

RIGA TECHNICAL UNIVERSITY
Faculty of Engineering Economics and Management
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**INTEGRATED APPROACH OF CUSTOMS
SERVICE HUMAN RESOURCE MANAGEMENT
STRATEGY**

Summary of Doctoral Thesis

Field: Management Science
Subfield: Public Management

Scientific supervisor
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THE DOCTORAL THESIS
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THE SCIENTIFIC DEGREE OF DOCTOR OF ECONOMICS (*Dr. oec.*)

The Doctoral Thesis has been developed at the Institute of International Business and Customs of the Faculty of Engineering Economics and Management, Riga Technical University. To be granted the scientific degree of Doctor of Economics, the present Doctoral Thesis has been submitted for the defence at the open meeting of RTU Promotion Council “RTU P-09” on July 27, 2015 — 12 p.m., at the Faculty of Engineering Economics and Management, Riga Technical University, 6 Kalnciema Street, Room 309.

OFFICIAL REVIEWERS

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DECLARATION OF ACADEMIC INTEGRITY

I hereby declare that the Doctoral Thesis submitted for the review to Riga Technical University for the promotion to the scientific degree of Doctor of Economics is my own and does not contain any unacknowledged material from any source. I confirm that the present Doctoral Thesis has not been submitted to any other university for the promotion to any other scientific degree.

Māra Pētersone

.....2015

The Doctoral Thesis has been written in Latvian. The Doctoral Thesis comprises an introduction, three chapters, conclusions and proposals as well as bibliography with 253 reference sources; it has been illustrated by 38 figures, 9 tables and 6 formulas. The volume of the present Doctoral Thesis is 180 pages, not including 3 appendices.

The Doctoral Thesis and Summary are available at the Scientific Library of Riga Technical University, 5 Paula Valdena.

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GENERAL DESCRIPTION OF THE PRESENT RESEARCH

Human resources are a key factor that enables any organization, company or institution to achieve their goals and ensure effective operation. Human resources of each organization are one of the most valuable assets that are constantly evolving.

Nowadays, human resource development and personnel management are a complex process. Its main constituents are employee professional training, professional development and retraining, employee selection, employee career planning and growth, as well as ensuring employer's competitiveness.

Over the past two decades, the Latvian and foreign scientists have been interested in a topical issue of human resource development and relevant education system establishment and management with the appropriate constituents, levels, content etc. At the same time, studies have been more focused on satisfying the needs of the private sector and solving the related problems. Unfortunately, insufficient attention is devoted to resolving issues related to human resources of the public sector. Therefore, over the last five years the research and practical activities devoted to public administration have been focused on the general civil service training, management issues, including remuneration and compensation system arrangement, introduction of various restrictions and innovations in public administration, etc. As there are also specialized civil services aimed at fulfilment of special, exclusive functions of the state (such as defense, security etc.), it is necessary to have a differentiated approach to provision, maintenance and development of labor resources. This is due to global challenges that require unique as well as global solutions. In the 21st century, one of the major challenges of customs offices is the ability to strategically adapt in order to ensure the balance between the sustainable development of the country and the promotion of economic activities in the context of globalization, on the one hand, and efficient economic security and maintenance of international supply chain security system, on the other hand.

The establishment of the human resource management system, based on the development of education system and processes, is now a topical issue taking into account additional social and economic aspects as well as the role of customs authorities in the fulfilment of functions of the public administration and new challenges associated with the role of knowledge, skills and competences in the public value base and intellectual society creation. Synergy between customs and academic institutions can help the State Revenue Service, which in its structure also includes customs offices, to resolve issues that have become topical only in the 21st century, providing customs officers with the necessary

knowledge and skills to be able to optimize the operation of customs on a global scale using modern working methods, techniques and procedures. Uniform human resource management methodology applied to develop the strategy and personnel policy could also resolve the international issues. International customs society emphasizes the importance of global cooperation and coherence. To achieve this goal, the training of customs officers has to be carried out using advanced teaching methods and approaches, as well as comprehensive programs, which are also internationally recognized.

The aim of the research is to develop solutions aimed at attracting and retaining professional civil servants and employees to fulfil the tasks delegated to a customs office, using an integrated, modern and efficient management strategy of customs office human resources.

In order to achieve the aim of the Doctoral Thesis, the following **tasks** have been set:

1. to analyze the issues related to the institutional structure of customs administration, assessing factors influencing the formation of the structure and defining principles of structure formation;
2. to identify factors that determine the need for a paradigm shift in the training and education of customs officers;
3. to justify the regularities of human resource development and formation appropriate for current conditions in customs offices;
4. to determine the interaction of customs offices and education system, improving the quality of the training system and at the same time ensuring the involvement of customs authorities in the development of the education system;
5. to develop an approach to the establishment of integrated human resource management system in accordance with the operational goals, tasks of customs offices and their interrelationship with the process management system.

The Object of the Research is human resources of customs offices.

The Subject of the Research is provision of human resources of customs offices as well as education and training processes related to their development.

The Hypothesis

Effective human resource management in customs offices can be ensured by improving education, development and other processes within human resource management and at the same time promoting the cooperation between customs offices and businesses.

Thesis Statements to Be Defended

1. The operational efficiency and effectiveness of customs office can be ensured by introducing an appropriate human resource management policy.
2. The establishment of appropriate personnel recruitment, motivation and evaluation system enhances the efficiency of budget spending.
3. In order to improve the operation of customs offices in the long term, it is necessary to evaluate personnel policy factors and their integration with human resource management.
4. The integration of educational institutions and customs offices for personnel management ensures the management of educational profiles and development of applied professional studies.

The Doctoral Thesis has been developed using the general **scientific research methods**, such as induction and deduction, system analysis as well as the methods of mathematical statistics. The monographic descriptive method has been used to study problem constituents; the scientific induction method has been applied for the compilation of certain facts from general opinions and interrelationships. The deductive method has been used for the theoretical explanation and logical synthesis of empirical research. The hierarchical method has been used for the compilation of applied studies to develop action scenarios.

The Theoretical and Methodological Foundation of the Research is based on economic and management science theories, studies of Latvian and foreign scientists and researchers concerning the issues and problems of development, education and labor market interaction of human resources, as well as customs and tax authority organization issues.

The theoretical and methodological foundation of the Doctoral Thesis on human resource management is based on studies performed by such notable foreign scientists as A. W. Johansson, R. M. Belbin, G. A. Boyne, E. Chlivickas, R. M. Ennis, P. Harmon, I. Hors, J. S. Nye, E. D. Pulakos, E. Ricardo, J. Vveinhardt, P. Papsiene, as well as by Latvian scientists: G. Oļevskis, I. Vorončuka, A. Rauhvargers, A. Sarnovičs, I. Lapiņa, V. Praude. To address the issues of customs structural organization and operation, the studies by the following foreign and Latvian researchers have been used: A. V. Krastiņš, A. Valickas, L. Urciuoli, J. Hintsā, Shamahov (Шамаров, B. A.), M. Alink, V. van Kommer, L. De Wulf, M. Kashubsky etc.

The informative basis of the research comprises scientific publications, research results, the EU regulations and directives, laws and regulations of the Republic of Latvia,

statistics of the State Revenue Service and the Ministry of Finance of the Republic of Latvia, as well as specially requested data and information.

The period covered by the research is from 1993 to 2014. The quantitative data analysis has been performed using report data of 1993–2013. The research is based on data and information of the period of 1990–2014. In some cases, taking into account the statistical and reporting periods, the data up to 2013 have been used, but limited period of the research does not affect the achievement of the aim set.

Research Limitations and Constraints

Within the framework of the research, the development of human resources and education system is not examined in the context of available funding within a national budget policy, which could be an object of independent research.

Scientific Novelty of the Doctoral Thesis

1. The operation of customs authorities has been assessed and a new approach to the evaluation of customs office organization and effectiveness has been developed.
2. The personnel management model has been developed on the basis of process management, its effectiveness has been evaluated and proposals for uniform personnel selection, evaluation, motivation and career planning have been formulated.
3. The evaluation procedure of professional standards and job descriptions has been established as part of knowledge management methodology.
4. The talent management model of employees of the State Revenue Service and the customs office has been developed, and proposals for the integration of career development and remuneration policy in the SRS have been formulated.
5. The integration model of operation and training of customs offices has been developed, and proposals for the improvement of the training process have been formulated.
6. The training model of specialists of tax and customs representation bodies has been proposed, which is based on an interdisciplinary and synergetic approach.

The Approbation and Practical Use of Research Results

The results of the research have been discussed in the scientific debates in conferences and seminars in Latvia and abroad. The results of the research and the approaches developed have been used for implementation of studies within the project of Riga Technical University, the Radiation Safety Center and the Lawrence Livermore National Laboratory (USA), by organizing a seminar on the export control system, developing such professional standards as

“Customs Expert”, “Head of a Structural Unit of a Customs Office”, “Tax Inspector” and “Tax Economist” as a member of the working group, as well as participating in the development of the project “The Evaluation System in the SRS” (1999) and developing the curriculum and syllabus of the course program “Management Skills for Middle-level Customs Officers” (1997).

The proposals formulated as a result of the research have practical significance for the improvement of personnel policy of the State Revenue Service of the Republic of Latvia and the customs office as well as for the personnel strategy in the medium term.

Scientific Publications

The results of the research have been presented in 23 articles published in the recognized peer reviewed scientific proceedings:

1. Pētersone, M., Ketners, K., Krastiņš, A. Talent Management in Public Administration Institutions: the Case of Latvian Customs. In: The 8th International Scientific Conference “Business and Management 2014”: Selected Papers, Lithuania, Vilnius, May, 15–16, 2014. Vilnius: Vilnius Gediminas Technical University, 2014, pp.145-153. ISBN 9786094576508. E-ISBN 9786094576492. ISSN 2029-4441. E-ISSN 2029-920X. Available: doi:10.3846/bm.2014.019
2. Krastiņš, A., Pētersone, M. Scientific article of the monograph: Bringing together Academia and Customs Professionals for Successful Customs Officer Training. In: Sustainable Development of Tax and Customs Administration within the European Union. A.Krastiņš, K.Ketners eds. Riga: RTU Press, 2014, pp. 9.–29. ISBN 9789934105456.
3. Pētersone, M., Ketners, K., Krastiņš, A. Advances in Latvian Customs Education – Lessons Learned. International Journal of Education and Information Technologies, 2014, Vol. 8, pp.18.–27. ISSN 2074-1316.
4. Pētersone, M. Practical Measures for Integrity Promotion at Latvian Customs. In: QUAERE 2014: International Interdisciplinary Scientific Conference for PhD Students and Lecturers, The Czech Republic, Hradec Králové, May 26-30, 2014. Hradec Králové: Magnanimitas, 2014, pp. 530–539. ISBN 9788087952047.
5. Pētersone, M., Krastiņš, A. V. Human Resource Management Development at Latvian Customs Administration. In: AD ALTA Journal of Interdisciplinary Research. Hradec Králové, The Czech Republic: MAGNANIMITAS, 2014, pp. 58–62. ISSN 1804-7890.
6. Ketners, K., Pētersone, M. Corporate Income Tax Reform Possibilities for Latvia. Economics and Rural Development, 2014, Vol. 10, No. 1, pp. 14–22. ISSN 1822-3346. E-ISSN 2345-0347.

7. Ketners, K., Pētersone, M. Corporate Tax Policy Reform Issues in Latvia: Lessons Learned and Further Considerations. In: Finance and Tax, New Dimensions in the Development of Society: International Scientific Conference “Economic Science for Rural Development 2014”, Latvia, Jelgava, April 24–25, 2014. Jelgava: LLU, 2014, pp. 83.–90. ISBN 9789934846601. ISSN 1691-3078. E-ISSN 2255-9930. (ISI Web of Science)
8. Pētersone, M., Ketners, K., Krastiņš, A. Regulatory Framework for Operation of Latvian Tax and Customs Experts and Opportunities for Education. In: Finance and Tax, New Dimensions in the Development of Society: International Scientific Conference “Economic Science for Rural Development 2014”, Latvia, Jelgava, April 24–25, 2014. Jelgava: LLU, 2014, pp. 91.–98. ISBN 9789934846601. ISSN 1691-3078. E-ISSN 2255-9930. (ISI Web of Science)
9. Pētersone, M., Krastiņš, A. Muitas dienests attīstības veicināšanai: Latvijas piemērs. In: XV International Scientific Conference “10 gadi Eiropas Savienībā – sasniegumi, problēmas un nākotnes ieceres”, Latvia, Riga, May 29, 2014. Riga: School of Business Administration Turība, 2014, pp. 10.–20. ISSN 1691-6069.
10. Pētersone, M., Ketners, K. Institutional Division of Customs Administrations. In: Production and Cooperation in Agriculture. Finance and Taxes: Proceedings of International Scientific Conference “Economic Science for Rural Development”, Latvia, Jelgava, April 25–26, 2013. Jelgava: Latvian University of Agriculture, 2013, pp. 207–213. ISBN 9789934830464. (ISI Web of Science)
11. Pētersone, M., Ketners, K., Krastiņš, A. On Some Aspects of Process Management and Human Resource Management Interaction at the Customs Authorities. In: Recent Advances in Education & Modern Educational Technologies: Educational Technologies Series 9: International Conference on Education and Modern Educational Technologies (EMET’13), Italy, Venice, September 28–30, 2013. Venice: 2013, pp. 82–90. ISBN 9781618042101. ISSN 2227-4618.
12. Pētersone, M. Human Resource Management Development at Latvian Tax and Customs Administration. In: Proceedings of the International Scientific Conference on International Masaryk Conference for Ph.D. Students and Young Researchers (MMK 2013), The Czech Republic, Hradec Králové, December 9–13, 2013. Hradec Králové: MAGNANIMITAS, 2013, pp. 1112.–1121. ISBN 9788087952009.
13. Pētersone, M. Procesu vadīšanas īpatnības muitas dienestos. In: Radīt nākotni: Komunikācija, izglītība, bizness: XIV International Scientific Conference, Latvia, Riga,

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15. Pētersone, M., Gulbis, A. Management of Higher Education and Qualification Advancement System in Latvia in the Field of Customs. In: Российский финансовый рынок: проблемы и перспективы развития. International Scientific and Practical Internet Conference, Russia, Moscow, April 23 – June 11, 2012. Moscow: ФГБОУ ВПО “РЭУ им Г.В. Плеханова”, 2012, pp. 212–222. ISBN 9785730708785.
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17. Pētersone, M., Krastiņš, A. Mācību kursa izstrādāšanas sistēma Latvijas muitā. In: Tautsaimniecības un izglītības attīstības problēmas mūsdienu periodā: proceedings of international scientific conference, Latvia, Riga, May 17, 2002. Riga: RTU, 2003, pp. 169–176. ISBN 9984323315.
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19. Pētersone, M. Interneta bāzētas mācību metodikas ieviešana LR Valsts ieņēmumu dienesta (VID) darbinieku apmācībā. In: Starptautiskās zinātniskās konferences „Ekonomikas globalizācijas aktuālās problēmas” referāti: International Scientific Conference “Ekonomikas globalizācijas aktuālās problēmas”, Latvia, Riga, May 10, 2002. Riga: University of Latvia, 2002, pp. 94–99. ISBN 9984725367.
20. Pētersone, M. Darbavietu apraksta veidošanas pamatprincipi muitā. In: RTU Scientific Proceedings. *Ekonomika un uzņēmējdarbība/Uzņēmējdarbība un vadība*, 3rd series, 2nd volume, 2001, pp. 73–78. ISSN 1407-7337.
21. Pētersone, M. Mācību novērtēšanas sistēma Valsts ieņēmumu dienestā (VID). In: Baltijas reģiona valstu integrācijas problēmas ceļā uz Eiropas Savienību. Sekcija “Sociālās un ekonomiskās problēmas ceļā uz Eiropas Savienību”: International Scientific Conference,

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22. Pētersone, M. Izglītības terminu pielietošanas īpatnības muitā. In: *Latvijas ekonomikas un izglītības aktuālie aspekti: scientific proceedings*. Riga: RTU, 1998, pp. 32–36.
23. Pētersone, M. Muitas darbinieku izglītības sistēma Latvijā. In: *Latvijas uzņēmēja konkurētspēja un izglītība*. Riga: School of Business Administration Turība, 1998, pp. 54–58.

The results of the Doctoral Thesis have been presented at 11 **international scientific conferences** (Latvia, Lithuania, Italy, Russia, the Czech Republic, Portugal):

1. 15th EBES Conference – Lisbon, Portugal, January 8–10, 2015. Report – “In-Service Training System Organization Improvement at Customs Administrations”.
2. XV International Scientific Conference “10 gadi Eiropas Savienībā – sasniegumi, problēmas un nākotnes ieceres”, Latvia, Riga, May 29, 2014. Report – “Muitas dienests attīstības veicināšanai: Latvijas piemērs”.
3. The 8th International Scientific Conference “Business and Management 2014”, Lithuania, Vilnius, May 15–16, 2014. Report – “Talent Management in Public Administration Institutions: the Case of Latvian Customs”.
4. International Scientific Conference “Economic Science for Rural Development 2014”, Latvia, Jelgava, April 24–25, 2014. Report – “Regulatory Framework for Operation of Latvian Tax and Customs Experts and Opportunities for Education”.
5. International Masaryk Conference for Ph.D. Students and Young Researchers (MMK 2013), The Czech Republic, Hradec Králové, December 9–13, 2013. Report – “Human Resource Management Development at Latvian Tax and Customs Administration”.
6. The 2013 International Conference on Education and Modern Educational Technologies (EMET’13), Italy, Venice, September 28–30, 2013. Report – “On Some Aspects of Process Management and Human Resource Management Interaction at the Customs Authorities”.
7. International Scientific Conference “Economic Science for Rural Development”, Latvia, Jelgava, Latvian University of Agriculture, April 25–26, 2013. Report – “Institutional Division of Customs Administrations”.
8. IX All-Russian Scientific-Practical Conference with International Participation, Russia, Saint Petersburg, Saint Petersburg State University of Engineering and Economic, May 24–25, 2012. Report – “Use of Uniform E-Learning in Training Customs Officers”.

9. International Scientific and Practical Internet Conference “Российский финансовый рынок: проблемы и перспективы развития”, Russia, Moscow, ФГБОУ ВПО “РЭУ им Г.В. Плеханова”, April 23 – June 11, 2012. Report – “Management of Higher Education and Qualification Advancement System in Latvia in the Field of Customs”.
10. International Scientific Conference “Tautsaimniecības un izglītības attīstības problēmas mūsdienu periodā”, Latvia, Riga, RTU, May 17, 2002. Report – “Lektoru apzināšana, atlases un apmācības sistēma Latvijas Republikas Valsts ieņēmumu dienestā”.
11. International Scientific Conference “Ekonomikas globalizācijas aktuālās problēmas”, Latvia, Riga, University of Latvia, May 10, 2002. Report – “Interneta bāzētas mācību metodikas ieviešana LR Valsts ieņēmumu dienesta (VID) darbinieku apmācībā”.

The Content and Volume of the Doctoral Thesis

The Doctoral Thesis is independent scientific research written in the Latvian language, and it consists of introduction, three chapters that are subdivided into 14 subchapters, conclusions and proposals, bibliography and 3 appendices. The total volume of the Doctoral Thesis is 185 pages. The Doctoral Thesis contains 30 figures, 6 tables that explain and illustrate the content of the research. During the elaboration of the Doctoral Thesis, 253 information sources listed in the bibliography have been used.

In Chapter 1 “The Theoretical Aspects and Practical Solutions of Human Resource Management in State Institutions”, on the basis of literature analysis, the author addresses the theoretical and practical aspects of human resource management approaches in public administration, explains the institutional structure of customs offices with regard to promoting sustainable development opportunities of human resource management in Latvia and worldwide. Characteristic features of human resource management in state revenue offices are studied, and the analysis of their influencing factors is performed. The analysis carried out within the framework of the chapter is based on statistical data and various studies that allow drawing conclusions and evaluating the strategic role of human resource management in ensuring the national economic security.

In Chapter 2 “Improving Human Resource Management Processes in the Integrated Customs and Tax Administrations”, the author analyzes the characteristic features of process management in customs offices and its ability to interact with the human resource management system. The role of job descriptions in the customs operation is examined, determining factors of workplace creation in the customs offices are studied, and the role of professional standards to meet training needs is evaluated. The author proposes introducing in

the State Revenue Service a talent management model based on process management and an integrated corruption risk management model.

Chapter 3 “Knowledge Management Development in Customs Offices” presents solutions to the problems and proposals to improve lifelong learning activities in customs education system in Latvia and worldwide in accordance with the Bologna Process. The author of the Doctoral Thesis evaluates the development opportunities of human resource management processes at the State Revenue Service, taking into account the national administration competency model and the EC TAXUD customs competency framework. The chapter analyzes the training systems for human resource provision and the employment approach of teaching staff involved in the pedagogical work that raise the question of the effectiveness of the teaching process. The training model for specialists of tax and customs representative bodies is proposed, which is developed on the basis of a synergistic and interdisciplinary approach.

The tasks of the Doctoral Thesis have been accomplished, and the goal set has been achieved.

The Doctoral Thesis has been elaborated at Riga Technical University, the Faculty of Engineering Economics and Management, the Institute of International Business and Customs in compliance with the requirements of the Law on Scientific Activity and in accordance with the Regulations No. 1001 of the Cabinet of Ministers as of 27 December 2005, requirements of the Latvian Council of Science and Riga Technical University Regulations as of 29 June 2009. The Doctoral Thesis has been supported by the European Social Fund within the project “Support for Implementation of Doctoral Studies at RTU”.

THE MAIN SCIENTIFIC RESULTS OF THE RESEARCH

1. THE THEORETICAL ASPECTS AND PRACTICAL SOLUTIONS OF HUMAN RESOURCE MANAGEMENT IN STATE INSTITUTIONS

The volume of the chapter is 46 pages, including 6 tables and 9 figures.

The successful human resource management is one of the key factors that may lead to success of any organization. To enable employees enthusiastically invest their work in reaching the organization's goals, the organization's main task is to create such a management system that would motivate employees to achieve the organization's strategic goals. The successful human resource management in both public institutions and private companies is one of the key requirements to achieving the goals set. However, unlike the business sector, whose main aim is to make a profit, the goal of state administration authorities is serving the public interest. The society is willing that the resources allocated to public institutions in order to represent the public interest are minimal, services — high quality, and most importantly — transparent to the public. These are exactly the main factors that determine the characteristics of human resource management in public institutions.

The successful human resource management (HRM) is of strategic importance to all customs administrations as state administration authorities. The institutional structure of customs offices is an integral part of human resource management, because the structure of the organization determines, on the one hand, the allocation of human resources in accordance with the tasks and, on the other hand, coordinates the execution of these tasks.

Assessing the institutional structure of the customs office, it should be noted that initially the structure of the customs administration in relation to the HRM is determined by:

- ✓ contemporary areas of activities of customs offices;
- ✓ the chosen organizational models of customs offices.

The country's economic development policy is based on raising the level of competitiveness. Using competitive advantages, international trade is a key driver of economic growth, which sets certain living standards in both developed and developing countries and contributes to poverty reduction. Summarizing world trade environmental conditions that affect the operation of institutional organizations, including the operation of customs, its institutional structure and personnel management, it is possible to identify the following external environmental factors:

- global value chains (GVCs);

- an increase in sales volume;
- the use of new business models;
- increasing public demand to limit the movement of smuggled goods;
- the fight against organized crime syndicates.

The operations management of customs offices and challenges in the field of human resource management are also related to the types of cooperation between economic unions and customs offices.

In Table 1, the author has systemized the types of economic integration depending on the degree of economic integration.

Table 1

The Degree of Economic Integration by the Type of Economic Integration

Degree of economic integration Type of economic integration	No internal trade barriers	Common tariffs	Free movement of production factors and assets	Common currency	Common economic policy
Free trade area	X				
Customs union	X	X			
Common market	X	X	X		
Monetary union	X	X	X	X	
Economic union	X	X	X	X	X

The table created by the author (data source: Boston House, 2011)

As can be seen from Table 1, if customs fiscal functions decline in importance, the need arises to integrate customs offices of various countries. In free trade zones, internal trade barriers are eliminated; in case of customs union, the degree of integration envisages the common tariffs and free internal trade, while the common market means the elimination of internal trade barriers, common tariffs and the free movement of production factors and

assets. The next type of integration is the monetary union, where the degree of economic integration ensures the three previous ones, as well as a common currency. Economic union is the last type of economic integration that implies a common economic policy.

The whole state administration participates in the strengthening of economic security; however, the customs plays the main role in ensuring the country's economic interests. The area of operation of customs offices is international economic cooperation, so that customs offices are competent in economic security issues such as the fight against smuggling, customs offenses, state budget execution, protection of the interests of country's economic and trade players. The main function of customs in ensuring the economic security is to control that all players abide the customs rules and regulations.

Changes in the external environment do not result in the changes of the customs' mission: in fact, the traditional task remains the same — to control the movement of goods and to levy taxes in compliance with the national legislation in force. It should be noted that the customs possesses not only the most extensive and latest information on international trade and all related issues from all state institutions, but also the knowledge of what and how is happening with the international movement of goods at the national and international levels.

Globalization of world economy has led to the need to find new approaches to international trade and supply chain management, which requires the customs offices to develop new strategic areas of activities:

- ✓ to interconnect the customs offices through a global network;
- ✓ to promote the coordination and cooperation among all institutions;
- ✓ to focus on intelligence result-based risk management;
- ✓ to encourage the partnership of customs and private sector.

In fact, the operation of customs offices requires an innovative approach. The ability to know the latest technologies and operation procedures has fundamentally changed the operation processes of customs offices, their institutional structure, capacity and personnel development strategy, by making them more complex and sophisticated rather than simplifying them. Therefore, customs institutions should establish the precise regulatory provision of their operations (*Pētersone*, 2013), including the issues related to employee training. Identifying and preventing the lack of customs officers' knowledge and skills directly influence the operation of customs throughout the EU, both affecting the efficiency of operation of the private sector in areas related to customs and improving the performance

capacity of member states' customs and legislative development process (*Pētersone, Krastiņš, 2012*).

Over the past two decades, significant changes have been observed in the development of operations and institutional structure of customs offices of various countries, the adoption and implementation of new customs technologies, as well as the use of teaching methods, which help learn the specifics of customs operations and customs technologies. Table 2 demonstrates the progress in the areas of customs activities and institutional structure, customs technologies and education over the past two decades.

Table 2

Customs Development, Customs Technology and Education Development

Areas of activities	Time period (years)			
	until 1990	1991– 2000	2001–2010	2011–2020
Development of customs teaching methods	Passive model (traditional education) — lectures, seminars, working groups	Active model (blended learning) — testing, business games, case studies, education modules, round table	Interactive model (innovative education) — stimulators, interactive training, e-learning technologies	Prospective model based on geo-information — touch-sensitive computer simulation with 3D technologies
Introduction of new technologies to the customs offices	Customs information systems are deployed in regional and local customs offices. Compatible customs and business information systems are deployed	Introducing WEB / Internet transactions. Improving customs information systems, personnel reduction.	Service-oriented customs office. Provision of the Internet-based services to various institutions, as well as provision of services to public authorities of other countries as well as international institutions. Legal freight is labeled, therefore easily traceable. The use of smart devices, activation of integrated navigation, GSM, biometric microchip	Galileo (the EU satellite navigation program) that will operate globally, ensuring security and accuracy, by providing GPS for public use. Mostly the operations are performed by means of mobile communications through satellite technologies
Development of the areas of customs activities and institutional structure	Integration with the tax administration	Recognition of the role of customs in supply chain security. Initiating to define the customs role in the context of coordinated border management. Electronic customs in the developed countries of the world	The world recognizes the role of customs in facilitating trade. Integration of customs and border control offices to monitor the movement of passengers and cargo	Interoperability of customs and other border control offices in virtual border management and interoperability with commercial entities

The table created by the author (data source: Acceture, 2007 and Ershov, Stepanova, 2012)

Table 2 demonstrates that worldwide in the context of customs employee training methods, the transition has taken place from the passive learning model that prevailed until 1990 to the active model, which was typical of the forthcoming ten years, and to the interactive model that was used in the first ten years of the new millennium. It is expected that the prospective learning model will be increasingly used. Analyzing the operation of the Latvian customs office, it can be concluded that its areas of activities exactly correspond to the timeline, because the customs office operates in real time with other EU customs offices. Unfortunately, due to limited resources, teaching methods, which would enable one to acquire the latest customs working methods and technologies, are in a critical condition; still teaching methods of the nineties are used and only in some cases active and interactive learning models are used. Introduction of innovative customs is significantly affected by the short memory of customs administration, as ongoing initiatives and willingness to update the training process changes with staff turnover; besides, in the customs office the training process is not properly regulated. It should be noted that training needs are primarily based on the needs identified by the officers themselves, rather than including them in the common human resource management strategy. As the second most important factor it is worth mentioning that in Latvia it is not economically feasible to maintain a profound learning and teaching database to meet the needs of each state institution, including training of customs officials. Taking into account these two reasons, it is important not only to develop the human resource management and development strategy for different time periods, which would be consistent with the human resource management strategy, but also to regulate the training system, to stipulate and specify formal and informal education structures, including also universities. It is important to promote the cooperation with different educational institutions and actively adopt EC TAXUD methodological assistance as well as actively collaborate with other countries' customs offices.

Until the 1990s, in regional and local customs offices the customs information systems were rapidly deployed, which enabled their compatibility with the business information systems. The emergence of the Internet transactions and the tendency of personnel reduction were topical until 2000. In the 21st century, customs technologies have rapidly developed, and the opportunity has arisen to provide Internet-based services to various public authorities of other countries as well as international institutions. At the same time, labeling of legal freight has been initiated; smart devices have been in use, and integrated navigation, GSM, and biometric microchip have been introduced. Since 2010, the customs offices have started to connect to the EU satellite navigation program, which operates globally, ensuring security and

accuracy. In their operations, the customs offices also use mobile communications by means of satellite technologies.

In the 1990s, in the context of development of areas of customs activities and institutional structure, in some countries there was a tendency to integrate the customs offices with tax authorities. Until the beginning of the 21st century, the role of customs was recognized in the supply chain security, as well as the process of defining the role of customs was initiated in the context of coordinated border management. Over the next decade, the world recognized the importance of customs in trade facilitation, the integration of the customs and border control services was brought about to monitor the movement of passengers and cargo. At present, there is interoperability observed between the customs and border control services in virtual border management as well as interoperability with commercial entities.

The areas of customs office activities and their development have determined the models of customs authorities. The model of customs authorities is a tool that enables one to organize activities and manage human resources. The structure model determines the human resource allocation and labor management. There is no officially defined terminology for the institutional classification of customs administrations; however, the World Customs Organization (WCO) has divided them into four categories according to their priority activities, taking into account the integration degree of customs and tax administrations and their dependence degree on a ministry to which they are subordinated (*Yasui, 2009*).

On the basis of the model topology (Fig. 1), four basic models of customs administrations can be distinguished.

1. Customs Department (CDep) — a structural unit of the relevant ministry, mainly the Ministry of Finance or the Treasury, performing the customs functions at the national level, with the traditional customs institutional structure, as a separate structural unit of the Ministry of Finance. In several cases, it is responsible for the indirect taxes, such as VAT and excise duties.
2. Customs Agency and Border Security Agency (CA/BSA) — an independent public institution with a traditional customs institutional structure, performing the customs functions at the national level. In some countries, it is integrated with the Border Security Agency (BSA), which carries out the customs functions and other functions related to border security. It could administer indirect taxes, for example, VAT and excise duties, not involving direct taxes such as income tax.

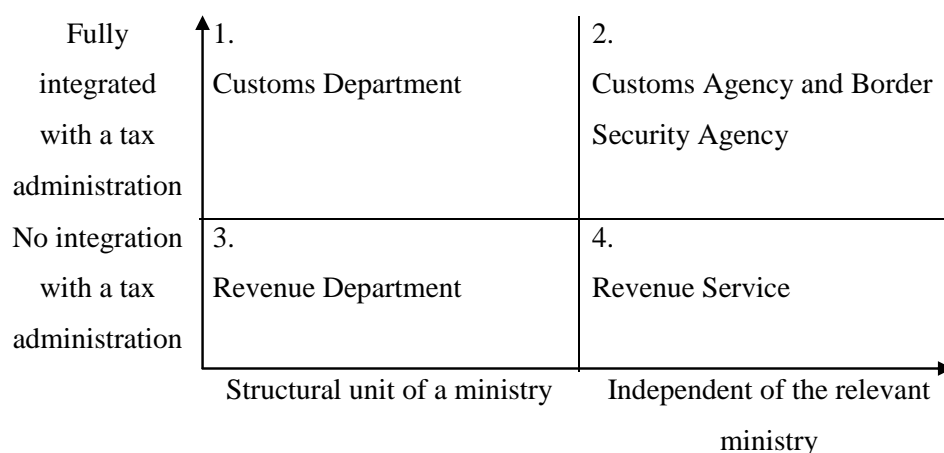


Fig. 1. Institutional classification of customs administrations (created by the author).

3. Revenue Department (ReDep) — a structural unit that performs customs and tax functions at the national level as a separate unit of the relevant ministry, usually the Ministry of Finance.

4. Revenue Service (RS) is a semi-independent organization, where the customs and tax administrations are integrated at the national level. It could have a similar structure as the Revenue Department, but it is partially independent of the ministry to which it is subordinated. The RS is headed by a chief executive officer or the Board.

Out of 177 members of the World Customs Organization, in 88 member states (50 %) the customs functions are performed by Customs Departments (CDeps) and Revenue Departments (ReDeps); in 39 member states (22 %) — by the Revenue Service (RS), but in 45 member states of the WCO (25 %) — by Customs Agencies (CAs), in 3 member states (2 %) — by Border Security Agencies (BSAs), and only in 2 member states (1 %) the customs offices are subordinate to the Ministry of Interior (*Polner, 2011*).

In Latvia, it is often emphasized that the merging of customs and tax administrations has occurred following the best practices of Denmark. However, carrying out the analysis of performance indicators of the State Revenue Service (SRS), it can be concluded that the main reason for the establishment of the SRS has been the improvement of efficiency — reducing the possibility of fraud, increasing fairness degree, amount of revenue and compliance with the legislation, in contrast to Denmark, where productivity has been set as priority. However, objectively it is difficult to prove a causal relationship between the RS establishment and revenue collection in the country, because it is practically impossible to obtain comparable and reliable performance indicators over a long time period.

With regard to human resource management, the main argument for the creation of organizational model is the political independence of the Revenue Service that prevents political interference in daily activities.

Effective human resource management includes a number of human resource management functions, such as planning, personnel recruitment and selection, personnel career planning, training and evaluation of results, as well as remuneration and motivation system creation and maintenance (*Columbus Program Phase 2, 2009*). The specific character of customs office activities determines different approaches to personnel management for the implementation of these functions in comparison with the general civil service. Usually one of the customs administration autonomy manifestations is independence of professional standard creation, personnel management and recruitment, as well as remuneration system creation. In the field of customs, HRM elements have their own characteristics that distinguish the customs offices from a general (classical) civil service administration model, since there are a number of management objects — the customs system, businessmen and also the customs office itself. Traditionally, the customs offices are granted the rights to design internal institutional structure, determine budget priorities, select, hire and dismiss the employees, as well as determine the remuneration system (see Table 3).

Table 3

Autonomous Power of the Revenue Service

Autonomous power	Type of the institution					
	The Ministry of Finance	% of the total number (16)	Autonomous institution	% of the total number (31)	Another type of institution	% of the total number (5)
Institutional structure design	10	62	24	77	4	80
Setting budget priorities	10	62	29	94	3	60
Career building for personnel	9	56	25	81	1	20
Determining criteria for personnel selection	14	87	31	100	5	100
Hiring/firing employees	10	62	29	94	4	80
Implementing the remuneration system	4	25	24	77	1	20

Data source: (OECD, 2013)

Institutional structure, labor management, civil service legal framework, as well as the degree of autonomy of customs and tax offices and national traditions for the creation of the strategic planning system determine the specifics of human resource management strategy.

According to the EC's Fiscal Blueprints recommendations (2007), aspects of human resource management strategy — autonomy, motivation system, training system and institutional structure — contribute to the achievement of institutional goals and fulfilment of tasks. According to the OECD studies (*OECD*, 2013), a majority of the administrations accept and implement human resource management strategies (see Table 4).

Table 4

Human Resource Management Strategy for Revenue Services of OECD and Non-OECD Countries

Country	Human resource management aspects						Planned substantial political changes	
	Formal human resource management strategy	Knowledge and skills assessment and plan of filling the knowledge gap	Aims that improve the personnel skills	Periodic personnel satisfaction survey	Consultations with the personnel about the results of the survey	Consultations with the personnel about the opinions expressed in the survey	Selection: R Training: T Performance: P Reward: Re	Plan to increase /decrease the number of employees
OECD countries								
Austria	+	+	+	+	+	+	R ^a ,P ^b	X
Belgium	+	X ^c	+	+	+	+	R,T ^d ,P ^e	+
The Czech Republic	+	+	+	+	+	+	P	+ ^f
Denmark	+	+	+	+	+	+	—	+
Estonia	+	X	+	+	+	+	—	n.a.
Finland	+	+	+	+	+	+	R,T ^g ,P	+ ^h
France	+	+	+	+	+	+	R,T,P,Re	+

^a E-selection is introduced.

^b focus on outcome — orientation to new budget formation principle.

^c an ongoing activity in this area.

^d special attention is devoted to personnel capacity building. Capacity building is associated with a strategy that will increase the quality of training, and innovative training solutions will be accepted, including e-learning.

^e key performance indicators are identified, starting with a strategy and including all HR activities. If it is possible, indicators are used to identify and evaluate goals. Since May 2012, indicators have constantly been updated to reflect the changes in the plan of 2012–2013 and the strategic plan of 2012–2017.

^f since 2013, the pension reforms include an opportunity of program selection.

^g training is planned in accordance with the operational and strategic needs. Learning models help to plan the training process. For the training needs, the Internet, video and video conferencing are used.

^h in accordance with the government's program support process, the number of employees is reduced. At the same time, the number of employees involved in primary processes is increased to achieve higher compliance.

Country	Human resource management aspects						Planned substantial political changes	
	Formal human resource management strategy	Knowledge and skills assessment and plan of filling the knowledge gap	Aims that improve the personnel skills	Periodic personnel satisfaction survey	Consultations with the personnel about the results of the survey	Consultations with the personnel about the opinions expressed in the survey	Selection: R Training: T Performance: P Reward: Re	Plan to increase /decrease the number of employees
Germany	ⁱ	+	X	+	+	+	–	X
Greece	^j	+	+	X	X	X	T,P,Re	^k
Hungary	^l	+	+	X	X	X	T	X
Ireland	+	+	+	+	+	+	T ^m ,P ⁿ	^o
Italy	+	+	+	^p	+	X	R,T,P,Re	+
Luxembourg	X ^q	+	+	+	X	X	T,P	X
The Netherlands	+	+	+	+	+	+	T ^r	^s
Poland	+	+	+	+	+	+	T ^t	X
Portugal	+	+	+	+	+	X	R ^u	X
The Slovak Republic	X ^v	+	+	X	X	X	–	X
Slovenia	+	+	+	+	+	+	–	X
Spain	+	+	+	+	n.a.	n.a.	–	X ^w
Sweden	+	+	X	+	+	+	–	X
The United	+	+	+	+	+	+	T ^x ,P	+

ⁱ HR strategy is transferred to the federal states and can considerably vary from state to state.

^j these functions are being developed.

^k a new integrity system is introduced.

^l HR strategy is developed to support the operational strategy of 2011–2015.

^m at present, training opportunities are being revised in relation to outsourcing services and accreditation opportunities.

ⁿ in accordance with future considerations, the Civil Service Performance Management and Development System of 2012 is revised. Revenue process is harmonized with the new performance measurement and record-keeping system that will help senior managers to improve the efficiency of resource use.

^o since 2013, the number of employees has been reduced by 13 %. Revenues are redistributed and the remaining revenues are allocated to the priorities such as personnel recruitment and filling the knowledge gap.

^p in 2003 and 2007, the Revenue Agency surveyed employees on the quality of labor management and working conditions.

^q only direct taxes.

^r management training programs aimed at enabling managers to acquire the understanding of their role in the change processes.

^s the strategy is developed in accordance with the reduction in the number of employees. The measures include the recruitment cost containment; special attention is devoted to training and internal mobility; support for personnel selection.

^t new training programs are developed.

^u changes due to the HR allocation and career integration, they were initiated in 2012, maybe in the future they will be initiated in the joint tax, customs IT service.

^v the strategy of 2010–2011 is in force.

^w the plans of the whole public sector reduction excluded personnel fighting against fraud threats.

^x the Tax Academy was founded in April 2012, which enabled the personnel to undergo training and obtain a bachelor's degree and qualification.

Country	Human resource management aspects						Planned substantial political changes	
	Formal human resource management strategy	Knowledge and skills assessment and plan of filling the knowledge gap	Aims that improve the personnel skills	Periodic personnel satisfaction survey	Consultations with the personnel about the results of the survey	Consultations with the personnel about the opinions expressed in the survey	Selection: R Training: T Performance: P Reward: Re	Plan to increase /decrease the number of employees
Kingdom								
non-OECD countries								
Bulgaria	+	X	+	+	+	+	T ^y ,Re	+
Cyprus	+	+	+	X	X	X	P	X
Latvia	+	+	+	+	+	X	P	X
Lithuania	X	+	+	+	X	X	T	X
Malta	+	+ ^z	+	+	X	X	-	X
Romania	+ ^{aa}	+	+	+	n.a.	n.a.	T,P	+

Data source: (OECD, 2013)

Designations:

X — a non-characteristic aspect of human resource management;

+

 — a characteristic aspect of human resource management;

n. a. — there is no information on a particular aspect of human resource management.

However, the OECD survey *Tax Administration 2013: Comparative Information on OECD and Other Advanced and Emerging Economies* (2013) shows that in 88 % of cases these strategies are formal in nature and should be improved. According to the existing strategies, main impact and changes are attributable to the training (77 %) area, followed by performance management (63 %), as well as changes in recruitment and hiring (54 %) and remuneration system (40 %). In the current financial situation of state institutions, there is less discretion to the expenses and remuneration, but it allows focusing on education and training as well as performance management issues (see Table 5).

^y E-learning pilot project was launched, based on the evaluation of competences and administration needs.

^z VAT only.

^{aa} HR training plan is being developed. Consulting and training in special areas are supported by the World Bank. The long-term modernization program involves the reorganization of local structural units and critical processes.

Table 5

Personnel Recruitment and Development Aspects

Country	Personnel recruitment and appointment		Personnel development in such areas as			
	A flexible approach with regard to: — the hiring of personnel: N — knowledge and qualification: S — contract duration: D — personnel location: L	Appointment based on merit (for example, skills and experience)	Commercial awareness, using external information	Commercial awareness, using other initiatives	Risk management skills	Financial management skills
OECD countries						
Austria	N ^{bb} , S, D, L	+ ^{cc}	X	+	+	+
Belgium	N ^{dd} , S, D, L	+	+	+ ^{ee}	+	+
The Czech Republic	N, S, D, L	+	X	+	+	+
Denmark	S, D	X ^{ff}	+	+	+	+
Estonia	N, S, D, L	+	X	+	+	+
Finland	S, D, L ^{gg}	+	+	+	+	+
France	L ^{hh}	X ⁱⁱ	X	X	+ ^{jj}	+
Germany	N ^{kk} , D, L	+	+	X	X	X
Greece	S ^{ll} , L	+	X	X	+ ^{mm}	X
Hungary	S ⁿⁿ , D, L	+	X	X	+ ^{oo}	+
Ireland	N ^{pp} , S, D, L	+	+	+	+	+
Italy	N ^{qq} , S, D, L	+	+	X	+	+

^{bb} within the framework of autonomy, the four-year system negotiations with the Ministry of Finance.

^{cc} the Revenue Service has clearly defined the requirements for qualifications and professional experience for each position and appoints the most suitable candidate for each job.

^{dd} within the framework of autonomy, there are limitations in the annual personnel plan. Contract of employment can be entered into by an employee for a fixed term (temporary contract). Federal recruitment agency guarantees the same personnel selection process in the whole state administration sector.

^{ee} training mostly focuses on professional rather than commercial awareness.

^{ff} prior to hiring any candidate, qualification assessment is carried out. In the process of testing candidates, the best compliance is searched for; however, flexibility is possible – to use the relevant qualification.

^{gg} the number of employees is adjusted in accordance with the Finnish National Productivity Program.

^{hh} the number of employees is determined in accordance with the budget law. The requirement to allow passing a competitive examination by law. Personnel geographical location is determined by a special commission. Appointment for an indefinite term is only possible in a few local authorities or in case of special positions.

ⁱⁱ appointment for an indefinite term is only possible in a few local authorities or in case of special positions.

^{jj} special training is provided.

^{kk} requirements in respect of certain functions are defined by law. There is a tendency observed towards greater flexibility.

^{ll} the Revenue Service makes judgments and reports on vacancies and lack of personnel, but the final decision is made by the Ministry of the Interior.

^{mm} tax inspectors are trained to use tax audit software.

ⁿⁿ level and type of personnel knowledge and academic qualification are motivated by the government resolution.

^{oo} risk management methodology (for beginners and the ones with preliminary knowledge) training is offered to personnel.

^{pp} government employment control task is to control the number of employees and sanctions if the position is not occupied.

Country	Personnel recruitment and appointment		Personnel development in such areas as			
	A flexible approach with regard to: — the hiring of personnel: N — knowledge and qualification: S — contract duration: D — personnel location: L	Appointment based on merit (for example, skills and experience)	Commercial awareness, using external information	Commercial awareness, using other initiatives	Risk management skills	Financial management skills
Luxembourg	N,S, D ^{tt} , L	+	X	+ ^{ss}	+	X
The Netherlands	N,S, D, L	+	+ ^{tt}	+ ^{uu}	+	+
Poland	S	+	X	X	+	+
Portugal	L	+	+	+	+	X
Slovakia	N,S ^{vv} , D, L	+	X	+	+	+
Slovenia	S, D, L	+	X	X	+	+
Spain	N,S ^{ww} , L	+	X	X	+	X
Sweden	N,S, D	+	X	X	+	x
The United Kingdom	S, D, L	+	+	+	+	+
non-OECD countries						
Bulgaria	N,D,L	+	x	+	+	+
Cyprus	L ^{xx}	+	X	+	+	+
Latvia	N,S, D, L	+	+	+	+	+
Lithuania	N,S, L	+	X	X	+	X
Malta	S,L	+	X	+	+	+
Romania	S, D, L ^{yy}	+	X	X	+	X

Data source: (OECD, 2013)

Designations:

X — a non-characteristic aspect of personnel recruitment and development;

+ — a characteristic aspect of personnel recruitment and development;

^{qq} for independent decision-making in hiring personnel (number and type), taking into account financial limitations. Hiring of personnel is governed by public competition law. New recruitment procedure came into force in 2003, which was based on the evaluation of the audience after six months of training. Since 2007, professional experience has been evaluated.

^{tt} personnel selection is carried out by a special government institution. Direct and indirect tax administrations may propose hiring a certain number of employees and type of employment, but the final decision is made by the Ministry of Finance.

^{ss} only indirect taxes.

^{tt} Nyenrode Business University implements a taxation study program. Several other universities offer courses and programs on risk management strategy. Experts at the Revenue Service promote and participate in these programs.

^{uu} commercial awareness is a central issue in relation to the strategy and is offered as part of the local training portfolio.

^{vv} the level of employment is determined by the Ministry of Finance. Terms and conditions for recruitment in the civil service are determined by law.

^{ww} the number of employees and their knowledge are coordinated by the Ministry of Finance. Due to legal requirements in the civil service, the term of the contract of employment is theoretically unlimited. Only a small number of employees (not specialists) are recruited temporarily.

^{xx} mobility of employees among certain cities.

^{yy} continuous contract of employment. The decision on personnel geographical location has to be approved by the Ministry of Finance.

n. a. — there is no information on a particular aspect of personnel recruitment and development.

Human resource management issues, including performance indicators evaluating strategy implementation, are also reflected in the strategies developed by the institutions, for example, in Latvia — the Human Resource Policy of the State Revenue Service and the State Revenue Service Operational Strategy of 2014–2016.

According to the State Revenue Service Operational Strategy of 2014–2016, the effective and efficient use of resources is a task of every employee of the State Revenue Service. Expenses indicated in Table 6 that are related to the collection of one euro by the SRS are considered to be the performance indicators evaluating the implementation of the State Revenue Service Strategy. This indicator also reflects the costs associated with raising employee competencies.

Table 6

Performance Indicators for Evaluating Strategy Implementation

Strategic performance indicators	Numerical values of performance indicators				
	2012	2013	2014	2015	2016
	Actual performance		Forecasts		
Level of costs of one euro collected, total SRS, <i>euro</i> , including:	0.0191	0.0192	0.0216	0.0210	0.0210
– in tax administration	X	X			
– in customs matters	X	X			

Data source: (*State Revenue Service Operational Strategy of 2014–2016*)

According to Table 6, in the field of the SRS tax administration and customs matters completely different instruments are used, which enable one to ensure economic security in the country and the EU; therefore, the methodology for calculating expenses for 1 euro in the field of customs should be completely different than in the field of tax administration.

In the field of human resources, it is noted that the customs office requires highly skilled, professional and motivated employees. To achieve it, the strategy envisages creating such an employee training system that will ensure competent personnel with high professional standards and sense of responsibility to the clients and the public. To increase employee motivation, it is envisaged to create a new system that will be concerned with the importance and complexity of positions. Evaluating the potential for productivity improvement, it is

planned to successively optimize the execution of processes and operations by automating manual work.

Customer satisfaction with the services provided by the customs office indicates the assessment of institution's operation as a whole and can be regarded as the final result of the SRS strategy, including human resource management outcome. In turn, determining personnel satisfaction points to the way how the human resource management strategy is implemented as part of joint strategy. Therefore, two surveys have been considered in the Doctoral Thesis.

- ✓ The first customs client survey was carried out by Ltd. *Latvijas Fakti* (Latvian Facts) upon the SRS request from 26 October 2012 to 14 November 2012. (*Latvijas Fakti*, 2012). The aim of the survey was to determine whether clients were satisfied with the services provided by the customs office. Client satisfaction with the services and facilities of the customs office was determined by such criteria as on-site service, telephone consultations, e-services and customs client satisfaction with customs control measures taken by the customs office, which were characterized by such indicators as employee professionalism, their knowledge and level of competence, professional ethics, service culture, attitude towards clients and efficiency, which indicated how the SRS strategy was implemented.
- ✓ The second survey of state administration employees and officers was carried out by the State Chancellery from 26 March 2012 to 21 April 2012 (*Satisfaction of State Administration Employees with the Human Resource Management Policy and Its Results*, 2012). The aim of the survey was to assess the satisfaction of state administration employees with the planning and introduction of human resource management policy in the state administration as a whole, as well as evaluate the motivating factors in a particular institution. The questionnaire of the survey consisted of two parts: the planning and introduction of the state administration human resource policy, and job satisfaction in a particular institution. For the purpose of verification, in order to make sure that the survey results in the state administration are also applicable to the customs office, the second survey was carried out. On the basis of the same methodology, the author of the Doctoral Thesis carried out a survey in cooperation with the customs office from 22 May 2013 to 14 June 2013. The aim of the survey was to assess the motivating factors in the customs office.

Summarizing the results of the first survey, on the basis of several criteria, it can be concluded that client satisfaction with the services provided by the customs office indicates by a number of indicators — employee professionalism, their knowledge and level of

competence, professional ethics, service culture, attitude towards clients and efficiency — that the customs office successfully implements the human resource management strategy; however, with regard to these criteria there is still room for improvement of human resource management strategy implementation.

Summarizing the results of the second survey, on the basis of several criteria, it can be concluded that employee satisfaction with the opportunities to enhance their professionalism offered by the State Revenue Service indicates by several indicators — self-development opportunities, professional knowledge improvement and undergoing training in accordance with the training needs analysis, development of professional knowledge and skills in foreign business trips — that the State Revenue Service relatively successfully implements the human resource management strategy in the field of education and training.

Both surveys have something in common with Dooren's assumption (*Dooren et al.*, 2012) that the process outcome in the public institution is a product or service provided by public sector organizations in response to demand. The evaluation criterion of process results is the added value. Although a value-added criterion remains intact for public services, the social value is replaced by the private value.

2. IMPROVING HUMAN RESOURCE MANAGEMENT PROCESSES IN THE INTEGRATED CUSTOMS AND TAX ADMINISTRATIONS

The volume of the chapter is 42 pages, including 1 table and 13 figures.

Nowadays, the state administration is no longer characterized by the classical Weber's bureaucratic model: with an established hierarchy, strict rules and institutional structure, internal and external regulations, unchanging functions, impersonality and rigorous division between the public and private sector (*Weber*, 1964). New public management principles ensure the state development in contrast to the traditional bureaucratic approach of state administration establishment that cannot ensure and promote a high-quality and effective operation of state administration institutions; therefore, the process approach is being gradually adopted.

Process management in customs offices is a relatively new administration tool. Unfortunately, the process management in the SRS is not always based on the scientific research or expert recommendations, but rather is carried out mainly intuitively, based on work experience. With regard to the classification of processes, in the SRS the processes are

grouped into primary processes, supporting processes and management processes. Primary processes result from the main goals and objectives to be achieved, philosophy of operation. Primary processes ensure the required result or product and are related to the principal activity of an organization. In any customs office in the world, primary processes comprise certain activities, such as customs clearance procedures, administration of the amount due to customs, registration of corresponding permits, their issuing and monitoring the obligations to be fulfilled, consultation and notification of the conditions, preparation of the statistics, monitoring the customs procedures, information acquisition, analysis and circulation provision, violation disclosure and investigation (*SRS Order No. 141, Appendix 13, 2009*) (see Fig. 2).

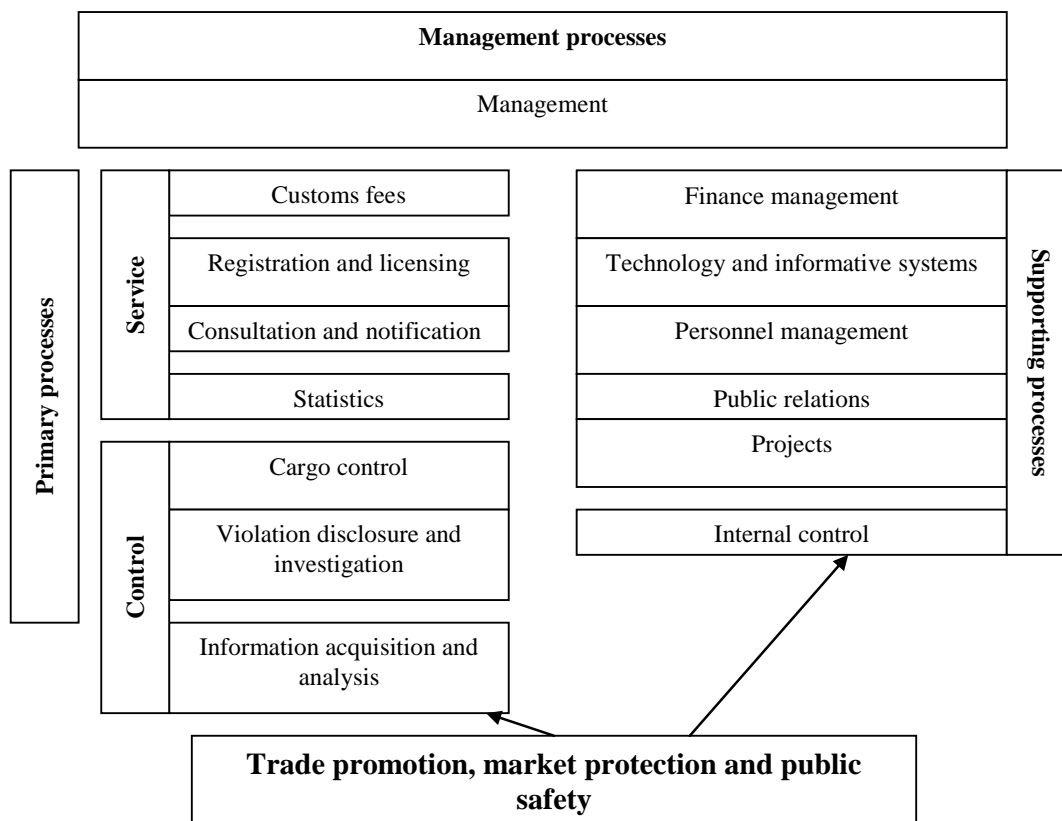


Fig. 2 Classification of processes in customs offices (created by the author).

The author considers that in the customs offices it would be appropriate within the process management system to structure the primary processes of customs offices in more detail, distinguishing between service primary processes and control primary processes.

Supporting processes are processes that ensure the implementation of organization's primary processes. As seen in Fig. 2, in customs administrations the supporting processes involve project implementation, finance management, internal supervision, labor protection,

public relations and ensuring the operation of information system (*SRS Order No.141, Appendix 1, 2009*).

The classification of processes can be supplemented with one more process, i. e., management process. These processes are related not only to the customs office, but, irrespective of the size of an organization, they can be identified in any public and private institution. Management processes involve labor management, analysis and record keeping (*SRS Order No.141, Appendix 2, 2009*).

The State Revenue Service has already adopted the idea of interrelating the organization's goals with the duties of each employee, justifying it with special internal regulations. To other world customs administrations, Latvia can be set as an example, for it has begun developing an effective organization capacity.

The regulations of the State Revenue Service reflect in detail the objectives of the law "On the State Revenue Service" as competence of the SRS independent structural units. The processes within the management competence are reflected in the regulatory documents of the next level – department regulations (*Regulations of Kurzeme Customs Checkpoint Unit (KCCU) of the SRS Customs Administration, 2012*). The "activities" of each process, i. e., a detailed content of each process, are revised in the regulatory documents stipulating the operation of each department (*Regulations of Customs Checkpoint 0311 of Freeport of Ventspils of KCCU of the SRS Customs Administration, 2012*). In each employee job description (*Senior Customs Inspector's Job Description of KCCU of the SRS Customs Administration, 2011*), process activities that are within the competences of an employee are referred to as officer duties, which is a very precise definition of particular job duties. This document determines the entitlements and responsibilities of an officer. In the job description, each employee of an organization can discern an individual contribution to the goals set by the organization, and a customs officer — a contribution to the whole society. The hierarchy of documents regulating the SRS operation is demonstrated in Fig. 3.

Figure 3 shows that the operation of the State Revenue Service can be classified into three levels — tasks, processes and process activities, i. e., each task (Law "On the State Revenue Service" and SRS regulations) has subordinate processes (administration and department regulations), each process has definite process activities (division regulations and job descriptions). As a result, each structural unit has precisely known processes and process activities. Thus regulating one's activities at the State Revenue Service, it is achieved that the processes and even the process activities do not duplicate.

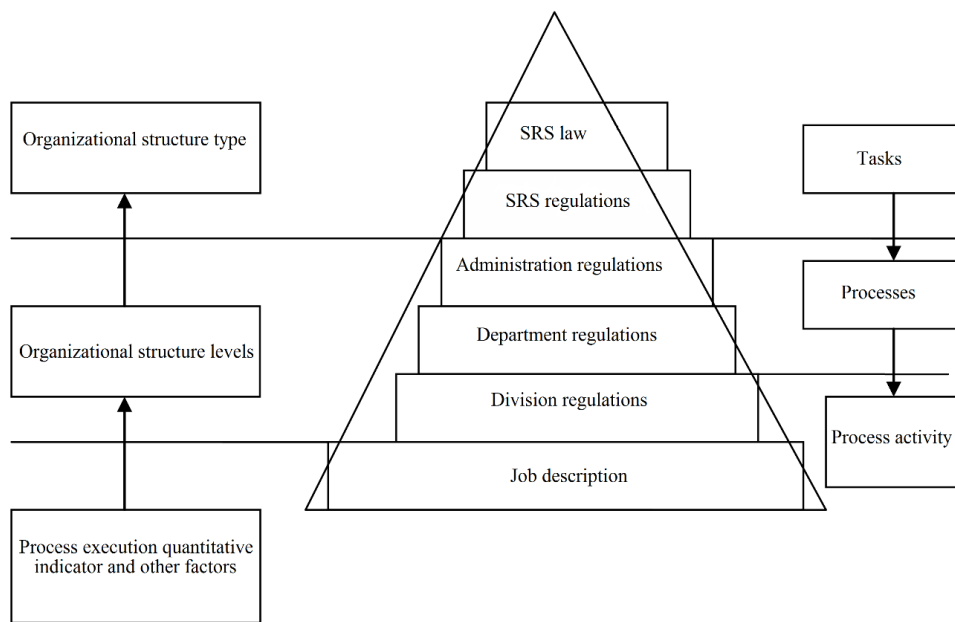


Fig. 3. The hierarchy of documents regulating the operation of the State Revenue Service
(created by the author).

The introduction of process management system is not a goal in itself, but rather a tool by which other subject spheres of activities are arranged and improved. However, there is a problem that only certain organization's personnel and finance management spheres are based on the processes. In risk and/or quality management, if a decision is made to introduce them, it cannot be done without the process precise awareness. Unfortunately, only some people think of interaction opportunities of these management spheres. For example, introducing the process management system in the State Revenue Service, the special attention was devoted to the introduction of labor accounting system and risk management system. Quite recently, the process-based SRS result aggregation matrix has been developed, which, in fact, is based on the SRS performance management system (*On the State Revenue Service Operation Results*, 2014).

The characteristic spheres of activities, which can be based on processes, are resource optimization, performance quality improvement, risk and strategic management, etc. (see Fig. 4).

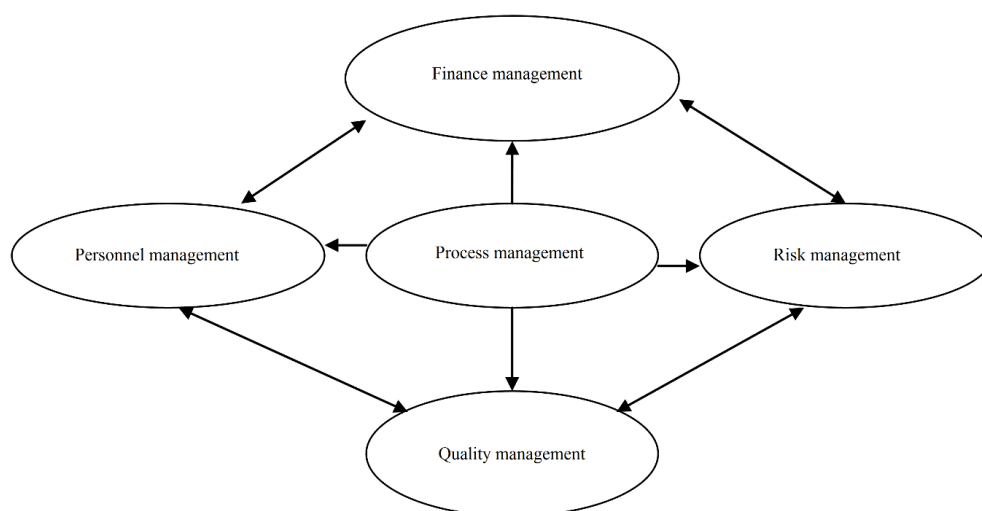


Fig. 4. The interaction of management systems (created by the author).

Figure 4 shows that it would be useful for the customs offices to purposefully administrate and coordinate their activities in organization spheres such as personnel, finance, risk and quality management.

Evaluating the necessity of introducing one of the management fields, which would be based on the process management system, the customs offices can choose to introduce, for example, risk and quality management fields to improve their institution operation or to form an integrated model of the management system.

The aim of human resource management is to facilitate the achievement of institution's mission and operational strategy. It can be accomplishment by analyzing the work volume and content, the necessary personnel number and personnel knowledge and skills, as well as planning employee mobility, qualification raising and career development opportunities (*The Guidelines on Establishment, Monitoring and Improvement of Internal Management System*, 2012).

The author considers that the major problem of successful human resource management in the SRS is conditioned by the fact that the training needs are not subordinated and based on the process management system and at the same time on job descriptions; all these elements operate autonomously. Training organizers — customs training centers and higher education establishments, when developing their study programs, follow the personnel development strategy goals and objectives because the interaction between job descriptions and professional standards is comparatively low and they do not complete one another. The

development, maintenance and revision of professional standards require a lot of time and resources.

Applying the process management principles to human resource management (see Fig. 5), in case of changes in the process it is possible to introduce changes also to the workplace descriptions, which, in turn, would create the foundation for the adjustment of the job description content as well as professional standards.

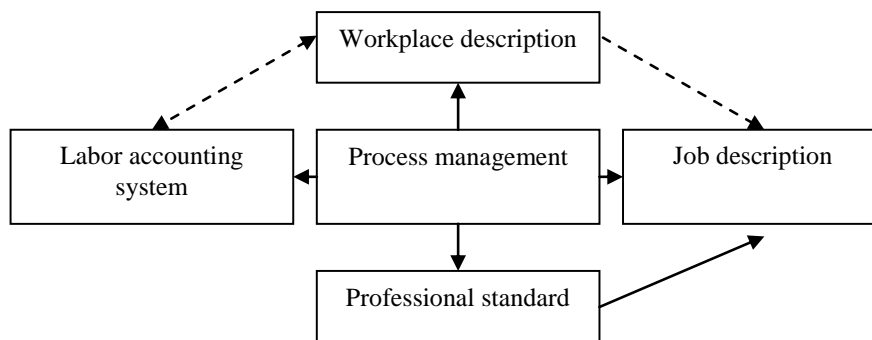


Fig. 5. Process management adaptation principles in human resource management of customs offices (created by the author).

The State Revenue Service should arrange the organization's internal documentation in the field of human resource management, where it could be structured by the interoperation principle, i. e., if the processes and process activities, process end product (-s), performance indicators are identified, then each process implementation is conditioned by the necessary knowledge, skills, professional experience that can be used in both job descriptions and professional standards. The identification procedure of process-based professional standards and job descriptions would allow ascertaining the necessary professional qualification and education not only for a job position but also for the workplace.

Job description implies that the position is evaluated but not a person to whom the description is given, what kind of employee should perform this job and what exactly an employee should do. Job description is a document that describes the work content. If job descriptions are elaborated based on the process management system, then it is also possible to obtain measurable and comparable results when choosing, teaching and evaluating the employees. In case of changes in processes, the job description will also change and it will indicate the employee, whose duties will change and who will have to acquire and adopt innovations. Furthermore, the interrelation between job descriptions and processes can form a basis for the employee's compliance evaluation or for the decision of hiring new employees.

In Latvia's customs office, the job description of an ordinary customs officer is the sum of workplace descriptions, where an employee can work. In theory, the higher the customs post, the more identical workplaces. Therefore, there is less need for a customs officer to work in different workplaces, i. e., the job description will comprise fewer duties and, on the contrary, the lower the customs post, the greater the number of workplaces, where one employee can work. Thus, the range of duties listed in job descriptions will be extensive; one could even say that a customs employee will have to be "universal". Figure 6 demonstrates the basic principles of creation of the workplace descriptions in Latvia's customs.

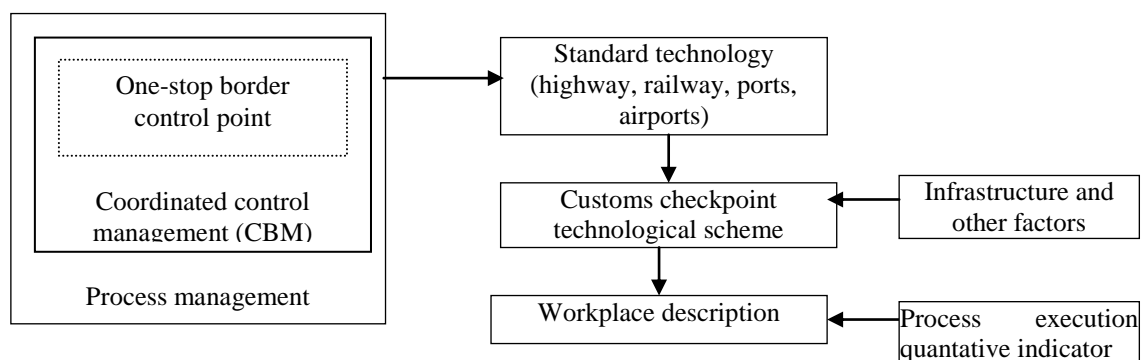


Fig. 6. Basic principles of elaboration of customs checkpoint workplace descriptions in Latvia's customs (created by the author).

Adjusting the process access principles to the formation of the integral human resource management system, the job description, workplace description and professional standard will be dependent on each other. Establishing the customs officer education/training system on the basis of professional standard would mean its interrelation to other organization's management systems.

The main problem, elaborating the study programs, is that two important documents in the field of human resource management such as professional standard and job descriptions are not related to each other, i. e., the professional standard development mechanism operates by itself, whereas job descriptions in the State Revenue Service are based on the process management system.

Using the process management system as a basis, where the processes would be classified in management processes and primary processes, which would be then divided into control and service processes, it is rational to apply two qualification levels to customs officer's profession, i. e., an ordinary customs officer who performs the daily activities and the head of a structural unit of a customs office who not only knows the daily activities to be

implemented but also organizes, plans and manages the operation of his/her department. The World Customs Organization has named these professional standards (*International Network of Customs Universities*, 2008) as *Operational Manager/Leader* and *Strategic Manager/Leader* that corresponds to the professional bachelor and professional master study programs “Customs and Tax Administration” at Riga Technical University. It is undoubtedly that in the professional standard of customs expert, the operational side of customs activities or service and control processes of primary process should be included, but the head of a structural unit of a customs office should know the control and service primary processes and management processes (see Fig. 7).

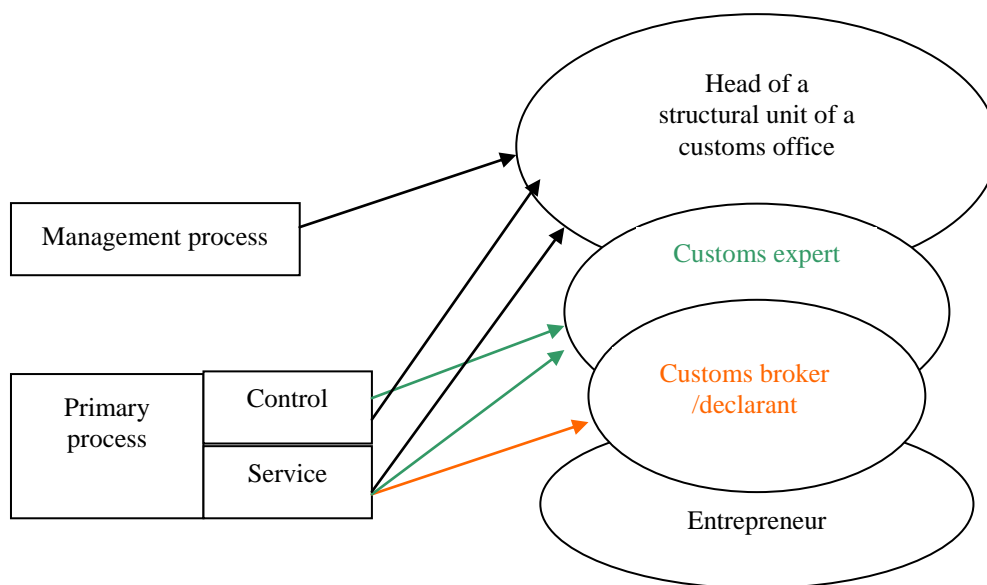


Fig.7. The principles of elaborating professional standards according to process management (created by the author).

The author considers that it is expediently in any country to envisage uniform professional standards for entrepreneurs who fully or partly support their business, providing services in the field of customs, and they would be customs brokers, declarants or professions named otherwise depending on the powers delegated by a particular country to provide services or operate in the field of customs. These entrepreneurs should know the customs office processes to the same extent, quality and even interpretation as customs officers, whereas the knowledge of control processes is not necessary because the control is solely the function of customs offices.

Interviewing customs and tax administrations of the EU member states about the existence of professional standards for the employees in the field of customs and taxation, 21.6 % respondents answered that there was the professional standard for customs officials;

8.1 % member state representatives responded that there was such a standard in the field of taxes. Thus, 1/5 of the member states have the professional standard in the field of customs. Answering the question, whether the professional standard is necessary, 10 customs administrations consider it to be very necessary, 12 think that it is necessary and 6 — maybe necessary. There is not any customs administration that considers that the professional standard is not necessary. There is a slightly different situation with the professional standard in the field of taxation: 5 tax administrations consider it to be very necessary, 11 — necessary and 9 — maybe necessary. There is not any tax administration that considers that the professional standard is not necessary (*European Commission, 2012*).

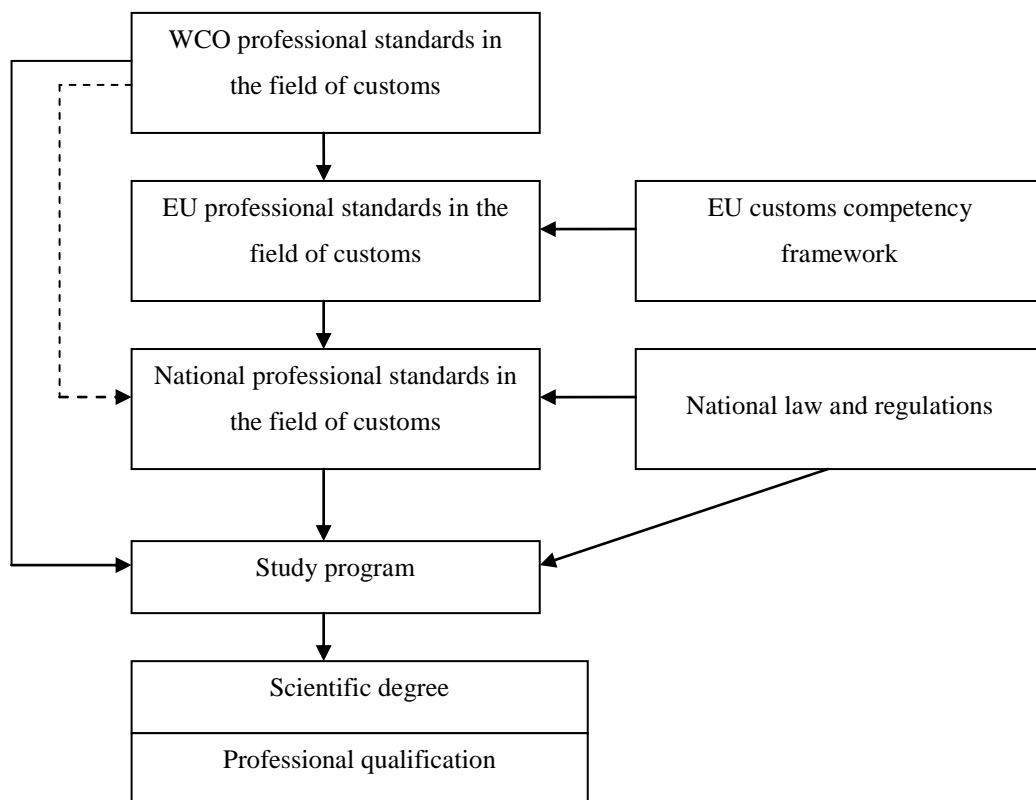


Fig. 8. Development and coordination procedure of professional standards in the field of customs in the EU (created by the author).

Developing a knowledge-based economy, competition rapidly increases both in the goods and services market and labor market. In order to ensure one's own competitiveness, the employer imposes increasing requirements on the qualification of employees; therefore, the compliance of professional education to labor market needs is very important. The European Commission (EC) considers that in the EU there should be uniform professional

standards for the customs employees and these standards should comply with the WCO professional standards and national legislation (see Fig. 8).

The state imposes requirements on public administration employees, defining their rights, obligations, restrictions, prohibitions etc. and also the professional standards. Figure 8 demonstrates that in order to enable the educational institution to implement the appropriate study programs in the field of customs, the program should be based on the national professional standard base, the content of which is largely determined by the EU professional standards of customs officers, and created on the basis of the WCO professional standard.

However, job descriptions and professional standards are only the tools to attract talented specialists to the work at customs offices, and they are to be included in the system that would help achieve the strategic goals of customs offices. To organize customs office operation oriented towards development and high-level performance, the author recommends creating the SRS talent management model based on the process management system. Thus, at the process operational level it would be possible to determine its activities, employees and structural units responsible, to which the talent management system could be attributed. Within its framework, there are mechanisms envisaged to evaluate and reward employee performance, evaluate, attract, retain and develop employees, especially those that are identified as talented. All positions are divided into two groups:

- ✓ “key position”, which directly affects the strategy development and strategic results (3 levels of management and the best specialists);
- ✓ “strategic position”, which deals with the implementation of the strategy (tax auditors, customs officers, service specialists).

If a job description is “measured”, then the employer can compare the performance indicators of employees as well as identify who occupies a “key position” and a “strategic position”. Since in each employee job description the current process activities are reflected as officer duties, which is a very accurate definition of duties for a particular position, the system itself can help identify those persons who may be called the “key employees”. Following a similar principle, it is possible to create the so-called talented pool, where at present “strategic employees” would be trained to promote them in the future to the “key positions” (see Fig. 9).

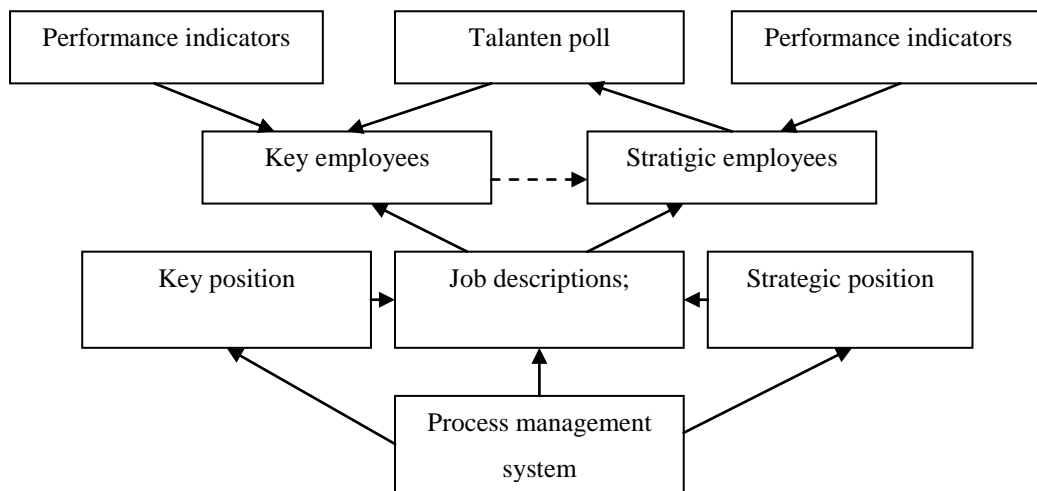


Fig. 9. Identification scheme of “key position” and “key employee” (created the author).

If the talent management system is comprehensively explained and introduced to the labor process in relation to the organization’s goals and objectives, it is more likely to expect better performance from the organization’s senior management and employees. The talent management system should be integrated with both the personnel management system and other customs office management systems, which should also be based on the process management system. In this context, the training, evaluation and career development processes of talent management system are included in personnel management (see Fig. 10).

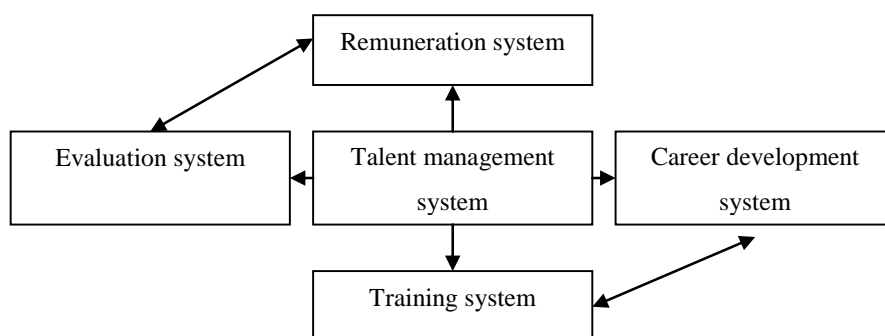


Fig. 10. The integrated talent management model in the SRS (created by the author).

The author proposes customs administrations to apply an integrated talent management model that would ensure the interrelation with other human resource management processes, such as salary, career development, assessment and training. The talent management model is not introduced in most Latvian state and municipal authorities.

The integrated talent management model is a new approach to human resource management; therefore, it should be implemented in combination with other human resource management systems, which, like the integrated talent management system, would be based on the process management system.

Talent management is to be used primarily to stimulate employees and retain specialists in the context of limited resources; therefore, it could also be used to reduce the corruption risk and to ensure the integrity.

Customs and tax authorities belong to state administration institutions, which are most often ranked among the most corrupt public institutions. Customs administrations are very vulnerable to corruption, because the specific nature of customs operation provides exclusive rights, granting powers, to make important decisions at the level of taxes and duties, to allow imports and exports. In such situations, thorough employee supervision is often difficult. The author is confident that in order to improve and facilitate the customs employees' control of corruption risks, the integrity system in the SRS should be part of an overall risk management system.

At the moment, in the context of the SRS corruption the corruption risk register has been created. The main processes, possible corruption cases, probability of these cases, their impact, initial risks, internal control measures, residual risk and acceptable risk are defined in the corruption risk register.

According to the SRS risk management policy, risks are classified into two groups:

- ✓ Liability risks — external risks arising from the intentional or unintentional behavior of taxpayers and customs clients in the execution of duties stipulated by laws and regulations and which are identified, analyzed and assessed in the primary activity processes;
- ✓ Organizational risks — internal and external risks arising from external events, internal processes, inadequate or improper activities of people or systems, and which are identified, analyzed and assessed both in the primary activity and supporting processes.

In the SRS, risk management is performed at three levels — strategic, tactical and operational — according to the level of management, at which decisions on activity planning are made after risk identification, analysis, prevention and priority setting.

Assessing the risk management system, it can be concluded that the risk management in the SRS is based on the primary processes. The risk management process is not integrated with the corruption risk management system, due to the lack of methodological link between

two independent systems. There is no method to determine the activities that are related to corruption risks. Feasibility assessment shall be performed by senior managers and experts based on subjective judgments.

The author recommends considering the assessment corruption and integrity violation risks in relation to the primary process in organizational and liability risk groups and at an operational risk management level (see Fig. 11).



Fig. 11. Risks in the SRS (created by the author).

It means that the SRS register of corruption risks and risk management system should not be seen separated from the risk management system, but should include corruption risks at the operational level of organizational and liability risk groups of the risk management system, to which a uniform risk management methodology would be attributed (see Fig. 12).

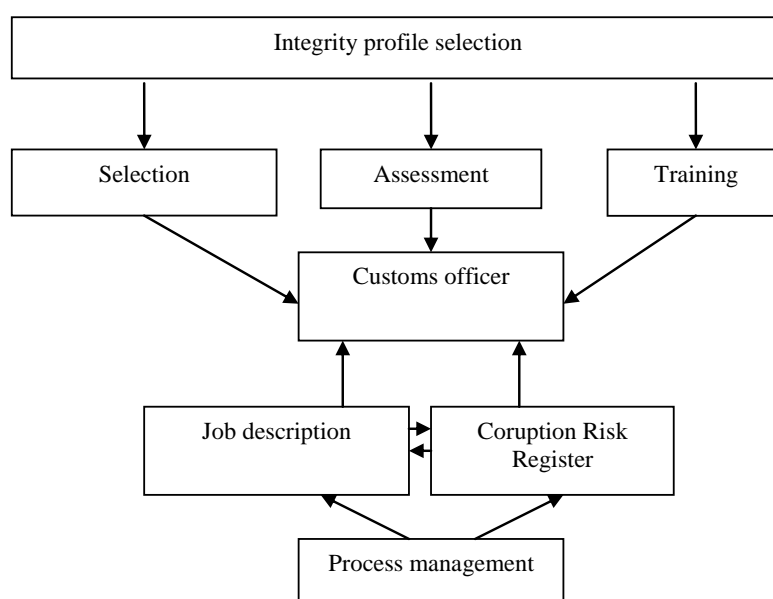


Fig. 12. Integrated model of corruption risk management and human resource management (created by the author).

To prevent employee corruption risks, a possible solution could be to create an effective and integrated risk management system (see Fig. 12). In order to ensure fair and neutral customs operation, it is necessary to establish professional customs administration with the sense of responsibility and performance accounting system. Professional customs institution establishment is important not only to improve administrative efficiency, but also to resolve integrity issues.

3. KNOWLEDGE MANAGEMENT DEVELOPMENT IN CUSTOMS OFFICES

The volume of the chapter is 48 pages, including 2 tables, 16 figures.

The reform of the educational process, collaboration programs and partnerships with employers, the interrelation of academic education and scientific research with the labor market can become systemic and institutional reality in the context of the Bologna process also for training implemented by the customs office. One of the Bologna Declaration tasks to achieve the set aims was to establish National Qualifications Frameworks, which were based on education programs in general and learning outcomes of each individual study course in particular, and which were compatible with the European Higher Education Area (EHEA) qualifications framework.

The solution to the implementation of the study program is the European Qualifications Framework (EQF), which is a common European reference system linking all the National Qualifications Frameworks and acting as a tool for comparing and clarifying qualifications obtained in different European countries and systems. It has two main tasks: to promote the citizen cross-border mobility and contribute to their lifelong learning.

In order to ensure the accomplishment of the EQF initial objectives and the introduction of the outcome principle, the EQF should specify the resulting level of professional qualification. The EQF, LQF and Sectoral Qualifications Framework are interrelated, as well as systemically related to their supporting elements — professional standards, qualification requirements, qualification conferment system, etc. Qualification requirements for the employees working in the field of customs are no exception. Therefore, in order to introduce the LQF and Sectoral Qualifications Framework, it is necessary to bring about complex changes in the education legal framework. It is also essential to harmonize laws, regulations and concepts that are used in similar matters in the education sector and state administration, as well as the internal laws and regulations in each state administration authority.

Professional standards, qualification levels and position interaction are illustrated in Fig. 13.

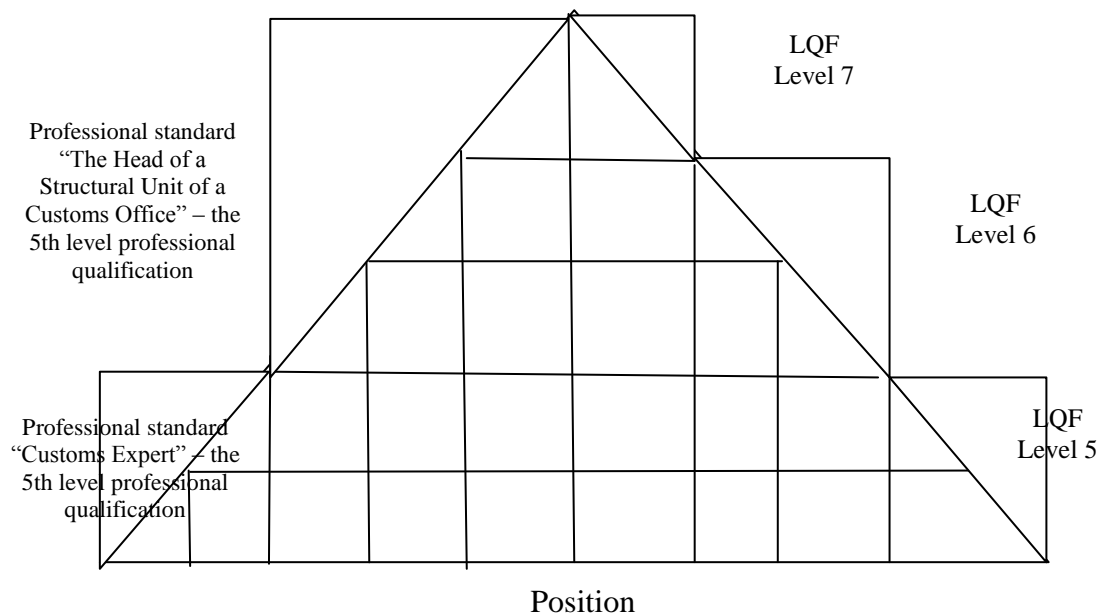


Fig. 13. Interaction of professional standards, qualification levels and positions for customs employee professions (created by the author).

Figure 13 shows that with regard to the employee position it is possible to identify the most adequate professional standard and qualification level (*Ketners, Krastiņš, 2007*). Such a relationship among position descriptions, professional standards, professional qualification levels allows creating a personnel policy and planning personnel development in the organization, taking into account the human resource management strategy.

In all countries, the representatives of education sector develop the National Frameworks, but the main goal of the National Framework is to interrelate the education system with the labor market needs. It means that it is only possible to successfully solve topical employment problems if the representatives of the education sector closely cooperate with their social partners.

Educational institution confers the professional qualification if a person has achieved learning outcomes — knowledge (knowledge and comprehension), skills (ability to apply knowledge, communication, general skills), competences (analysis, synthesis and evaluation) in accordance with the required professional standards. As the qualification is a formal result of the evaluation process, obtained when an educational institution determines that a person has achieved learning outcomes according to the professional standards, the author considers that the learning outcome is achieved, if a person is able to meet the requirements of the sector representatives or an employee is able to complete the process steps to obtain the end product. Consequently, the set amount of general knowledge and skills, specific knowledge and skills as well as competences is necessary, after acquiring of which an employee will be able to accomplish process activities (see Fig. 14).

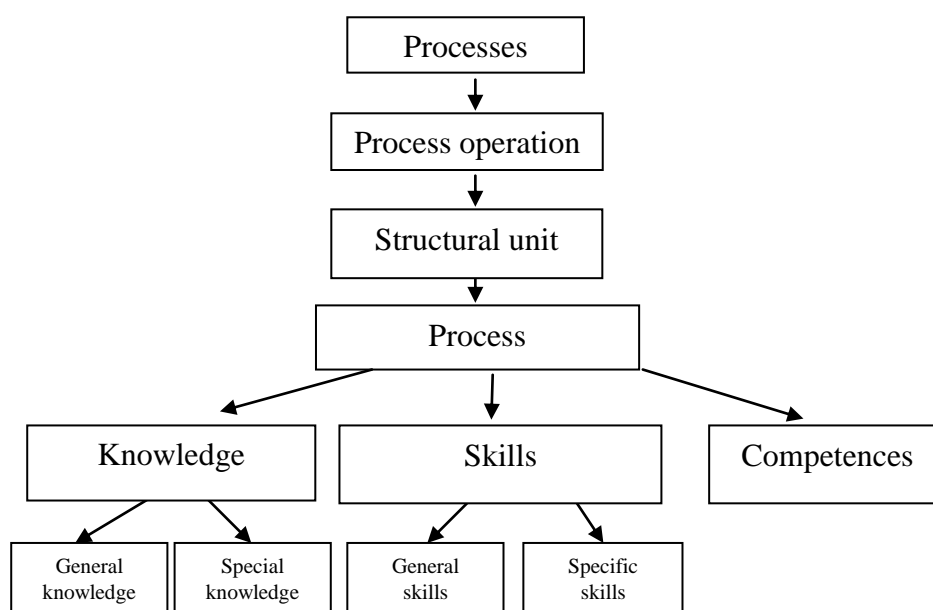


Fig. 14. Implementation of qualification requirements (created by the author).

It would be appropriate to divide knowledge and skills (see Fig. 14) in the beginning, i. e., at the level of process management, not as usual, by analyzing the job description and formulating the required knowledge and skills. Thus, it would be a real mechanism for determining a range of employees performing identical tasks, who would require new knowledge and skills. On the basis of the requirements stipulating the creation of professional standards and job descriptions in the state administration, the author proposes identically grouping learning outcomes — general skills, specific skills, general knowledge, and specific knowledge.

In accordance with such a division of knowledge and skills, an organization would have a documentary basis for forming a uniform human resource management strategy for such interrelated human resource management processes as personnel recruitment, planning, training, and evaluation (see Fig. 15).

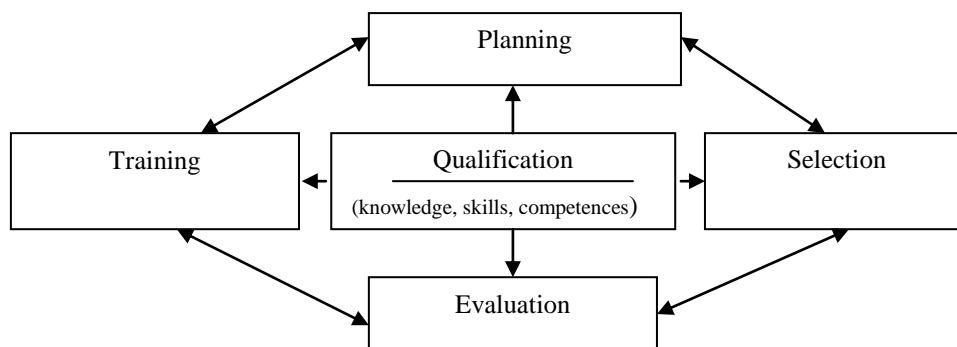


Fig. 15. Spheres of influence of qualification requirements in human resource management processes (created by the author).

Systematizing requirements imposed on the profession and particular customs office positions, the educational system is ensured with the necessary information on the knowledge and skills acquired during the study process. Specific knowledge and skills necessary to implement the relevant process are identified and formulated for each process. An identification code is assigned to each general and specific knowledge and skills indicator. Subsequently, each indicator of general and specific knowledge and skills is assigned a value depending on the importance of each indicator in the corresponding professional standard. The value scale is made up of 1 to 30, where 1 is less important and 30 is the most important indicator of general and specific knowledge and skills in the professional standard. Only training organizers, as methodology experts, together with persons involved in the corresponding process can identify, formulate and assign a value to the specific knowledge

and skills indicator. The EU Competency Framework can be considered a guideline for formulating general and specific knowledge and skills. Table 7 demonstrates the procedure by which all the values of general knowledge indicator should be identified.

Table 7

General Knowledge Assessment

Process	General knowledge code	General knowledge indicator	Value		
			1-10	11-20	21-30
P.004.004	P.004.004.vz001				
	P.004.004.vz002				
	P.004.004.vz003				
P.004.005	P.004.005.vz001				
	P.004.005.vz001				
P.nnn.nnn	P.nnn.nnn.vz001				
	P.nnn.nnn.vz002				
	P.nnn.nnn.vznmm				

Indicators of specific knowledge and skills, general skills are identified and formulated following the same methodology. The value is assigned to each unit. Thus, a four-row matrix is obtained.

$$A = \begin{bmatrix} a_{11} & a_{12} & a_{13} & \dots & a_{1i} & \dots & a_{1n} \\ a_{21} & a_{22} & a_{23} & \dots & a_{2i} & \dots & a_{2n} \\ a_{31} & a_{32} & a_{33} & \dots & a_{3i} & \dots & a_{3n} \\ a_{41} & a_{42} & a_{43} & \dots & a_{4i} & \dots & a_{4n} \end{bmatrix} \quad (1)$$

where A –the professional standard;

$a_{11} a_{12} a_{13} \dots a_{1i} \dots a_{1n}$ — general knowledge in the professional standard;

$a_{21} a_{22} a_{23} \dots a_{2i} \dots a_{2n}$ — general skills in the professional standard;

$a_{31} a_{32} a_{33} \dots a_{3i} \dots a_{3n}$ — specific knowledge in the professional standard;

$a_{41} a_{42} a_{43} \dots a_{4i} \dots a_{4n}$ — specific skills in the professional standard.

The professional standards matrix is derived (see Formula 1).

When determining the job description in the customs office, the corresponding criteria — general knowledge, general skills, specific knowledge, specific skills (see Formula 2) — should be considered the basis.

$$B = \begin{bmatrix} b_{11} & b_{12} & b_{13} & \dots & b_{1i} & \dots & b_{1n} \\ b_{21} & b_{22} & b_{23} & \dots & b_{2i} & \dots & b_{2n} \\ b_{31} & b_{32} & b_{33} & \dots & b_{3i} & \dots & b_{3n} \\ b_{41} & b_{42} & b_{43} & \dots & b_{4i} & \dots & b_{4n} \end{bmatrix} \quad (2)$$

where B — the job description;

$b_{11} \ b_{12} \ b_{13} \ \dots b_{1i} \ \dots b_{1n}$ — general knowledge in the job description;

$b_{21} \ b_{22} \ b_{23} \ \dots b_{2i} \ \dots b_{2n}$ — general skills in the job description;

$b_{31} \ b_{32} \ b_{33} \ \dots b_{3i} \ \dots b_{3n}$ — specific knowledge in the job description;

$b_{41} \ b_{42} \ b_{43} \ \dots b_{4i} \ \dots b_{4n}$ — specific skills in the job description.

The job description unit is developed (see Formula 2). As in the majority of cases, a whole range of processes and process operations is not reflected in the job descriptions of customs officer, the value of this indicator will be 0. It means that in most cases the value of the indicators of the job description will be less than the value of the same indicators of the professional standard. However, there is a theoretical possibility that the value of the indicators of the professional standard and the value the indicators of the job description will be identical, if a customs officer works and performs all duties alone at one customs checkpoint (see Formula 4).

$$C = \begin{bmatrix} c_{11} & c_{12} & c_{13} & \dots & c_{1i} & \dots & c_{1n} \\ c_{21} & c_{22} & c_{23} & \dots & c_{2i} & \dots & c_{2n} \\ c_{31} & c_{32} & c_{33} & \dots & c_{3i} & \dots & c_{3n} \\ c_{41} & c_{42} & c_{43} & \dots & c_{4i} & \dots & c_{4n} \end{bmatrix} \quad (3)$$

where C — the workplace description;

$c_{11} \ c_{12} \ c_{13} \ \dots c_{1i} \ \dots c_{1n}$ — general knowledge in the workplace description;

$c_{21} \ c_{22} \ c_{23} \ \dots c_{2i} \ \dots c_{2n}$ — general skills in the workplace description;

$c_{31} \ c_{32} \ c_{33} \ \dots c_{3i} \ \dots c_{3n}$ — specific knowledge in the workplace description;

$c_{41} \ c_{42} \ c_{43} \ \dots c_{4i} \ \dots c_{4n}$ — specific skills in the workplace description.

Using a similar methodology a workplace is identified (see Formula 3). In the majority of cases, the sum of several workplaces at customs checkpoints is reflected in one single job description. In the workplace description, a whole range of processes and process operations is not reflected from the process management system, because a customs checkpoint standard technology of any checkpoint size envisages a number of workplaces, where only one person

can work at a time. Consequently, the value of the majority of criteria indicators will be 0. It means that of the workplace will always be less than of the job description (see Formula 4).

$$A \geq B > C, \quad (4)$$

Following a similar method, it is possible to determine the professional qualification of each customs employee, i. e., whether it corresponds to the professional standard (see Formula 5).

$$D = \begin{bmatrix} d_{11} & d_{12} & d_{13} & \dots & d_{1i} & \dots & d_{1n} \\ d_{21} & d_{22} & d_{23} & \dots & d_{2i} & \dots & d_{2n} \\ d_{31} & d_{32} & d_{33} & \dots & d_{3i} & \dots & d_{3n} \\ d_{41} & d_{42} & d_{43} & \dots & d_{4i} & \dots & d_{4n} \end{bmatrix} \quad (5)$$

where D — employee's professional qualification;

$d_{11} \ d_{12} \ d_{13} \ \dots d_{1i} \ \dots d_{1n}$ — employee's general knowledge;

$d_{21} \ d_{22} \ d_{23} \ \dots d_{2i} \ \dots d_{2n}$ — employee's general skills;

$d_{31} \ d_{32} \ d_{33} \ \dots d_{3i} \ \dots d_{3n}$ — employee's specific knowledge;

$d_{41} \ d_{42} \ d_{43} \ \dots d_{4i} \ \dots d_{4n}$ — employee's specific skills.

Analyzing general and specific knowledge and skills of each customs officer, it is possible to compare their certain indicators with both professional standards and job description indicators (see Formula 6).

$$A \geq B \geq D, \quad (6)$$

If D is less than A , it indicates that a customs employee does not have an appropriate professional qualification. However, if D is less than B , it indicates that a customs employee is required to improve general knowledge and skills or specific knowledge and skills required for a particular job position.

When analyzing employee's professional qualification by means of this methodology, it can be proved that it is rational to hire employees for the SRS customs office with already relevant professional qualification. Comparing the indicator of each criterion, it is possible to specify the lacking knowledge and skills, and resolve the matter.

The comparison and analysis of employees' knowledge and skills very harmonically fit into the state direct administration institutions and civil service for the reason of assessing the performance of employees, where specific and general knowledge and skills are assessed as contribution criteria. The EU Customs Competency Framework describes a common view

about the usage of such particular knowledge, skills and activities that are necessary for EU customs employees. The aim of the framework is to provide a basis for a fully operational action model which guarantees excellence in the customs, the efficiency of the operation and joint action across the EU. The development of the model was based on customs employees' professional standards WCO PICARD (*Partnerships in Customs Academic Research and Development*).

At present, none of the world customs offices has found an optimal solution for connecting professional education of all levels with vocational training and professional development.

At present, many customs office training centers are trying to use an innovative approach to the training process by applying a mixed approach to the introduction and development of the customs officers' competence model. Unfortunately, in this process, the customs administrations rely on very strict internal regulations, created within a long operation period. The study of EC TAXUD (*EC TAXUD*, 2011) regarding the training of customs employees and entrepreneurs in the EU reveals that:

- ✓ 75 % of the member states conduct an internal training for customs employees;
- ✓ in 37.5 % of the member states, the training (in the field of customs) is conducted for entrepreneurs;
- ✓ 55 % of the member states carry out the training for customs officials only in classrooms, considering that to be a rather formal training, in which less than a half of the professional competences are acquired;
- ✓ in 30 % of member states, the training (in the field of customs) is carried out for the entrepreneurs only in classrooms;
- ✓ the training (in the field of customs) is implemented for 20 % of customs employees of the member states and 50 % of entrepreneurs of the member states in the workplace;
- ✓ only in 14 % of customs offices of the member states and 12 % of entrepreneurs of the member states, training (in the field of customs) is implemented via the Internet;
- ✓ only for 4 % of customs employees of the member states, training is conducted through seminars, conferences or other training events, while in 27 % of member states this type of training is implemented for entrepreneurs (in the field of customs).

So far, the international cooperation practices among customs administrations have been rather deficient in the area of vocational training, professional education and

professional development. To this date, the experience within the international cooperation was to combine only separate training system elements.

All over the world, in the field of training in customs matters, so far, there has not been a coordinated cooperation between customs officers' "in-house" training and study process in civil higher education establishments both within the borders of one country and among several countries. With regard to the training of customs matters, the EC TAXUD proposes merging all four elements together, where the study process remains within the individual scope of member states and is managed in accordance with national requirements. The paradox of customs activity remains — along with the uniform EU regulation, there are 28 national customs office institutions with uniform competence requirements, but with individually regulated curriculum content and professional standards.

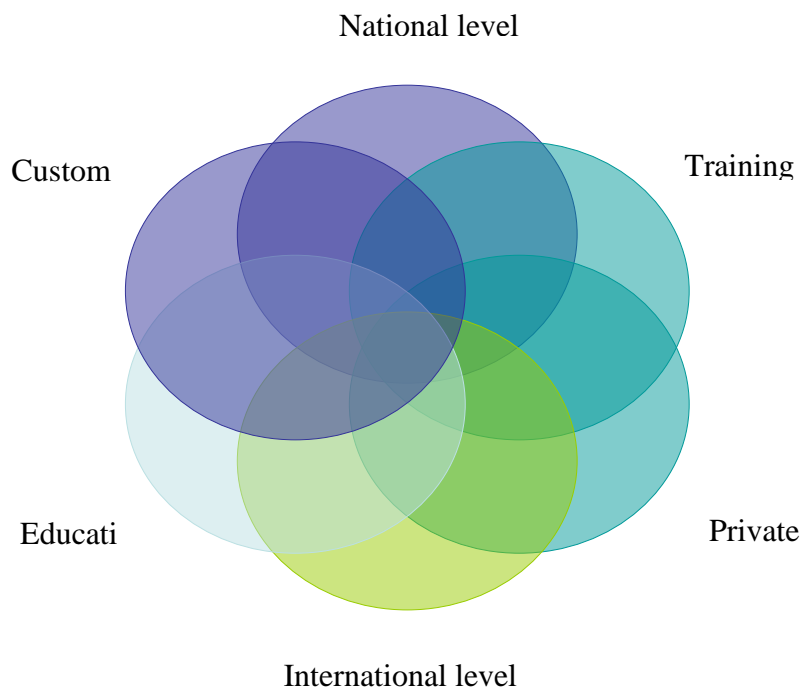


Fig. 16. Future prospects in the field of training of customs matters (created by the author).

Taking into account the training prospects of EU customs officers in the future, training and education should not be regarded as separate units. A perspective development of the customs office employees should envisage a close coordination of these training types (see Fig. 16).

Prerequisites for international cooperation in the field of training of customs officers and for the development of the integrated training model are the following:

- ✓ professional standards based on the process management;
- ✓ EU Customs Competency Framework;
- ✓ recognition of the knowledge assessment in both customs offices and civil educational institutions.

An important aspect is that the Bologna Process contributes to the fact that higher education is no longer isolated from the lifelong learning, as knowledge and skills acquired outside studies give credit points, which can be included in the total amount of studies needed to acquire a degree/qualification or master a study module. At the same time, those acquiring education through lifelong learning are able to effectively use the opportunity to master separate higher education program modules, which they need (see Fig. 17).

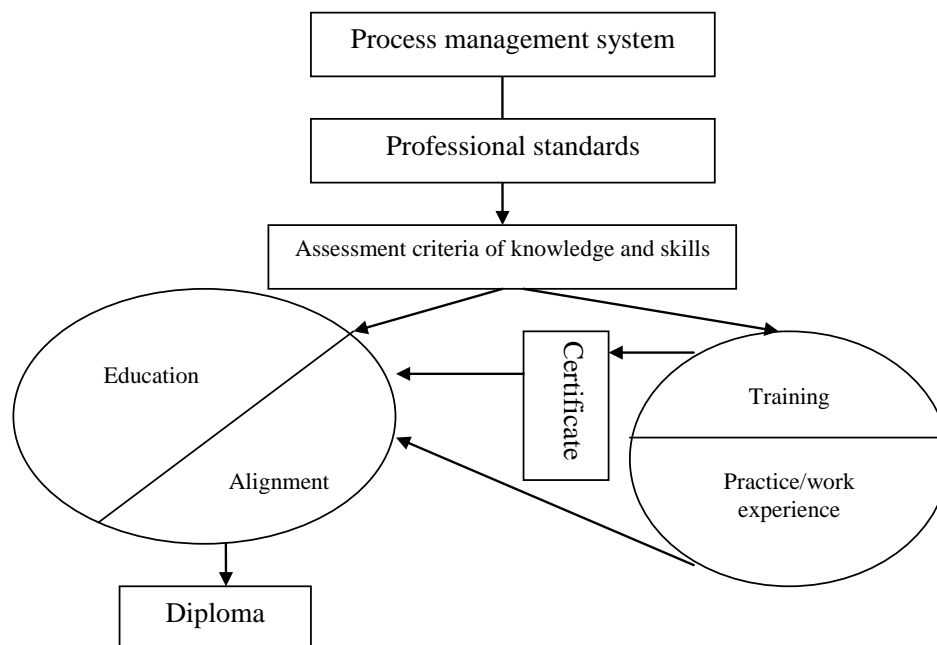


Fig. 17. The process of recognizing the knowledge acquired in the vocational training, professional development programs and professional experience (created by the author).

The most important goal of the integrated training model would be to create a coordinated and strategically far-reaching professional development system for the customs officer profession in the EU, where the best training models would be set as an example, as well as uniform standards for customs officer profession would be developed and professional training harmonized. If the curricula of both the customs office and higher education establishment are based on the professional standard, the alignment process could be facilitated. However, the allocation of credit points could be automatic in cases, if there is a formal agreement between the higher education establishment and the customs office

regarding the personnel training, mutual recognition of learning outcomes and practice. However, it also means that a range of issues has to be precisely agreed upon, for example, the acquisition of objective results, the assessment criteria of knowledge and skills, attracting of teaching staff and study process.

When developing the training systems for customs employees that meet the contemporary requirements, also the components of the system — the identification, selection, training and assessment of lecturers — have to be modernized. When modernizing the training systems for customs officials in the EU customs offices, it is essential to take into account the EU Customs Competency Framework and harmonically envisage an appropriate selection process of the teaching staff on the basis of the principles of the EU Customs Competency Framework (*EU Customs Training Curriculum*, 2014). In order to identify the strengths and weaknesses of the staff involved in the customs office training process (with regard to the EU Customs Competency Framework) and propose an optimal solution for the acquisition of each competence group, the author has created an employment approach for the staff involved in the pedagogical work (see Fig. 18). This approach can be used in the training centers of customs offices for the selection of teaching staff.

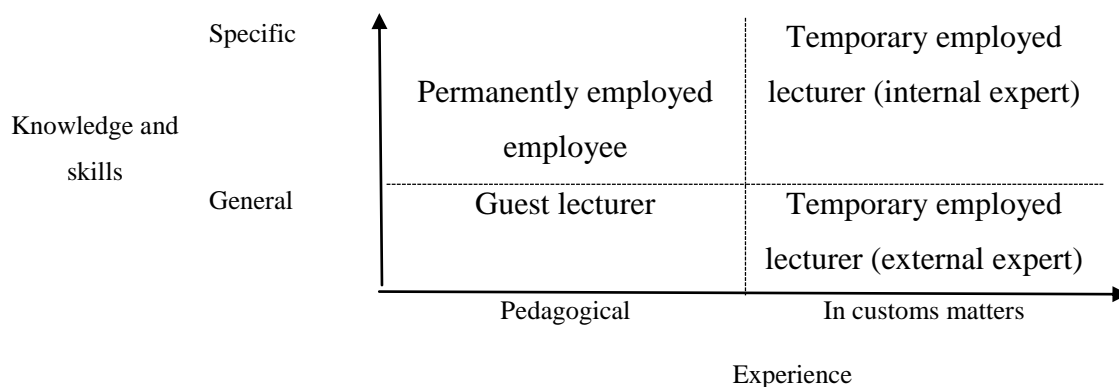


Fig. 18. Employment approach of the teaching staff involved in the pedagogical work (created by the author).

Permanently employed lecturer — an expert who carries out in-service training on a full-time or part-time basis, and does not perform any other duties; however, s/he is considered to be a customs officer.

Temporarily employed lecturer (internal expert) — an organization's employee (internal expert) can be employed as a lecturer, in parallel to his/her main job, to provide

training on very specific issues, such as customs value, classification of goods, customs procedures.

Temporarily employed lecturer (external expert) — staff member of some other organization can be employed as a lecturer to provide internal training.

Guest lecturer — the member of academic staff from other education institutions, such as colleges, universities, international institutions, etc. Unlike an external expert, who is involved in the training of employees for a certain period of time, guest lectures are a one-off measure.

In the collaboration with higher education establishments, the customs administrations have to recognize the benefits of training/educating specialists of the private sector in the field of customs and taxation. In the direct responsibilities of the customs and taxation administrations, the training of “their clients” is not included; however, the state institutions are aware of the fact that knowledgeable “clients” not only facilitate their work, but also enable them to save resources. In turn, a higher education establishment is an institution through which in an optimal way the specialists of private sector can be trained and educated, harmonizing the interests of the public and private sectors.

The specific nature of operation of customs and tax systems is related to the interaction of private and public sectors, interacting the coordinated activity of state institutions and other involved parties. Therefore, one of the most important aspects in the field of education is the harmonization of the professional qualification between the public and private sector employees, between the customs and tax experts, tax advisors and customs declarants, brokers.

For the purpose of training specialists of customs and tax representation bodies, a synergistic model should be created, taking into account the specifics of the customs and tax administration authorities as well as the field characteristic features. In fact, the distribution of requirements and responsibilities in the field of customs and taxation determines a special status and an interdisciplinary approach for the profession of specialists of tax and customs representation bodies. It enables one to implement the interaction of special training models. An interdisciplinary approach is fundamentally suitable regarding the Latvian education classification, as it allows combining different fields and sub-fields of sciences in the classification of education programs. This approach already plays a role at one study level, not only when combining the interdisciplinary approach at different study levels.

EC TAXUD, as in the field of customs, a tax competence system is developed for the employees in the field of taxation, similar to the one of EU. Based on the competence system

regarding the employees in the fields of customs and taxation and the process management opportunities provided by the State Revenue Service, the author proposes a list of study courses within the study program “Customs and Tax Administration”.

CONCLUSIONS AND PROPOSALS

During the elaboration of the Doctoral Thesis, the human resources of customs offices and the theoretical and practical aspects of training and education processes related to human resource development have been studied. The author’s research allows **concluding**:

1. Human resource management in customs offices may differ depending on what decision about the use of human resource management elements is made; however, regardless of these differences, human resource management is of strategic significance to all customs authorities. The system of human resource management includes both strategic and operational elements. Strategic principles of human resource management influence different elements of human resource management at an operational level.
2. Efficient human resource management system can ensure that resources allocated to state administration institutions to secure public benefit will be minimal, services — high quality, and most importantly — transparent to the public.
3. At present, terms for efficiency of institutional implementation and performance of state officials have not been determined, which are needed for employees to reveal their abilities and use their potential. However, state officials are expected to take more responsibility for their professional development and achievements.
4. Globalization of world economy has created the need for new approaches to international trade and supply chain management that requires elaborating new areas of strategic activities also for customs offices, such as customs offices connected in the global network, better coordinated border management, intelligence result-based risk management, partnership between the private sector and customs as an institution, corruption combating and service culture based on professional knowledge.
5. The principle of professional suitability should be particularly observed by state administration institutions that are related to economic security, including customs offices, because exactly these people can use their knowledge and skills to weaken the economic security of the country.

6. Customs authority models are one of the instruments for arrangement of activities and organization of human resources at offices. The structure model determines human resource distribution and labor management. According to the typology of models, the following basic models of customs authorities can be distinguished: Customs Department, Revenue Department, Revenue Service, Customs Agency and Border Security Agency. The primary task of customs in a traditional model is to increase financial income as it is stipulated in the state budget. The models of the Customs Department and Customs Agency are considered to be the most traditional customs organization models. The end of the 20th century was marked by the integration of customs authorities and tax administrations; as a result, the Revenue Departments and Revenue Services were established. However, the 21st century is characterized by a tendency of integrating customs and border control offices into a single institution.
7. The extent and character of independence of the Latvian State Revenue Service substantially influence the institution's strategic and operational activities concerning such issues as budget expenditure management, strategic and operational planning of labor, rights to determine its own performance standards and control them, rights to determine personnel recruitment and development, IT and database management, rights to perform operational activities regarding intelligence and information collection. However, it is not authorized to determine the remuneration level for employees.
8. Process management is the competence of each customs office; thus, which processes will be identified in the institution depend on many factors, for example, the capacity of customs office, government priorities, legislation of a particular country, accession to one of the conventions, membership in international organizations, etc. In the State Revenue Service, the interrelation of organization's aims and each employee's duties is successfully implemented and substantiated with specific internal regulations.
9. Elaboration of professional standards enables training providers to work in compliance with the needs of employer, which just as job descriptions result from employers' aims and tasks. The professional standard of customs officer is the most important element of teaching model, on the basis of which it is necessary to establish a coordinated and harmonized professional education and training system.
10. In the Latvian state administration, a talent management problem is solved superficially and partially, because only training organization aspect is envisaged concerning the talent management issue. In the project of human resource development conception of state administration, one more and the most important talent management component is not

envisaged — the identification of positions, to which officers may be appointed and also principles according to which positions are identified. Although there is the performance management system in the State Revenue Service, the most significant positions and the most important organization's employees that hold these positions have not been identified. Specific and uniform information about employee performance and the most talented people with potential has not been specified. With an existing education and development system, an enormous amount of training is organized without a system or irregularly, and the training plan is elaborated on the basis of performance reviews, consequently taking into account employee's needs without relation to the strategy. The majority of resources are allocated for training of new employees; insufficient attention is devoted to the professional development programs for those employees who hold more important positions.

11. Many countries have taken measures to combat corruption and unethical activities of individual state officials; however, these measures rarely are considered to be part of the uniform system. At the same time, there are a few evidence-based studies on the efficiency of individual measures or the whole system. In the State Revenue Service, risk management is based on the process management system; however, the risk management process is not integrated with the corruption risk management system, because there is a lack of methodological link between the two independent systems.
12. In the state administration, the elaboration of uniform methodology in the field of human resource management has been initiated. Apart from the Regulations on Performance Evaluation of the Employees of the State Direct Administration Institutions, so far there has not been a uniform mechanism developed, where such human resource management processes as personnel planning and selection, elaboration of job descriptions, remuneration determination, career and development planning, as well as professional standards, would be dependent on each other.
13. The State Revenue Service encounters problems that are related to the attraction of lecturers to implement the in-service training and their legitimation for pedagogical work at non-departmental educational institutions.
14. Due to limited resources of the State Revenue Service, teaching methods, which would enable one to acquire the latest customs working methods and technologies, are in the worst condition and generally teaching methods of the nineties are used. Implementation of innovative customs is substantially influenced by the short memory of customs

administration, as ongoing initiatives and willingness to update the learning process changes as fast as staff turnover.

15. Modern state administrations are aware of the importance of their personnel joining the labor market after leaving work in the public sector. There are fundamental disagreements between the public sector — “internal” training of customs officers, and the private sector — education and training in civil higher education establishments. There is no coordinated collaboration between training and education in the field of customs that exists within one country and among other countries.
16. EC TAXUD in the field of training of customs matters proposes the merging of four elements — customs, private sector, national level, international level — where training remains in the individual scope of member states and is managed in compliance with national requirements. Thus, the paradox of customs activities remains — along with the uniform EU regulation, there are 28 national customs office institutions and also individually regulated curriculum content and other elements of training structure, such as professional standard and competence requirements.
17. The distribution of requirements and responsibilities in the field of tax and customs determines also the special character of profession of specialists of customs and tax representation bodies, as well as an interdisciplinary approach. The specific nature of operation of customs and tax systems is related to the interaction of private and public sectors, interrelating the coordinated activities of state institutions and other involved parties. One of the most essential aspects in the field of education would be the harmonization of knowledge and professional qualification between employees of public and private sectors.

Taking into account the research results of the Doctoral Thesis, it can be stated that **the hypothesis** of the Doctoral Thesis has been proven.

By summarizing the findings of the research, the author of the Doctoral Thesis puts forward the following **proposals**:

To the State Revenue Service, state customs offices

1. Depending on which human resource management system, program or any element of human resource management the organization has chosen to implement, they should be interrelated. For improvement of any management fields — finance, quality, personnel and risk — the process management principles should be used as a basis.

2. The tasks set for customs offices must be reduced to the level of process activities and the process management system should be used in virtually all spheres that are vitally important for ensuring organizational activities. In customs offices, the process management system should be structured — primary process as service and control primary process, supporting and management process. It is necessary to precisely interrelate job descriptions, workplace descriptions and professional standards with the aims and tasks of the whole organization and determine the internal regulations appropriate for them.
3. Internal documentation in the field of human resource management should be elaborated according to the principle of mutual compatibility — process, process activities, process end product(s). For the implementation of each process, the required knowledge, skills, competences should be determined, and they should be used in both job descriptions and professional standards.
4. Professional standards should be elaborated according to the classification of process management system: the professional standard of customs expert — service and control processes of primary process; head of a structural unit of a customs office — service, control and management processes of primary process.

To customs offices of European countries, European Commission's Taxation and Customs Union Directorate-General, the World Customs Organization

5. It is necessary to elaborate a uniform approach to interrelated documents: WCO professional standards of customs officers, EC Customs Competency Framework, Latvian (national) customs officer standards and State Revenue Service job descriptions with regard to the general and specific knowledge and skills required for work.

To the State Revenue Service, customs offices of European countries, European Commission's Taxation and Customs Union Directorate-General, higher education establishments

6. It is proposed using the employment approach of staff involved in pedagogical work elaborated by the author: permanently employed lecturer, temporarily employed lecturer (internal expert), temporarily employed lecturer (external expert) and guest lecturer. The approach should be used to study strengths and weaknesses of staff involved in the pedagogical work in relation to the EC Customs Competency Framework.
7. It is proposed providing a mechanism, through which with the help of the Bologna Process EU customs officers can prove their knowledge and work experience in customs matters by a document attesting the qualification recognized by the civil education institution.

To the State Revenue Service, national customs offices, European Commission's Taxation and Customs Union Directorate-General, the World Customs Organization, higher education establishments

8. Taking into account both the organization of customs and tax administration authorities and specific features of the field, a synergic model for training of specialists in customs and tax representation bodies should be elaborated, which envisages with a bachelor degree acquired at one study program choosing one of four qualifications — in the field of customs and taxation for the needs of public administration and in the field of customs and taxation for the needs of private sector. The study course on coordinated border management should be included in the study program.
9. In addition to the four elements in the field of training in customs matters — customs, private sector, national level, international level — two more elements should be integrated — training and education.
10. In the framework of education and training system reorganization, in the State Revenue Service an operation mechanism should be elaborated, where professional education programs are developed as the study course or study model of higher education establishment study programs, with formal certification about the successful completion of study course that would be a base for a coordinated and harmonized professional development system. The evaluation criteria of study course knowledge and skills should be obtained from the process management system and at the same time they should be applied to both job descriptions and professional standards.

To the State Revenue Service

11. It is proposed integrating the talent management system both with the personnel management system and with other customs office management systems that are based on the process management system. It is necessary to create such a mechanism, where the integrated talent management model envisages uniting different elements of the talent management model. Developing the talent management model, at the first stage the State Revenue Service should introduce this model in relation to the employees of the customs and tax control unit. It would be necessary to continue the development of the model and apply it to all functions of central management.
12. The integrated risk management system should be introduced. The system to promote integrity should be included in the general risk management system that incorporates not only activities for combating existing corruption, but also risk identification and the development of risk management system that ensure continuity of activities and control of corrupt behavior. It is necessary to interrelate the integrated risk management system with selection, training and assessment processes through the process management system.