
POPULARISATION OF ECONOMIC VALUES WITHIN THE FRAMEWORK OF HIGHER EDUCATION SYSTEM – INFLUENCE ON THE MODERNISATION PROCESS OF THE CROATIAN PUBLIC ADMINISTRATION

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Abstract: The implementation of economic values in public administration is becoming more evident which is consequently resulting in implementation of the so-called managerial style within the framework of higher education system. This style has certain benefits as well as drawbacks. In the first part of the paper the author, therefore, presents key reasons of the popularisation of economic values, along with their influence on the efficiency of performance of the entire higher education system. Considering the fact that modernisation of Croatian public administration relies on the implementation of the so-called “3E” values, it is important to determine key effects of such implementation on the reform of public administration. Furthermore, the central part of the paper refers mainly to emphasising the necessity to reform the entire public administration sphere, as well as the necessity to implement both traditional and managerial values, which would adequately have a specific goal that the private sector, or better said, the values and techniques from the private sector be enforced in the public sector as well. These efforts are precisely what makes the public sector closer to the private one while trying to eliminate the differences between the two. In addition, some of the key changes in the system of higher education are mentioned in this part of the paper. The final part of the paper offers insight in ways that subjects in this particular system contribute to maintaining the primary goal, which is to adjust to European standards within the framework of higher education system. Also, this part of the paper presents conclusions on which the further growth and development of this particularly important part of public administration should be based. Being aware of the condition of the current Croatian public administration, it is becoming crucial that this complex area be researched and that the results of empirical research conducted so far be used for promoting readiness of higher education system to follow trends that are acceptable and applicable worldwide.

Keywords: economic values, higher education system, public administration, managerial style, efficiency

1. INTRODUCTION²

The influence of economic values on modernisation process of Croatian public administration is becoming more evident thus enhancing the necessity for research of this particularly important segment of public administration (public services). Numerous authors, both domestic and foreign, have dealt with the analysis of economic values in public administration. There is, however, hardly any analysis regarding the economic values within the framework of higher education. Managerial style of administration has become crucial for organisational activities. In addition, traditional approach, when combined with managerial style and the combined model of values, would present an adequate, perhaps even the most optimal style referring to all the segments of public administration, state administration, the area of local and regional self-government and public services. The effects of application of this style of government are evident in everyday conduct towards the public administration.

2. ECONOMIC VALUES IN PUBLIC ADMINISTRATION – THE REASONS FOR POPULARISATION OF MANAGERIAL APPROACH

There are many definitions of management. One of the earliest attempts at defining management comes from Gulick (1937), who summarized management tasks with POSDCORB, which stands for planning, organizing, staffing, directing, coordinating, reporting and budgeting” (Johansen & Hawes, 2016, p. 591). Of all the definitions referring to public management, the most frequent one is the one that says that public management is “an attempt to apply most of the values and techniques from the private sector in the public sector” (Peters, 1996, p. 124, according to Koprić, 2006, p. 86). Managerial approach is particularly popular in the Anglo-American area, where it is referred to as the new public management. Managerial principles have so far had the most effect in New Zealand, Great Britain, Australia, Canada and the USA. In the USA, the managerial approach to public administration is initially incorporated in the notion of public administration, where it is believed that public administration should be run by applying the same principles and values as are applied when running large business companies. The first

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representatives of traditional managerial approach are Thomas Woodrow Wilson (1856. – 1924.), Frederick Winslow Taylor (1856. – 1915.) and Henri Fayol (1841. – 1925.). Wilson's approach originates in the 19th century and is closely related to reformers of state service, who demanded that the "spoils" system should be abandoned when nominating civil servants (Perko-Šeparović, 2006, p. 21).

Wilson has inaugurated the approach which refers to public administration as business. This approach has become the orthodox or classic approach for governing public services (Perko-Šeparović, 2006, p. 22). It indicates the implementation of activities for satisfying public interest, that is citizens' needs (Antić, 2014, p. 27). Taylor, on the other hand, is connected to the scientific management approach. He has, namely, researched the organisational aspect of the effectiveness and efficiency issue. To start with, he has separated governance as an independent activity from the activities of immediate task completion, after which he has, on the operative level, made a distribution of work assignments for the purposes of fragmenting the work process into very small tasks. These tasks, in order to be accomplished successfully, require a small amount of time thus enabling task exchange at any given time without disrupting the work pace. In addition, he claimed that there is only one best way to complete each task. Time and motion study was supposed to indicate the time losses which are to be avoided. The third author to be mentioned is Fayol, who was preoccupied with the exact same problem that Taylor was trying to find a solution to in America, and that is work efficiency enhancement. Unlike Taylor, whose approach started from the operative level by analysing the elements of physical labour, Fayol has approached the problem of efficiency from the aspect of the highest level of management and governance. Different approaches are not, according to Cuthbert, merely the consequence of different careers, but simultaneously reflect the political and social history of two nations (Cuthbert, 1970, p. 121, according to Perko-Šeparović, 2006, pp. 24-25).

Fayol believed in the theory of principles applicable on every type of organisation regardless of its activity. Additionally, he classified the complete business of each industrious endeavour into six categories: technical, commercial, financial, financial reporting, safety and administration. Furthermore, the administrative category, according to him, comprises of prediction and planning, organising, commanding, coordinating and supervising (Pusić, 1996, pp. 211-212, according to Koprić, 2006, p. 87). Fayol articulated principles of management such as "the division of work, unity of direction, subordination of individual interests to the general interests, remuneration, centralization, stability of tenure" (Molina, 2015, p. 436).

3. THE INFLUENCE OF ECONOMIC VALUES ON THE EFFICIENCY OF THE HIGHER EDUCATION SYSTEM

Harmonisation of the reforms of higher education in different societies can be mainly explained as "an international economic request for maintaining competitiveness on global market". From this perspective, the reforms are a result of the process of cultural diversity in which the strategies are shared between countries through a network of experts who borrow alternative politics from the agenda of the dominant politics (Torres and Schugurensky, 2002, p. 434). Torres and Schugurensky emphasize the argument that the simultaneous appearance of similar university reform packages in various countries, regulated by parallel and similar justifications, cannot be satisfying as a coincidence and distribution of similar research and politics of the agenda including all the higher education circles worldwide. According to their belief, the new "institutional common sense" is being developed along with the new routines, laws and regulations that are enforced within the systems of higher education worldwide (Torres and Schugurensky, 2002, p. 434).

Michael Useem (1984) developed a concept of the so-called "institutional capitalism" in order to estimate the mentioned changes. Instead of attributing to the reduction of social state to a quite vague ascent of public dissatisfaction with intervening state, Useem assures that the reduction of social state is a carefully conceived product of mutually linked organisational networks mostly comprised of large corporations presenting a trend constituting a new level of capitalist development. Useem identifies three levels in the evolution of capitalism while at the same time pointing out the institutional capitalism, from the earlier stages, leading to "family" and "administrative" capitalism. The transition from administrative to institutional capitalism was a result of formation of inter-corporative administration through the ownership network and managerial positions, which in return relate to market development and bureaucratic conditions (Torres and Schugurensky, 2002, pp. 435-436, according to Useem 1984, p. 194).

Institutional approaches have a long tradition in the analysis of the politics itself. This popularity is evident in diversity of institutional approaches we find in today's literature (e.g. Hall and Taylor 1996; Steinmo and Thelen 1992). The institutions are generally formed as "formal organisations that structure political process e.g. establishing the agenda, forming opinions, procedures to handle conflicts, forming consensus, reaching decisions and implementation" (Seibel, 1997, p. 363). Comprehensive approach, encompassing both structural and those more individually oriented factors, is presented by Tsebelis who systematically analyses institutional concepts for

implementing changes in politics (Tsebelis, 1995, 2002). In conformity with this approach the probability of changing politics and politics transfer depend on the existence of veto players e.g. “individual and collective participants whose consent is necessary to change the status quo” (Heinze and Knill, 2008, p. 496, according to Tsebelis 1999, p. 593.)

The following institutional argument is based on the expectation that political harmonisations will be greater in the countries that share similar political legacies (e.g. tradition of social welfare). The countries of similar institutions are faced with lower adjustment costs when borrowing political models from each other. This means that the impact of harmonisation mechanisms will have more influence in the countries that share certain resemblance regarding the institutional structures than in those characterised by different regimes (Heinze and Knill, 2008, p. 496, according to Holzinger and Knill, 2005, p. 791). Institutional resemblance does neither implicate direct political harmonisation, nor does it cause the harmonisation itself. Domestic institutional context affects the efficiency of harmonisation mechanisms in relation to the noticeable level of cross-national harmonisation politics through structuring the national decision-making process. Countries categorised by similar institutional configurations should, in accordance, adopt similar (transnational) political items (e.g. Heinze and Knill, 2008, p. 496 according to Lenschow et al., 2005).

4. THE EFFECTS OF “3E” VALUES IMPLEMENTATION ON THE PUBLIC ADMINISTRATION REFORM – MANAGERIAL APPROACH THROUGH EMPHASIS OF “3E” VALUE

As is stated by Koprić et al., in public administration values have “binding, motivational and orientational role”. They are, according to the mentioned authors, “the binding element of modern public administration systems since the participants of public administration to a certain extent agree on their existence and importance”. The interests that are unified, that is embodied, in the values are described as motivating and offer encouragement to participants to act within the political-administrative system (Koprić et al., 2012, p. 121).

The values instruct us about the way our mission should be fulfilled and are often thought as a set of special measures or ways of interpreting reality which eventually become “the way of life and the way of doing something” (Cardona, Rey, 2009, pp. 85-89). Modern world has been exposed to the maximum value-complexity so far (new values are constantly being developed and differentiated). There are at least five groups of values applicable in the private administration sector (democratic, legal, social, economic, ecological). Democratic values are by their nature political, but also significantly different from political values that are incompatible with democratic political orders (administration legitimacy, political responsibility of civil servants to citizens, representatives chosen by citizens and political officials, political decentralisation, publicity of administration, transparency, openness, responsiveness, adjustability to needs and claims of citizens etc.). Legal values relevant for public administration are the rule of law, legitimacy, protection of human and citizens’ rights, legal responsibility of the administration, legal security, equality of all and equal treatment for all, correctness, unbiasedness, judicial control of administration etc. Social values that need to be respected and realised by public administration are social justice, solidarity, protection and respect for national and other social minorities, preservation of social and cultural diversity, social sensitivity, welfare, compassion, mercy, aid to citizens etc. Economic values are affordability, efficacy and effectiveness, quality of public services, marketability of the administration, entrepreneurship of employees, incentive and development-oriented administration etc. Ecological values refer to environment protection, natural diversity protection, responsible management and use of natural resources, support of quality eco-friendly life and work and similar (Koprić et al., 2012, pp. 123-125).

In the organisational theory, values are usually perceived as relevant components of organisational culture and as a means for determining, guiding and organising conduct (Hofstede and Hofstede, 2005; Schein, 2004, according to MacCarthaigh, 2008, p. 18). Even though exercises, research and understanding of public administration have significantly evolved during the previous decades, the concept “values of public service” remains fundamental for all the aspects of authorities and administration. Beck Jørgensen and Bozeman (2007, p. 355) accordingly claim that “there is no more important subject in public administration and politics than public values” (MacCarthaigh, 2008, p. 18).

MacCarthaigh offers an alternative perspective on the notion of values in public administration and accordingly claims they can be shaped by institutional design and change as well as that conflicts amongst the participants could cause the creation of new values. Regardless of their origin and area of application, it is established that values shape a particular conduct. Numerous interpretations of the notion have determined that the recognition of a more powerful definition of the concept is not an easy assignment. The OECD study (1996, p. 12) defines values as “individual principles or standards that judge whether something is good or right” (MacCarthaigh, 2008, p. 22).

Managerial approach is often defined by three basic values, economic by nature – efficiency, economy and effectiveness. Some instrumental values such as learning, adjustment, elasticity, ingenuity and flexibility can also be added. When combining organisational culture and management, it is inevitable to emphasise that managerial approach highlights values as components of organisational culture (Pollit and Bouckaert, 2011, pp. 118-119, according to Koprić et al., 2012, pp. 126-129).

5. THE NECESSITY TO IMPLEMENT TRADITIONAL AND/OR MANAGERIAL VALUES

New public management has, as an example of globalisation in progress, popularised the tendencies typical for business management regarding that: the result is more important than the procedure itself, financial means are to be secured prior to spending them, new actions are to be organised and not only followed etc. Public administration is influenced by the new public management concept through technical dimension and the dimension of interest (values). Technical dimension ensures the introduction of new methods and procedures in public administration performance while dimensions of interest (values) offers brand new values, that have so far not been typical for the functioning of public administration. Consequently, the question of efficiency, along with the simultaneous economic increase present the key reasons for implementation of new managerial styles and organisational types in public administration. Inclusion of citizens, being the measure that presents the key component of the reforms introducing new public management, refers to citizens' participation in the decision-making processes in public administration. The reasons for its introduction could be found in different perspectives regarding the relationship between the citizens and management. The relationship has so far been primarily observed through two dimensions: administration, presenting the position of authority and administration, presenting the position of "business service". New public management minimalizes the dimension of administration as authority – citizens, while contributing a totally different meaning to the other dimension, administration as "business service" – citizens. It is implied from this relationship that citizens are not merely users of certain services provided by administration, but are, based on their own interests, which they share with other individuals, interested in suitable functioning of public services. Any form of disruption in their functioning would, therefore, turn into first-class social and political problem which would implode forming a strong pressure on political authorities of a particular society. One solution to ease that pressure is to include various groups of citizens into the decision-making processes in public administration. The public service concept is more frequently applied on different levels of authority: international, national and sub-national. Institutional strengthening, on one hand, includes modernisation, strengthening, adjusting and frequently re-engineering of the organisation, the human resource development, on the other hand, refers to strengthening of civil servants by acquiring skills, competences, knowledge, values and attitudes proportional to their responsibilities (Bertucci, Jemai, 2013, p. 19).

6. TENDENCY TO ADJUSTING TO EUROPEAN STANDARDS

Organization development is an "educational strategy intended to change the beliefs, attitudes, values, and structure of organizations so that they can better adapt to new technologies, markets, and challenges" (Bennis, 1969, p. 2, according to Schachter, 2017, p. 236). Commoditization (or commodification) is "a process in which the goods that possess economic value and are different in terms of attribute (e.g. uniqueness or brand), are consequently transformed into simple goods in the eyes of market consumers" (Amaral and Magalhães, 2004, p. 89, according to Ball, 1998, p. 125). In other words, commoditization presents a process "of turning a specific product (merchandise) into a retail product (merchandise)" (Amaral and Magalhães, 2004, p. 89, according to Ball, 1998, p. 125). Recent trends indicate the occurrence of new educational politics "which connect the individual choice of consumers on educational market with rhetorically aimed national economic interests" (Amaral and Magalhães, 2004, p. 89, according to Ball, 1998, p. 125). This results in "increased colonisation of educational politics by their imperatives" during which "purchasing education presents substitute for gaining education" (Amaral and Magalhães, 2004, according to Kenway et al., 1993, p. 116) transforms students to clients. Strong requests for making university "relevant", the increased connection between education and economic success as well as prevalence of market orthodoxy all lead to higher education system transformation.

Van Weigl defines commoditization as a "process in which service products become standardised to the measure that their attributes become merely identical. (...) when a product or a service is commoditized, it momentarily becomes comparable with other alike products or services, while the bidding is revolved around their cost" (Amaral and Magalhães, 2004 according to Van Weigl, 2000, p. 14). He warns the institutions about the fact that faculties and universities are "sitting ducks" when it comes to their most profitable source of revenue scholarships – undergraduate study programmes. The study performed by Coopers and Lybrand in 1997 called "Transformation of higher education system in the digital era" estimated that 80% of the total number of enrolled students in undergraduate study programmes were distributed in only 25 programmes (such as accountancy, biology and

Western civilisation) (Amaral and Magalhães, 2004, p. 89, according to Van Wiegl, 2000, p. 14). An organizational identity can, be seen as a means to create order and stability within an organization (Czarniawska, 1997, according to Stensaker, 2015, p. 108).

However, according to Tight, there is one more factor offering a better explanation for the obvious endemic crisis within the higher education system, which has to do with the profile of the university as an institution and the way it functions. Universities are enormous, complex, semi-democratic institutions whose administrative interests are balanced by discipline. The basic understanding of the organisational changes process indicates that it is impossible for such institutions to preserve their own mode of functioning thereby causing constant changes in practice. Therefore, when universities experience constant pressure of changes – like during the post-war period through wide expansion and economy – they are forced to cope with long-term endangerment and significant changes (Tight, 1994, pp. 369-372). “Expansion in participation and enrollment in higher education, the pursuit of the “knowledge society,” globalization, and intensified international competition have motivated governments across the globe to invest more funding in higher education” (Altbach, 2009, according to Kuzhabekova, Hendel, & Chapman, 2015, p. 862).

7. CONCLUSION

Popularisation of economic values is nowadays becoming more evident, while involving all the key segments of public administration. Since the focus of the paper is on public services, specifically higher education system, it is clear that the managerial style prevails, while at the same time accepting all the values connected with the so-called traditional model of public administration. It is yet to be seen to which extent will the processes of privatisation, commercialisation and agentification contribute to development of this model and its duration in this area. It is highly probable, that along with the appearance of new administrative doctrines, new values will arise, which will have to be accepted by this system, extremely important for all the citizens. Also, it should be considered, that combined models of public and private are to stay in the domain of partnership used for empowering the system, since this is the only way the system could continue to exist as a public service. Changing the organisation is a process of “modification of the existent organisation with the purpose of enhancing organisational efficacy (modifications could refer to organisational hierarchy, levels of responsibility of organisation members and similar) while having in mind the following factors: subjects of modification; objects of modification; type of modification; individuals affected by modification and the estimate of modification” (Certo and Trevis Certo, 2008, p. 300; 302). The modification process can cause both positive and negative implications to a particular system. The ones currently occurring in the higher education system are frequently connected to different drawbacks which eventually become harder to correct (Dujmović, 2014, p. 154).

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