation and the entire organization by enabling dynamic modeling and simulation, which can examine or modify the parameters of all the key points and processes in the system. In this way, iThink prevents decisions that can have harmful consequences. In this connection, iThink, besides tools for modeling and simulation, also support tool for decision makers (Systems Thinking for Business, 2014).

One possible application of iThink software is for the personnel costs optimization, taking into consideration the achieving of the desired cost structure of the defence organization and defence budget constraints. As an example, model of the cost structure and the personnel number of defence organization are created.

In created model experimental factors are:

- The defence budget - $B$;
- Cost structure- $Cs$ (in defence organization it is usually divided into personnel costs - $P$, operational cost- $O$ and investment- $I$);
- Personnel cost escalation- $E$ (increase the salaries of employees in order to maintain purchasing power, and increase the the cost of of other forms of indirect wages, such as food and clothing);
- The average individual wages per personnel structure frame - $W$.

The experimental object is a total number of personnel in the defence organization - $N$.

With experimental situations processes related to personnel costs are isolated from the impact of other costs of defence, such as the operational costs and investments.
A simplified model of optimization of personnel costs using the software iThink is shown in Figure 1.

Figure 1: Simplified model of optimization of personnel costs using the software iThink

Part of the operational model in iThink is shown in Figure 2. Using the available tools for graphical data input in interface layer, the defence budget are entered the model. Entering the budget is done for each subsequent year of the simulation period starting from the initial year. Thereafter, an entry of the desired cost structure is made.

Figure 2: Part of the operational model of personnel cost optimization using iThink software

Personal costs are isolated with experimental environment, so the amount of personnel costs to be achieved, or projected personnel costs \( (Pp) \) are calculated according to formulae 4,

\[
Pp = \frac{B \times P}{100}
\]  

(4)

On the other hand, the number of personnel of defence organization and the average earnings per personnel structure frame, affects the level of personnel costs realization. In addition, the height of personnel costs realization in the future are also affected with escalation of personnel costs in order to maintain purchasing power, which is annually. Personnel cost realization \( (Rp) \) are calculated according to formulae 5,
\[ Pr = N \times W + \frac{N \times W \times E}{100} \]  

(5)

Often the personnel costs realization differ from the projected amount of personnel costs. One of the tasks of defence strategic management is to harmonize personnel costs realization and the projected amount of personnel costs in order to provide sufficient funds for operating costs and investments. Also, strategic management must reconcile cost realization with allocated budget in the long term period. The goal is to achieve a statement from the formulae 6,

\[ \frac{B \times P}{100} = N e \times W + \frac{N k \times W \times E}{100} \]  

(6)

In presented formulae \( N e \) is corrected number of personnel, so that projected and realized personnel costs are equal. Based on the above, the corrected number of personnel in defence organization is calculated according to the formulae 7,

\[ N e = \frac{B \times P}{W \times (100 + E)} \]  

(7)

Ratio between realized and projected personnel costs (\( K \)) is equal to formulae 8,

\[ \frac{P_p}{P_r} = \frac{1}{K} \times \frac{B \times P}{W \times (100 + E)} = K \]  

(8)

By changing the ratio (\( K \)) between projected and realized personnel cost in the simulation, as a result new and corrected value of personnel costs and cost structure was obtained, as shown in Figure 3. In this way, synchronization of designed and realized personnel costs are achieved.

\[ Ne = K \times N \]  

(9)

Based on the above, the corrected number of personnel (\( Ne \)), which is adapted to the projected cost structure, is calculated based on the formulae 9.

Practically correction of number of the personnel in the defence are executed by changing the value of \( K \) in the model, which represents the ratio between designed and realized of personnel costs. The results of simulation can be observed in Table in interface layer, as shown in Figure 4.

**Figure 3:** Correction of the amount of personnel costs and cost structure by changing ratio between designed and realized of personnel costs

**Figure 4:** Table in interface layer that show corrected number of personnel
In this way we get a new number of personnel in defence in the categories of personnel and years, as well as the difference between corrected number of personnel and number of personnel in initial year.

4. CONCLUSION

The simulations can be successfully used in defence strategic management to investigate various options of managing the defence organization, before a particular strategy is implemented. In this way it allows the selection of optimal management options and preventing of uncertainty in strategies implementation. The development of computers and various software allows usage of simulations in strategic management and it is becoming more common.

One of the tools for creating process models and defence organizational elements, as well as execution of experiment is the iThink software. This software allows creation of a model in a very simple way by using the available tools, and then changing the value of the experimental factors and environment, which allows objective analysis of all the consequences of the specific strategies implementation.

One of the areas of defence strategic management is to manage cost structure of the defence, taking into consideration that the share of personnel costs in total costs are dominant, relative to other costs. Therefore is particular significance for defence strategic management to establish control on personnel costs. Because the height of the personal the cost depends on the number of employees in the defence and the average value of individual wages, controls of total the amount of personnel costs can be establish by impact on one of those parameters.

By using iThink software the model of the cost structure of the defence organization are created. The model allows the correction of the personal costs in defence, by influencing the number of the personnel in the organization. Number of personnel, as an experimental object, directly depends on value of experimental factors, in this case, the defence's budget, the projected cost structure, the average wage per person and escalation of personnel costs. In this way, model enables optimization of personnel costs in order to conform defence budget and the desired cost structure.

This model, with the extension, can be used to optimize operating costs and investments, which includes the entire cost structure of an defence organization. In this way it allows the selection of optimal defence development options and presentation of these options and the consequences of their implementation to the decision makers.

REFERENCE


EVALUATION OF CAPACITY DEVELOPMENT IN STRATEGIC PLANNING – A CASE OF CENTRAL GOVERNMENT INSTITUTIONS IN SERBIA

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Abstract: The paper presents evaluation results on capacity development in strategic planning in Central Institutions of Government of Republic of Serbia. A wide range of actions has been undertaken over the period 2005-2012 in order to build and develop sufficient capacity in Central Government to strengthen planning, monitoring and policy coordination process for effective support needed for addressing complex policy challenges. As a result, the policy-making and co-ordination system in Serbia now possesses some elements required for an effective public management and public administration system. Evaluation showed that capacities for strategic planning on individual and enabling environment level are fairly developed, but it still have to be developed on organizational level. In depth evaluation has been conducted using survey and structured interviews with state authorities’ representatives. The research showed that the highest level of capacity development was achieved in the process of strategic plan development, but the problem are planning function institutionalization and capacity development support.

Keywords: strategic management, strategic planning, capacity development, strategy implementation, public administration system development

1. INTRODUCTION

The Government of Republic of Serbia faces many complex policy challenges as the country pursues European integration and in the same time struggling with economic crisis. The Government needs a public management and public administration with sufficient capacity to provide effective support and strengthening central institutions and government processes (Obradović, Mihić and Mitrović 2011).

A wide range of actions has been undertaken over the period 2005-2012 in order to build and develop sufficient capacity in Central Government to strengthen planning, monitoring and policy coordination process for effective support needed for addressing complex policy challenges. The process started in 2005 when the Government of Serbia decided to launch an important project to improve the efficiency and the effectiveness of the central public administration in the field of planning, budgeting, monitoring and reporting. In the first phase 2005-2006 it was a pilot project entitled: Joint Project - Towards the More Effective Implementation of Reforms: Improving Planning, Budgeting, Monitoring and Reporting, that was extended to the majority of line ministries and other central key agencies for the period 2007-2008. Starting with June 2007 the project was redesigned and renamed: GOP – Towards the more effective planning and implementation of reforms. During 2009-2010 the project: Support to strengthening of policy coordination in the Government of Serbia endured already started work on reform of various elements of policy system. This was continued with the project Reforming Policy of Coordination of the Government of Serbia planned for period 2011 - June 2012. During this period mentioned projects were designed to support the Government of Serbia to implement the reforms more effectively by developing capacity and tools that (Obradović, Mihić and Mitrović 2011):

- Strengthen planning capacity within Ministries through the development of a comprehensive action plan per Ministry, bringing together all reforms and strategies within the sector into one framework to be used as a basis for implementation and monitoring of progress;
- Improve the efficiency of the overall reform process by consolidating and bringing together activities and networks across the Government / sector ministries that are initiated and managed by Serbian European Integration Office (SEIO), Poverty Reduction Strategy Implementation Focal Point (PRS IFP), Ministry of Finance (MFIN), DACU, the General Secretariat (GS) of the Government and during the last year the Office of the National Investment Plan; and
- Provide conditions and develop tools and systems for future strengthening of the central coordination role of the Government.

As a result, the policy-making and co-ordination system in Serbia now has some of the elements required for an effective public management and public administration system. These include (Obradović, Mihić and Mitrović 2011):
The legal framework was revised in (2005/6), including a revised Law on Government, Rules of Procedure, Regulation on the General Secretariat of the Government, and Regulation on the Cabinet of the Prime Minister.

There are legally established committees of ministers to discuss items prior to their reaching the government session, which is supported by the General Secretariat of the Government.

The Rules of Procedure establish the concept of the government’s collective responsibility, requiring that in all public communications members of the government should support its decisions regardless of their own views or of how they voted in the government sessions.

The Rules of Procedures establish basic requirements for policy preparation in ministries, including appropriate procedures for inter-ministerial consultations, public debate, certification of harmonisation with the acqui, assessment of alternative approaches, assessment of financial consequences, and a full regulatory impact assessment (RIA).

There are provisions for the preparation of an Annual Work Plan for the Government, for the regular monitoring of the implementation of the Annual Work Plan and for an Annual Report to Parliament on the implementation of this Plan.

A Budget System Law is finalized to institutionalize a more policy-driven budget process and the middle term planning methodology as a key element of policy and budget planning. All ministries are now involved in this process.

New department is established in General Secretariat for planning, monitoring and coordination of policies, with skilled staff to perform this process. IT system that supported new processes.

Improved Annual Government Work Plan process linked to strategic planning model.

To evaluate the results it is necessary to consider methodological recommendations of relevant bodies. UNDP (2009) defines capacity development as the process through which individuals, organizations and societies obtain, strengthen and maintain the capabilities to set and achieve their own development objectives over time. OECD defines it as the process by which individuals, groups and organizations, institutions and countries develop, enhance and organize their systems, resources and knowledge; all reflected in their abilities, individually and collectively, to perform functions, solve problems and achieves objectives (UNDP 2009). World Bank on the other hand gives own definition: “Capacity development is a locally driven process of learning by leaders, coalitions and other agents of change that brings about changes in sociopolitical, policy-related, and organizational factors to enhance local ownership for and the effectiveness and efficiency of efforts to achieve a development goal” (Otoo, Agapitova and Behrens 2009).

In contest of capacity development in Serbian Central Government it was long-term process that lasted for seven years, through which individuals, organizations and society (the process included all line ministries and related organizations, Secretary General, other funding organizations all leaders and almost all staff of this organizations), strengthen and organize their systems, resources and knowledge, in area of strategic planning should enabled better planning, coordination and control of policies and politics, which should enabled effective and efficient implementations of reforms that on the end will contribute to sustainable development.

Literature suggests capacity development on following three levels individual, organizational and enabling environment (OECD 2006) (Bloger 2000) (UNDP 2008):

- **The enabling environment** is the term used to describe the broader system within which individuals and organizations function and one that facilitates or hampers their existence and performance. This level of capacity is not easy to grasp tangibly, but it is central to the understanding of capacity issues. They determine the „rules of the game“ for interaction between and among organizations. Capacities at the level of the enabling environment include policies, legislation, power relations and social norms, all of which govern the mandates, priorities, modes of operation and civic engagement across different parts of society (UNDP 2008). In the case of Serbian Government there was vast of policies, legislations and strategies that support reforms of Central Government. The first is commitment of Serbian Government to strategic priorities that are mainly defined by two pillars the European Integration process (EIp) and of the Poverty Reduction Strategy (PRS). The Government’s strategy for public administration reform (PAR) was adopted in November 2004 and with this strategy is implemented five key lows - Law on Government, Law on Public Administration, Law on Civil Servants, Law on Administrative Procedures and Law on Pay with the Decree on Grading. Beside mentioned lows there is the Budget System Law and revised legal framework included Rules of Procedure, Regulation on the General Secretariat of the Government, and Regulation on the Cabinet of the Prime Minister. Power of determination to pursue policy of European Integration and all strategies, laws and procedures that are adopted because of it, brought to society the new social
norms. So the capacity development in Central Government has enabling environment. (Obradović, Mihić and Mitrović 2011)

- **The organizational level** of capacity comprises the internal policies, arrangements, procedures and frameworks that allow an organization to operate and deliver on its mandate, and that enable the coming together of individual capacities to work together and achieve goals. If these exist, well resourced and well-aligned, the capability of an organization to perform will be greater than that of the sum of its parts (UNDP 2008). The organizational level is maybe the poorest point of capacity development and building in this case, except the part that concerns General Secretariat that have developed internal procedures and frameworks that facilitate capacity development and building on organization level. This level of capacity development is slowest on ministry and related organizational level because it demands commitment of ministries and their deputies, which are political appointed. They are still not under pressure of performance measurement so they are not forced to be managers beside their political role. This need for managerial behavior is one of basic doctrines of New Public Management. This trend in the Serbia is very slowly progressing. Since 2011 with support and dedication of Central Institutions and laws the most of line ministries and related organization had working groups with deputy ministries headed or deputy directors of related organizations. Even if there is in the most cases bottom up approach to developing middle term plans the monitoring and requested accountability for planned results would made ministry and his deputies to be more seriously included and as matter of fact to mange planning process. (Obradović, Mihić and Mitrović 2011)

- **The individual level** capacity refers to the skills, experience and knowledge that are invested in people. Each person is endowed with a mix of capacities that allows them to perform, whether at home, at work or in society at large. Some of these are acquired through formal training and education, others through learning by doing and experience (UNDP 2008). At this level the Human Resource Department within Secretariat General doing great work. There are regularly trainings for all interested parties. So all the members of working groups in ministries and related organizations could pass the trainings and beside that every working group have a mentor that help to enquire needed education through learning by doing. (Obradović, Mihić and Mitrović 2011)

Considering that the poorest results of capacity development are achieved on the organizational level we decided to further investigate the issues. The following chapters present methodology, results and discussion of the research.

### 2. METHODOLOGY

Data collection consisted of survey and structured interviews with state authorities' representatives. Questionnaire was specifically structured to enable the assessment of the strategic planning process step-by-step by evaluation of processes, methodologies and methods and techniques used for strategic / medium-term planning processes and evaluation of the results of the process. The first segment consisted of questions were spread over 4 sections:

1. Institutionalization of the planning function
2. Establishing the strategic foundations, conducting strategic diagnosis and developing strategic plan
3. Management of strategic plan implementation
4. Capacity development support

The second segment consisted of three questions with 10 statements that need to be ranked by importance from 1 (the most important) to 10 (the least important), namely:

1. Goals of strategic planning process capacity development
2. Results of strategic planning process
3. Challenges of strategic planning process

Sample consisted of 32 respondents; most of them (26 (81.25%) out of 32) were from organisations with more than 100 employees. Further, 12 (37.5%) respondents were working as Advisors, 15.63% (5) as Senior Adviser, 12.5% (4) as independent advisers, 9.38% (3) as civil servant, one respondent as junior counsellor and the rest of the respondents 21.88% (7) were working as project team members. The average work experience of the respondents was 14.2 years. It was interesting to note that respondents employed in the ministries have much longer experience of respondents employed in related organizations, or organizations that have fewer than 20 employees.

All respondents, except one who has recently become a member of the working group, have already participated in processes of medium-term planning. Further, 11 (34.38%) out of 32 respondents was the contact person in front of working group who correspondent with General Secretariat. Average length of membership in the working group was 2.7 years. Respondents have following positions in working groups:
Manger/Deputy (6.25%)
Secretary (6.25%)
Member/Deputy (87.5%)

The research results and discussion are presented in following section.

3. RESEARCH RESULTS

An analysis of the data collected from survey and interviews for first segment of questions showed that in most cases their organizations have developed up to some level capacities for strategic planning process, but that there is still work that have to be done in order to develop sufficient capacities. The questionnaire employed a rating scale, with 5 for highest level of development. The researcher set a level of 4 and below. Any score below 4 signals the need for improvement.

Table 1 – Level of capacity development

<table>
<thead>
<tr>
<th>Segments</th>
<th>Ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Institutionalization of the planning function</td>
<td>3.87</td>
</tr>
<tr>
<td>2 Establishing the strategic foundations, conducting strategic diagnosis and developing strategic plan</td>
<td>4.26</td>
</tr>
<tr>
<td>3 Management of strategic plan implementation</td>
<td>3.60</td>
</tr>
<tr>
<td>4 Capacity development support</td>
<td>4.18</td>
</tr>
</tbody>
</table>

Results showed that fairly developed segments of strategic planning capacities are establishing the strategic foundations, conducting strategic diagnosis and developing strategic plan and capacity development support. Then follows level of institutionalization of planning function and the lowest rated is managing strategic plan implementation, both segments should be under of serious consideration.

Analysis of every segment independently showed where improvement is most needed. As institutionalization of planning function matters, the poorest results are achieved because top executives failed to take formal responsibility for the organization’s strategic planning and they insufficiently actively participate in planning process. Also one of the problems that could be alarming is that responsibilities for medium-term planning activities are not in certain number of organisations formally included in job descriptions. More detailed results are shown in Table 2.

Table 2 – The level of institutionalization of the planning function

<table>
<thead>
<tr>
<th>The level of institutionalization of the planning function</th>
<th>Ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Top executives take formal responsibility for the organization’s strategic planning.</td>
<td>3.89</td>
</tr>
<tr>
<td>2 Strategic planning is a top priority activity that is performed on a regular basis.</td>
<td>3.75</td>
</tr>
<tr>
<td>3 Ministry/Department provide resources (managers’ time, staff support, etc.) for strategic planning implementation.</td>
<td>3.53</td>
</tr>
<tr>
<td>4 Ministry/Department consistently follow a defined set of procedures in its strategic planning process.</td>
<td>4.44</td>
</tr>
<tr>
<td>5 Ministry/Department consistently follow a budget calendar.</td>
<td>4.57</td>
</tr>
<tr>
<td>6 Managers actively participate in planning process.</td>
<td>3.44</td>
</tr>
<tr>
<td>7 Responsibilities for medium-term planning activities are included in job descriptions</td>
<td>3.45</td>
</tr>
</tbody>
</table>

Evaluation of segment establishing the strategic foundations, conducting strategic diagnosis and developing strategic plan as we already mentioned is fairly developed. Every element of this section is highly rated with average rat above 4, except that there is still in some of organizations lack of methodological support for project/program prioritization. The best results are achieved in a field of participatory approach in definition of goals. More detailed results are illustrated in Table 3.

Further, the results of evaluation of section management of strategic plan implementation are shown in Table 4. Notice that the only developed element is that strategic decisions are based upon the strategic plan. Every other element here needs special effort in order to be improved. The most underdeveloped segment is that individuals responsible for strategic planning and implementation are not rewarded for successful performance. This could be related to the fact that activities on strategic planning in certain number of organizations are not yet included in job descriptions.
### Table 3 – The level of development of activities of establishing the strategic foundations, conducting strategic diagnosis and developing strategic plan

<table>
<thead>
<tr>
<th>Establishing the strategic foundations, conducting strategic diagnosis and developing strategic plan</th>
<th>Ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Vision/mission statement been distributed to all the Ministry/Department's staff.</td>
<td>4.11</td>
</tr>
<tr>
<td>2 All the Ministry/Department staff, particularly management and higher-level staff understand this vision/mission statement.</td>
<td>4.36</td>
</tr>
<tr>
<td>3 Goals are defined in participatory manner and all the Ministry/Department staff understands them.</td>
<td>4.47</td>
</tr>
<tr>
<td>4 Situation analysis (which includes one or more of the following analysis: analysis of the strategic framework, SWOT, PESTLE, stakeholder analysis, problem analysis) is a regular activity in the strategic planning process.</td>
<td>4.38</td>
</tr>
<tr>
<td>5 The results of the situational analysis are used for plan development (objectives, programs, projects, budgets), re-examination and revision of goals or initiating new initiatives.</td>
<td>4.37</td>
</tr>
<tr>
<td>6 There is a methodology for prioritization and selection of programs / projects.</td>
<td>3.91</td>
</tr>
<tr>
<td>7 The planning of programs/projects always includes consideration of cross-sector cooperation.</td>
<td>4.26</td>
</tr>
<tr>
<td>8 Projected costs of programs/projects are included in the budget of organization.</td>
<td>4.21</td>
</tr>
</tbody>
</table>

### Table 4 – The level of development of capacities for management of strategic plan implementation

<table>
<thead>
<tr>
<th>Management of strategic plan implementation</th>
<th>Ratingss</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Strategic decisions (implementation action plans) are based upon the strategic plan.</td>
<td>4.14</td>
</tr>
<tr>
<td>2 Lead responsibility for action plan implementation is clearly assign to one person.</td>
<td>3.56</td>
</tr>
<tr>
<td>3 Sufficient resources are allocated for implementation of projects/programs.</td>
<td>3.11</td>
</tr>
<tr>
<td>4 Ministry/Department review monitoring data regularly, and revise strategic decisions as appropriate.</td>
<td>3.88</td>
</tr>
<tr>
<td>5 Ministry/Department has at its disposal all the information necessary for quantitative and qualitative monitoring of the implementation of the plan.</td>
<td>4.00</td>
</tr>
<tr>
<td>6 Individuals responsible for strategic planning and implementation are rewarded for successful performance.</td>
<td>2.71</td>
</tr>
<tr>
<td>7 Stakeholders are regularly informed on results of medium-term planning process.</td>
<td>3.87</td>
</tr>
<tr>
<td>8 Top management uses a medium-term plan, and requires regular monitoring and reporting on the implementation of the same.</td>
<td>3.45</td>
</tr>
<tr>
<td>9 Ministry/Department has a tracking system that allows measurement of the actual results achieved against planned targets.</td>
<td>3.69</td>
</tr>
</tbody>
</table>

The last section of this segment is related to evaluation of support of General secretariat to capacity development of strategic management process. The results are shown in Table 5. Respondents rated the mentor support as highest and Human Resources Management Service (HRMS) with poorest rates, sending a message that need to have more proactive approach in the process of capacity development.

### Table 5 – Evaluation of capacity development support

<table>
<thead>
<tr>
<th>Capacity development support</th>
<th>Ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 The training system for strategic/medium-term planning is well designed and meets the requirements.</td>
<td>4.22</td>
</tr>
<tr>
<td>2 There is a need for additional training for strategic/medium term planning at all levels of management.</td>
<td>4.20</td>
</tr>
<tr>
<td>3 Human Resources Management Service (HRMS) is adequately involved in the development of capacity.</td>
<td>3.79</td>
</tr>
<tr>
<td>4 Mentor support is adequate for the working group in the process of implementing strategic/medium term plan.</td>
<td>4.42</td>
</tr>
<tr>
<td>5 Support of the General Secretariat is adequate and meets the needs of the working group in the process of implementing strategic/medium term plan.</td>
<td>4.25</td>
</tr>
</tbody>
</table>
Respondents’ highest ranked answers on question what are the most important goals of introducing strategic/medium-term management were:

- Meeting the requirements of the EU accession process
- A results-oriented public sector
- Increase transparency of state administration

Respondents’ highest ranked answers on question what are the most important results of the introduction of strategic/medium-term planning were:

- Formed working groups
- Developed capacities for strategic planning
- Introduction of the Budget Law, Fiscal Strategy and other relevant documents

Respondents’ highest ranked answers on question what were the biggest challenges in the process of the introduction of strategic/medium-term planning were:

- Lack of commitment of managers
- Unclear roles of people involved in the planning process
- Opposite instructions and the requirements of the Ministry of Finance and the General Secretariat

The answers showed that respondents have developed understanding of why the capacity development process for strategic planning is important. Also the segment showed what is considered to be the biggest challenges in this process suggesting where further actions are needed.

4. CONCLUSIONS

The first part of the paper is consisted of background review of capacity development process for strategic planning in Central Institutions of Government of Republic of Serbia. A wide range of actions has been undertaken over the period 2005-2012 in order to build and develop sufficient capacity in Central Government to strengthen planning, monitoring and policy coordination process for effective support needed for addressing complex policy challenges. As a result, the policy-making and co-ordination system in Serbia now posses some elements required for an effective public management and public administration system.

Capacity development in Serbian Central Government was long-term process that lasted for seven years, through which individuals, organizations and society (the process included all line ministries and related organizations, Secretary General, other funding organizations all leaders and almost all staff of this organizations), strengthen and organize their systems, resources and knowledge, in area of strategic planning should enabled better planning, coordination and control of policies and politics, which should enabled effective and efficient implementations of reforms that on the end will contribute to sustainable development. Evaluation showed that capacities for strategic planning on individual and enabling environment level are fairly developed, but it still have to be developed on organizational level.

In depth evaluation has been conducted using survey and structured interviews with state authorities’ representatives. Evaluation was consisted of assessment of institutionalization of the planning function, development of strategic plan, management of strategic plan implementation and capacity development support; and evaluation of goals, results and challenges of strategic planning process capacity development. The research showed that the highest level of capacity development was achieved in the process of strategic plan development, but the problem are segments of planning function institutalization and capacity development support. For further development of capacities the following actions have to be made:

- Top executives have to take more active role and formal responsibility.
- Responsibilities for medium-term planning activities have to be formally included in job descriptions.
- Methodology for project/program prioritization has to be developed.
- Human Resources Management Service (HRMS) need to take more proactive approach in the process of capacity development.

Finally, results that this paper provides are significant in the way that they could contribute to further development of capacity development on organisational level.

ACKNOWLEDGEMENTS
This paper is a result of Strategic Project founded by Ministry of Education and Science of republic Serbia: Exploring modern trends of strategic management of the application of specialized management disciplines in the function of the competitiveness of Serbian economy, No 179081.

REFERENCES


