

Konrad Raczkowski

Public Management

Theory and Practice

 Springer

Public Management

Konrad Raczkowski

Public Management

Theory and Practice

 Springer

Konrad Raczkowski
Institute of Economics
University of Social Sciences
Warsaw, Mazowieckie
Poland

Originally published in Polish with the title “Zarządzanie publiczne. Teoria i praktyka”
published by “Wydawnictwo Naukowe PWN (Warsaw), 2015

ISBN 978-3-319-20311-9 ISBN 978-3-319-20312-6 (eBook)
DOI 10.1007/978-3-319-20312-6

Library of Congress Control Number: 2015944976

Springer Cham Heidelberg New York Dordrecht London

© Springer International Publishing Switzerland 2016

This work is subject to copyright. All rights are reserved by the Publisher, whether the whole or part of the material is concerned, specifically the rights of translation, reprinting, reuse of illustrations, recitation, broadcasting, reproduction on microfilms or in any other physical way, and transmission or information storage and retrieval, electronic adaptation, computer software, or by similar or dissimilar methodology now known or hereafter developed.

The use of general descriptive names, registered names, trademarks, service marks, etc. in this publication does not imply, even in the absence of a specific statement, that such names are exempt from the relevant protective laws and regulations and therefore free for general use.

The publisher, the authors and the editors are safe to assume that the advice and information in this book are believed to be true and accurate at the date of publication. Neither the publisher nor the authors or the editors give a warranty, express or implied, with respect to the material contained herein or for any errors or omissions that may have been made.

Printed on acid-free paper

Springer International Publishing AG Switzerland is part of Springer Science+Business Media
(www.springer.com)

Foreword

The basic indicator of efficient functioning of the state in categories of economy, production development and systematic increase of citizen's life quality is efficient, that is effective, economical and ethical, administration. Americans understand it well. For many years in their country, there have been the so-called Schools of Business and Administration consisting of two separate faculties: organisation and enterprise management science, and organisation and management of administration. The rule is that a number of basic subjects are taught for both faculties. This way in theory the administration personnel is well prepared in planning, static and dynamic structures construction, personnel problems: selection, development, staff motivation and methods of rational activity control.

Unfortunately, in Europe, we still have the tradition of treating the issue of administration as political science, and in Poland the subject of administration organisation is taught in the Faculty of Law. There are also attempts to develop a science of public management, but unfortunately so far distinguishing management science as independent discipline consisting of two equivalent parts: business management and public management do not succeed. This didactic immaturity and political manipulations in Polish administration led to dissemination of pathological phenomena figuratively referred to as the Four Horsemen of the Bureaucracy Apocalypse: Gigantomania, Luxurymania, Corruption and Arrogance of Authority. Extremely high, more than triple increase of employment in central apparatus of free market economy in relation to centralised planned economy is a purely shocking phenomenon, just like 18 ministries, often with numerous deputy ministers and exceptionally developed internal structure consisting of 20 departments and offices.

Similarly, remarkable is the expansion of the field apparatus through creation of poviats and the structure of two parallel provincial and the marshal offices in 16 voivodships and in further 33 voivodships the so-called Delegations of Provincial and Marshall Offices. This gigantic expansion took place with simultaneous far-reaching negligence of the development of modern information technology equipment. Corruption, unfortunately, is also a phenomenon continuously detected on a large scale. Revealed abuses in IT investments proved ease of execution, both by high-level international corporations and national executives. It proved lack of appropriate methods of organisation preventing from such operations.

Undoubtedly, realisation of all cannons of efficient public management is able to prevent also this pathology to a large extent. There are also frequent issues of excessive expenditures for the so-called representation, while arrogance of authority is the topic of a great number of complaints referring to the attitude of tax authority.

In general, one may claim that knowledge and consequent implementation of the whole rich repertoire of public management knowledge have the potential to make our administration more efficient, which now is far from satisfactory. Thus, this is another indicator of value of Professor Konrad Raczkowski's work "Public Management. Theory and Practice". In my opinion, it is a work of both cognitive and didactic value with exceptionally rich documentation. Also worthy of recognition is the broad analysis of the essence of state, due to developing discussion over its modern role in the European Union, among other things. With satisfaction I evaluate clarity and readability of language, so important in works of also didactic character. I believe that the discussed work is also an argument supporting the thesis of self-empowerment of Organization and Management Science in the mirrored form of Business Management and Public Management.

A kind of world revelation is author's collection of opinions on public management of 12 Polish Prime Ministers. The fact is that none of them had modern, actual studies in this field, thus the source of opinion is practice in some cases supported by business management science. Opinions are interesting. It would be good to compare them with their practical activities and outcomes. I believe that the discussed work is undoubtedly very valuable for everyone interested in problems of organisation and management, and in particular for people working in administration to broaden their practical knowledge, while for those studying public management should be a must.

Kraków, Poland
Washington, DC
Warsaw, Poland
New York, NY

Witold Kieżun

Preface

Public management is undoubtedly acknowledged area of management science but too narrowly empirically researched. First, it results from the fact, that until recently large part of economists has proclaimed views, that the macroeconomic level, equal to macroorganisational level of national economy, belongs to the area of pure economics. Second, it results from practice, where the majority of representatives of economic sciences in the discipline of management have mostly dealt with macroorganisational level in their research. Thirdly, public management is being developed also in the Faculties of Law and Administration, which on the one hand introduces the legal and administrative approach, which broadens possibilities of scientific generalisations; on the other hand it not always finds a fertile ground in the more hermetic management science.

Today, it can be said with full responsibility that both macroorganisational (state) and megaorganisational (global) level can and need to be discussed from the perspective of the management science. It results both from the development of international corporations and empirically the existence of global structure of corporational control confirmed in 2011 by the scientists from Swiss Federal Institute of Technology in Zurich. It also results from changes on the global stage, where on the basis of various bilateral or multilateral agreements certain socio-economic, commercial or intentional communities are created at international level, with various models of participation, accountability and public management. Significant in this process is also a fact that realisation of fourth traditionally understood management function, namely control providing measurement of economic and organisational efficiency of operation of state's institutional system within the macroorganisation, is possible only in terms of macroeconomics.

Like before, man tried to manage a given tribal community, so today's public management is an integral part of the processes of existence or destruction of a given state. It does not matter if these were despotic, slave, feudal, socialist or capitalist states with all of its forms—in all of them the better or worse understood forms of planning, leading and control occurred—from Vatican having 800 citizens, which is the smallest city-state in the globe to the most populous in the planet—China, from Democratic Republic of Congo—the poorest state on Earth, to Qatar, where income per capita is the highest in the world, from Afghanistan, constantly torn by wars since 1979, to Greenland—autonomic, yet dependent from

Denmark—who has never in history waged a war. At the same time, there are different management techniques and tools. People in power in the given state try to introduce such practices, which will allow them to reach their goals. But those goals, more often achieved by nihilisation of values and disinformation of the society, very often cater to specific interests of a selected group of people or corporations. Realisation of common good, at least to ensure respect for the person as such, prosperity in the sphere of dignified life and peace—characterised by safe and just order—can more often resemble the provision of partial good, where there is a conflict of still public goods with the already private ones.

Thus, this book is a proposition of filling the cognitive gap in terms of both theory and practice. The work consists of six chapters, which were constructed in such a way that they present the state in chronological order as the main subject of institutional understanding of the organisation in the context of new institutional economy. The research methodology included the triangulation of methods, which combined content analysis and critical overview of subject literature with diagnostic sounding.

According to classical understanding of management by R. W. Griffin, J. A. F. Stoner, R. E. Freeman and D. R. Gilbert, the focus of research was directed at analysis of such functions like planning (and decision making), organising, leading (that is leading the people) and control.

Public management is researched by approaching D. North and O. E. Williamson's perspective of new economy treating state as organisation with formal and informal institutions. Such approach allowed references to various levels of research of socio-economic organisational processes directed at theoretically developed management analysis (foreground) and resource allocation mechanism analysis (using J. M. Buchanan's social choice and public choice theory and public interest in welfare economics, analysis of institutional environment within theory of regulation and property right (directing the focus on J. M. Buchanan and G. Tullock's efficiency of economic operators and decision collectivism) and analysis of social environment in formal institutions within social evolution and change of economic structures during the whole period of political transformation in Poland, that is since August 1989.

Within quality empirical research of 12 Polish Prime Ministers, conducted in 2012–2013, the nomothetic approach with diagnostic sounding was used. The interview consisted of six standardised open questions. All questions were additionally defined each time during an individual interview in a free form, but still directed at the issue. Depending on the needs of respondents and proper reference to the discussed issues, the interviews took from 40 min to 3 h and were electronically registered after receiving the respondents' consent. In the research procedure, especially secondary, the method's drawback regarding limitations of intersubjective verifiability of information was eliminated by its physical verification in majoritarian form. At the same time, the knowledge of various political environments came from the respondents as well as author's experience from long-term practice in public organisations allowed to adopt a horizontal concept of public management.

The main goal of the work is empirical verification of public management realisation from the perspective of the experience of former Prime Ministers in Poland.

The main research problem was formulated in questions:

What is the perception of public management from the perspective of the experience of former Prime Ministers in Poland.

Due to the adopted methodology and institutional understanding of state, the detailed issues were formulated as questions:

1. What is the perception of state in understanding the organisational form of society?
2. In what way is the practical planning realised in state management?
3. What is the evaluation of state organisation capabilities in practice?
4. Which elements of state management process should be seen as the most difficult?
5. What is the perception of evaluation of degree of realisation of own planned actions in relation to actually undertaken actions?
6. What kind of power and management capabilities does the Prime Minister have in practice?

Recognition of the problem situation and collected and studied research materials allowed to adopt the following working thesis:

The perception of public management from the perspective of experience of Prime Minister is determined by the period of governance and conditioned by the security of predictable parliamentary majority.

Taking the general character of working thesis into consideration, in the context of details of adopted issues, the detailed theses were also determined:

- T1: State is perceived as the basic and the most effective form of organisation of society.
- T2: Constant search for compromises and decision-making dilemmas regarding systematic correction of plans are inseparable element of planning process in public management.
- T3: The principle of inertia of public institutions is a major cause of organisational inefficiency and low evaluation of capabilities of organising the state in practice.
- T4: Conflict of interests and lack of motivation are the most difficult areas in state management.
- T5: The degree of realisation of planned actions in relation to actually realised ones depends on the efficiency of actions of the whole Council of Ministers and the ability to control the whole management process.
- T6: Prime Minister's scope of power is vast, but strongly determined by the quality of political party structures and meritorious expert's support.

The first chapter presents the state as the form of organisation of society. It analyses differences between coping and managing and finally presents new definition—also within the opposite approaches.

Planning and decision making in public management is a topic of the second chapter. It presents the essence of planning as the basis of management as such, decisions and their classifications, and conditions their consequences and changeability during the difficult period of political transformation.

The third chapter focuses on the possibility of organisation of state from the institutional and system perspective. It refers to the Equilibrium Law and new institutional economy—discusses the order and institutional rules, emphasising the relation between institution and network connection. It presents the state's organisational system and its main models, including multi-level model of management in European Union.

In the fourth chapter, the management and leading in public organisations is presented with focus on the approach oriented at intellectual capital on macroorganisational level. The network determinants of public leadership, information and disinformation in leading process and examples of global leadership crisis were discussed.

The fifth chapter discusses fourth management function, namely control. Due to a still erroneous interpretation of basic notions, the effectiveness and efficiency in control process were presented. The main indexes of control at the macroorganisational level were discussed; finally, the efficiency of diagnosis of the state and management capability measurement was presented.

The sixth chapter presents the practice of governing and public management. It includes the characteristics of empirical research with the necessary definition of main measurements of development of Poland in 1989–2015 congruent with International Monetary Fund's GFS methodology. The undoubtedly exceptional value of this chapter is the presentation of sounding research in analytical and holistic version—interviews with all Polish Prime Ministers, who governed between 1989 and 2007. In the global scale, it is the only comparison of consequent Prime Minister's perception of the broadly defined public management in a given state. It regards the state under political transformation, which in general perception was economically successful, however not without mistakes. Some of them could have been avoided.

Here I would like to thank all the Polish Prime Ministers, who took part in the research: Tadeusz Mazowiecki, Jan Krzysztof Bielecki, Jan Olszewski, Waldemar Pawlak, Hanna Suchocka, Józef Oleksy, Włodzimierz Cimoszewicz, Jerzy Buzek, Leszek Miller, Marek Belka, Kazimierz Marcinkiewicz and Jarosław Kaczyński. It is with regret that, despite numerous invitations, the currently governing Prime Minister Donald Tusk did not take part in the research, which undoubtedly would have enriched the whole science and practice and presented broader spectrum of approaches and management dilemmas in the consequent years of governance.

I would also like to thank my Colleagues from the scientific community, both national and abroad, for numerous discussions and reviews, which for me were a source of considerations and further inspirations in works on this book.

Public management has become a normative scientific discipline, which more than ever requires the search for dynamic efficiency within creative entrepreneurship of public institutions. The economy, then, requires a state, but institutionally efficient one, which on the one hand will provide a proper allocation of public resources and on the other hand will increase social utility in all dimensions. Thus, I hope that this work will be a profound contribution to reflection on the role and meaning of public management, both scientifically and in practice.

As the author, I take full responsibility for the book's imperfections, which I have certainly not avoided, and ask the Respected Readers for understanding and constructive criticism.

Warsaw, Poland

Konrad Raczkowski

Contents

1	State as a Special Organisation of Society	1
1.1	Notion and Origins of the State	1
1.2	State According to Social Teachings of the Church	4
1.3	Tasks for State as the System of Institutions	6
1.4	Governance Versus Public Management	9
	References	16
2	Planning and Decision Making in Public Management	21
2.1	The Essence of Planning	21
2.2	Decisions and Their Classification	27
2.3	Decision Making in Conditions of Certainty, Risk and Uncertainty	33
2.4	Heterogeneous Knowledge in Strategic Planning and Decision Making	36
2.5	Planning and Decision Making in Political Transformation	38
2.6	Institutional Development Planning on Local Government Level (IDP Method)	45
	References	49
3	State Organisation for Institutional and Systemic Perspective	55
3.1	Dynamic Equilibrium of Organised Things	55
3.2	New Institutional Economy and State Organisation	58
3.3	Virtual Social Structure in Actual State Organisation	62
3.4	Organisational Social System of the State	64
3.5	Role of Non-governmental Organisations in the State	68
3.6	Main Models of State Organisation	73
3.7	Models of Organisation of Unitary States	80
3.8	Organisation of Multilevel Management in European Union	87
	References	93
4	Managing and Leading in Public Organisations	99
4.1	Managing the Intellectual Capital in Public Organisation	99
4.2	Leadership in Network-Dominated Public Sphere	104

4.3	Global Crisis of Public Leadership	111
4.4	Information and Disinformation: Key Tools of State Management	117
	References	122
5	Control and Its Regulative Function in Public Management	127
5.1	Efficiency and Effectiveness in Control Process	127
5.2	Control as Management Function	130
5.3	Main Indexes of Global Control of Competitiveness, Entrepreneurship and Development	135
5.4	Diagnosing Efficiency of State as Organisation	139
5.5	Management Capability Index	147
	References	150
6	Governance and Public Management Practice in Poland	153
6.1	Synthetic Characteristic of Empirical Research	153
6.2	Prime Ministers About Managing the State	165
6.2.1	Tadeusz Mazowiecki	165
6.2.2	Jan Krzysztof Bielecki	168
6.2.3	Jan Olszewski	172
6.2.4	Waldemar Pawlak	178
6.2.5	Hanna Suchocka	182
6.2.6	Józef Oleksy	187
6.2.7	Włodzimierz Cimoszewicz	190
6.2.8	Jerzy Buzek	205
6.2.9	Leszek Miller	211
6.2.10	Marek Belka	215
6.2.11	Kazimierz Marcinkiewicz	219
6.2.12	Jarosław Kaczyński	223
	Summary	233

List of Figures

Fig. 1.1	Definitional determination of the term public management in public governance system	14
Fig. 2.1	Planning perspective in public management	24
Fig. 2.2	General model of planning in strategic management of EU states	26
Fig. 2.3	Decision-making style models	29
Fig. 2.4	Model of ethical behaviour, decision-making and accompanying emotions	35
Fig. 3.1	Dynamic equilibrium model of organisation	56
Fig. 3.2	Scopes of organisational participation of members of virtual organisations	63
Fig. 3.3	Organisational model of state's social system	67
Fig. 3.4	G20 group states with highest qualitative and quantitative think-tank base in the world	72
Fig. 3.5	System structure of state organisation in tripartite division of authority	81
Fig. 3.6	System structure of state organisation in real division of authority	83
Fig. 3.7	Modern model of tetrarchy in management in unitary state	83
Fig. 3.8	Postulated model of harmonic triad in democratic state management in twenty-first century	85
Fig. 3.9	Administrative units of legal and institutional frameworks of EU member states	90
Fig. 3.10	General system of multilevel management in the European Union (real approach)	91
Fig. 4.1	Leadership skills according to J. C. Collins and J. I. Porras	113
Fig. 4.2	Basic communication processes of misinforming recipient in state governance	121
Fig. 5.1	Dependency among technical, production and allocative effectiveness	128
Fig. 5.2	Control system in public management	133

Fig. 5.3	Modified and supplemented McKinsey’s 7S model for the state—characteristics of the organization	140
Fig. 6.1	Daily GDP in million \$ for each Prime Ministers of Poland	157
Fig. 6.2	The growth of public debt during the governments of Prime Ministers in Poland (billions PLN)	157
Fig. 6.3	The percentage change in the inflation rate during the governments of Prime Ministers of the Republic of Poland	158

List of Tables

Table 1.1	Opposite definitions of public management	15
Table 2.1	Methods and techniques of multiple criteria decision making (MCDM)	30
Table 2.2	Hierarchical value of compromise in decision making	32
Table 2.3	<i>Washington Consensus</i> recommendations	39
Table 3.1	Selected list of economic institutional effectiveness	60
Table 3.2	Historically developed typology of states	74
Table 3.3	Opportunities and threats in multilevel management model in the European Union	92
Table 4.1	Intellectual capital model in public sphere	103
Table 4.2	System for measuring the intellectual capital in Finland	104
Table 4.3	Strengths, myths and reality of leadership in public sector	107
Table 4.4	Metaphorical illustration of the apparent territorial boundaries in global world	112
Table 4.5	Official revenue of political leaders in selected states in 2013	114
Table 4.6	Selected examples of political leadership crisis in the world	116
Table 5.1	Basic differences among managerial control, internal audit and internal control	132
Table 5.2	Pillars of the global competitiveness index	136
Table 5.3	Check-list of the factors underlying the analysis of the state to implement the strategy (the comments and evaluation on the example of Poland)	142
Table 5.4	Resulting characteristics of efficiency of the state (Poland)	147
Table 5.5	Management Capability Index for public and private organisations	148
Table 6.1	Characteristics of interviewed Prime Ministers	154
Table 6.2	Selected economic indicators for Poland in the years 1989–2014	155
Table 6.3	Pearson correlations between GDP, inflation, unemployment in annual terms for the years 1989–2014	158
Table 6.4	Determination of the main perception of the Prime Ministers of the Republic of Poland in the years 1989–2007 in the field of management of the state	159

1.1 Notion and Origins of the State

The initial frameworks of the state in the form of tribal organisations, with clearly outlined role of each entity as well as social group, were marked with some kind of budding. The city-states formed in ancient Mesopotamia or Athens usually consisted of up to several thousands of citizens and a similar number of slaves. When the population of a given city-state has grown and became a threat to the tribal structure, the division turned out necessary. This way a part of citizens of then over-populated city was indirectly forced to migrate and establish a new, similar form of social organisation. This way many city-states in the east area of Mediterranean Sea were formed. In the initial period they did not maintain any economic or cultural contacts. They kept only formal relationships, more or less dependent. They were closed, but self-sufficient. If they were not able to achieve self-sufficiency, they had to fall, disappear or spontaneously resolve. Later such formed city-states were forced to open to the world. A step towards it was the possibility of conducting mutual trade. Athens were the first to realise the benefits of trade, which led to its improvement by building a harbour, in consequence revealing a new merchant class (wealthy and influential people). Athens, conducting trade with the colonies and other city-states accumulated not only economic benefits. Through the possibility of the flow of the goods, and in particular information and knowledge, people started to question the authority of tribal sages, who in the new situation saw more threats than advantages. This way the obvious conflicts of interests of the new social class (merchants and traders) and leaders or chiefs took place. It was the beginning of creation of open society, which from today's perspective can be called democratic. The main assumption of the concept was the belief in the freedom of the individual and the human community as freemen (Brzostek 2011).

The characteristic feature of a vast part of social and economic organisations in classical period of antiquity was a hierarchy of social groups and states. Members of such communities “reserved the right or prohibition to deal with certain material or non-material activities, depending on whether by birth they belonged or not to the

local community, linking the city and countryside, agricultural and urban activities. The hierarchy of states created a social form, where a certain division of work developed and material production was realised. The hierarchy was a form of social relationships of productions, since it functioned like them, though directly it served other functions” (Godelier 2012, p. 228, translated).

Also in Athens, in particular in colony city-states formed by it, a special attention was paid to the possession of the land. Thus agriculture, which provided the citizen’s prosperity, was highly valued. Other forms of activity, like trade or crafts, were less respected, both in terms of material and social status. Other services were often reserved for foreigners or even slaves, who were forced to do it to survive. Simply citizens without a land were not respected (Godelier 2012).

State meant the governance tool through which *signore* of a given human gathering (city) tried to control the groups of people living there (Sutor 1994). It can be defined as a synonym of political community, where human natural and rational reality is directed at a certain common good (Maritain 1993). At the same time “(. . .) each country, to fulfil its task, promotes a certain basic style of being. It is based on the set of ideas adopting through its advocates a character of social norms expressed to some degree in the form of legal norms. It shows, that each statehood is in some sense of ideocratic character” (Zieliński 2011, p. 19, translated). The connotations of state’s ideology may be of various character—from religious to tyrant (idea in the form of tyranny) (Zieliński 2011). It is assumed, that the term “state” (*la stato*) comes from modern Italian and contains borrowing from Latin (*statio*). To simplify it greatly, *la stato* means a kind of establishment and existence of something taking such forms, which decide about the structure of authority. The author of this term in N. Machiavelli. By describing the connections among various political systems, he gave the term a universal character (Ziółkowska 2009).

Aristotle (2005) believed, that the state is a community of family welfare and aggregation of families due to possibility of perfect satisfaction of own needs and self-sufficiency of life.

Rothbard (2009) states, that by state we should understand such specific organisation in society, which receives its revenue by coercion, not voluntary payment. At the same time “state is that organization in society which attempts to maintain a monopoly of the use of force and violence in a given territorial area” (Rothbard 2009, p. 16). No state has ever been created by a social contract, but through conquest and exploitation.

Oppenheimer (1926) by state understood the organisation of political resources. He believed, that no state can be created before economics have created a sufficient number of objects to satisfy its needs. Then the state can appropriate the economic goods (also through war robberies).

State can also be defined as “a collection of organised institutions, in some sense coherent or interlinked, so that we have the right to briefly describe the functioning of these institutions in uniform terms” (Dunleavy 1998, p. 777, translated). At the same time functioning of such institutions regards a certain territory, where the

society has isolated itself, and people themselves set the public domain of activity (Dunleavy 1998).

The state is undoubtedly the “territorial and political institution, which with the use of its organs and legal and economic system and system of international relations creates optimum conditions for civilisation development of a given society” (Osiński 2005, p. 251, translated).

Mill (2004) believes, that government can be a good organisation—by representing a part of good features of the society (e.g. intelligence, virtue) existing in its members for managing common issues (which are in the interest of the whole society).

According to Bastiat (2009, p. 11), “state is a great fiction, through which everyone tries to live at the expense of others”. Motivating the definition further, Bastiat states that the state “consists of ministers, officials, in a word people, who—as everyone—carry in their hearts a desire, that their wealth and influences grow, and eagerly catch each opportunity to. The state learns quickly how to benefit from the role the society has given to it. It will be the arbiter, the master of all aspirations. Will take a lot, so it will receive quite a lot. Will multiply the legions of their officials, and broaden the scope of its prerogatives. In consequence it will reach overwhelming sizes” (Bastiat 2009).

“Organisation, which controls the population living in a given territory we call a state, as long as:

- (a) it is separated from other organisations acting in the same territory,
- (b) is autonomous,
- (c) is centralised,
- (d) its parts are formally coordinated” (Tilly 1975, p. 70).

We can also say “the state is a territorial and political institution, which, using the legal and economic system and system of international relations effectively creates optimal conditions for civilisation development of a given society” (Osiński 2011, p. 655, translated).

In the functional sense, the state is a necessity in a certain phase of searching for the organisation, which can be called national, determined by a system of structures (Wojakowski 2011).

“Nation state is important not only as a basic pillar of global order, but also as a factor deciding about the fate of the nation and the citizens. In each of the disciplines of social life the role of state organisation seems to be the key one—is the basis of political rationality” (Kamiński and Stefanowicz 2011, p. 195, translated).

Modern states are the highest form of political life of a given nation, developing national features of the society (both good and bad ones). The nation in turn is or should be the actual subject of governance. The state, as the organisation with specific territory and legal and institutional system, is a natural complement to the nation, which in turn creates the community of life, system of values or common language. The society of a given state identifies with specific national ideas, has the ability of collective integration, a distortion of which may be dichotomous

recognition of extreme or dissimilar concepts—which leads to disintegration and conflicts (Łastawski 2009). In its nature, the state should strive for satisfying the vital national interests, especially within maintaining sovereignty and territorial integrity, maintaining political stability, enriching cultural identity and providing the citizens with optimal conditions of life (Łastawski 2009).

On the other hand, modern state is characterised by greater transnationality, possibilities of managerial governance and diversification. Often the norms and external networks of the state influence its structure, so by contestation or support of specific behaviour patterns and actions it is forced to process of permanent reconfiguration (Le Galès 2014).

1.2 State According to Social Teachings of the Church

Justification of existence of a state by Catholic teachings of the Church was included in the Bible (*New Testament*), thus it is connected with God's plan. "The political shape given to people on Earth by Jehovah is thus desired for their gaining the goods and thus achieving spiritual goals" (Kozerska 2005, p. 71, translated; compare Sadowski 1999).

The state according to social teachings of the Church is recognised as the highest form of organisation of society, having its bases in natural law and directed at building the earthly prosperity on the basis of created law and authority (Hoffner 1992). Thus the state is the highest form of existence and its aim should be achievement of common good (Skorowski 2007). The state is also a developed structure of organs of authority, both at central and local level. This structure can be uniform or compiled of divided entities of autonomous character, whose aim is the realisation of public interest (Szafrąński 2008). Depending on whether the formal or material character of common good is assumed in the teachings of Catholic Church, the intention or specific action can be interpreted in such way. In the formal sense, this is a kind of intent directed at maximum development being a sum of "social life conditions, which make reaching own perfection more fully and easily by either associations or each member of the society" (*Konstytucja Duszpasterska o Kościele w świecie współczesnym* 1965, p. 26, translated). It is associated with respect for a person (enabling e.g. development), providing social prosperity (providing with access to basic goods), guarantee of safety to all members of society (Szafrąński 2008). Common good in material sense relates to full development of a person by dedicated social, legal and organisational solutions. The duty of permanent provision of common good in the material concept is supported by public government (Szafrąński 2008).

Thomas Aquinas claimed that it is human rational nature coming from God, which creates in him the need of collective life and subjection to power (Thomas Aquinas 1999). He claimed, after Aristotle, that the state is a natural consequence of organisation necessary for a human. It is a self-sufficient and perfect community of people. It is worth to point out, that to Aristotle politics is nothing else than social ethics. It means, that whether the given political system will not be distorted depends from adequate virtues (Jan Paweł II 2005).

Pope Pious XI believed, that the person from birth is a part of society, in which he has the ability to fulfil his aims. He identified state with accordant group of people, and happiness of society with prosperity of the state (Kozerska 2005). He compared the state to a body, where “the whole body joined and held together by every supporting ligament, with the proper functioning of each part, brings about the body’s growth and builds itself up in love” (Pious XI 2002, p. 60, translated). As the main purpose of the state, Pious XI lists providing peace and security to its citizens. Responsibility for realising the goal is naturally associated with rulers, whose task is to enable individual citizens and their families to use the generally applicable laws, as well as achieve prosperity in both the spiritual and material realm (Kozerska 2005). The Pope also postulated that the legal and economic systems established by the authority in the given state should appeal to morality resulting from the theological sciences. In order to ensure peace, the rulers of the state should have the ability to protect the society in the given territory against the aggression and external threats. Thus the political power should select and train appropriate staff of both public servants and public officials (especially the military). It can be pointed out, that the teachings of Pious XI in a way referred to the modern welfare economy, since he emphasised, that the rulers’ duty is to provide prosperity to the individual and the society. He emphasised, that social exclusion of the majority of society threatens the bases of existence of the state itself, where people brought against the wall will forcibly seek the political upheaval. He also noticed that state’s excessive interference in all spheres of public or private life is unlawful; he, however accepted the one that is necessary. Pious XI recommended that the states should care for their independence, the guarantee of which requires from the citizens to perform their duties towards the given nation. To fulfil the condition of independence and providing the citizens with common welfare—according to the Pope—mental, moral and physical culture are necessary (Kozerska 2005).

Saint Augustine of Hippo distinguished a dichotomous division into “God’s state” (*civitas Dei*), to which virtuous people and the dead should be included, and “Satan’s state” (*civitas diaboli*) with earthly sinners and the dead sentenced to condemnation. In the earthly state (*civitas terrena*) according to St. Augustine there are two kinds of states: God’s and Satan’s. At the same time the philosopher justifies, that the state was created as a result of human sinful nature (Śmiałowski 2011).

The state discussed by Saint Augustine, Martin Luther and John Calvin in the so-called Augustinian trend is strictly related to the authority of Christ and Church. Although each of those three representatives of the trend valued the expression of the voice of God by Church differently, they shared the theology of grace talking about human inability and all-powerful God (condemning or salvaging). St. Augustine, Luther, and Calvin believed that the state cannot make people truly good and its role boils down to regulation of external behaviours, which will provide the citizens with an agreeable life. They agreed, strongly emphasizing the view, that the state needs strong power coming directly from God and temporarily assigned to earthly ruler. They believed that maturity of the society and its moral condition decides,

whether the given emperor is a gift from God or a consequence of population's sin under his governance. The governance in Augustinian trend has to prevent human tendency to aggression, egoism or desire, which are the result of the original sin. The essence of such governance is use of coercion to secure the rule of law and public order. The punishment was the necessary condition of maintaining public order and its application was associated with a conviction that sinful human nature will lead to unlawfulness, if there will not be appropriate sanctions (Szczech 2006).

1.3 Tasks for State as the System of Institutions

In the modern world the majority of states do not have a homogeneous national system alienated from global economy. More and more often they are a component of integrative grouping of states in globalised world within a specified customs, trade, economic or monetary union. Thus the public interest of nationalistic states may force the need of justified departing from the freedoms of the internal market (usually basic purpose of existence of a given union) for protection of own interests realised by own institutions of both formal and informal character. State's institutions are to provide a kind of public goods. From the economic point of view those should include the goods with two features: firstly, their consumption is non-rival, secondly—there are no efficient method of excluding the stakeholders (citizens) from those goods (Stiglitz 2004).

“Even if all poverty and social exclusion will be eliminated, that is whole population of a given country will be middle class, there still will be the need for institution allowing the individual to buy insurance protection and instruments allowing redistribution in its life cycle. Although the private institutions are often efficient, they face predictable problems, while attempt of coping with them inevitably entails the state's intervention” (Barr 2010). Firstly, it results from the fact, that the private institutions are focused on achieving the biggest profitability in their economic activity, and the responsibility or the so-called corporate social responsibility is a marginal addition, not the other way round. Secondly, shoving formal markers of democracy in the form of free election, apparently free and independent press or division of authority does not mean, that the political power is evenly spread. On the contrary, it is concentrated in the political and business system, which contributes to the state's institutional system serving the interest of elites to a certain degree (Herrera and Martinelli 2013). This also means, according to P. Barberis' research (2012), that state and private institutions have more and more complex relationships within all kinds of dependencies, and what it entails—possibilities of creating new tasks or realisation of entrusted goals. On the other hand, B. Bozeman (2013) adds, that in some cases some formally state institutions can be more private, than economic institutions, and the other way round. At the same time he adds that all organisations, both private and public, are under influence of external political power and external economic organs.

To tasks of the state as an institution Osiński (2011) includes:

- (a) providing security (in all of its dimensions),
- (b) possibility of representing various social interests within different state structures,
- (c) state performing the role of mediator—ability to reconcile opposite claims within parliaments and other representative institutions,
- (d) creating bases and strengthening development of civil society with open political discourse,
- (e) conducting various forms of social securities and social care for own citizens,
- (f) performing state market interventions according to public interest (as endeavours to reach state and market synergy),
- (g) guaranteeing social peace—especially by efficient legal systems and justice,
- (h) supporting human capital development by knowledge-based society,
- (i) positive support of globalisation process in international order,
- (j) performing owner's functions in the state as the basic economic (Osiński 2011).

The tasks realised by the state are always to some extent dictated by political and economic factors and do not always contribute to performing functions expected by the governing and managing people (Fromm 2012). One cannot give the fatalist arguments, that the influence of politics is out of reach of politicians. In the actions of actual power one cannot see either the ability of centralised actions in a democratic state. One needs to remember, that the tasks of a state in the institutional system are determined by the fact, that (Cairney 2012):

- (a) Public institutions have intermittent balance and limited rationality—the vast majority of public sector problems is ignored and decision makers can focus only on one or at most a few most important issues, while the political instability and political struggle distracts attention from important ones.
- (b) Cognitive ability of decision makers is limited and very often in the developed and created policies is based on the trial and error strategy. It rarely leads to radical change of politics (since it is politically expensive).
- (c) The realisation of new policies is often the consequence of mistakes and negligence in the previous one.
- (d) The political parties take and inherit large liabilities towards the electorate, which requires responsibility in further realisation of promises.
- (e) Multi-level structure and de facto lack of central decision maker in the democratic system requires mutual adjustment, cooperation and consultations.
- (f) Historical shape of institution introduces dependency and does not always motivate to necessary changes in new and often costly policies.

- (g) Carelessly developed legislation often generates bureaucracy and lack of success in introducing changes, which results in lack of decisions, routine approach or excess of procedures.
- (h) Crisis situation, breakdowns and shocks are the driver of changes in politicians' way of thinking and acting. On the other hand, the ideas may contribute to undermining the paradigms of policy changes and ideas—to promoting change and consequently solving the problem.
- (i) Change of each policy requires publicising the given problem and devoting proper attention by providing available and adequate solutions.
- (j) The change of government does not cause the expected quantitative changes in policy, since large number of decisions may be out of given minister's capabilities. Policy is often made by small, trusted and specialised technical and political entities, whose actions are not particularly exposed.

Undoubtedly, for the tasks of the state in the institutional system to be realised efficiently and effectively, they need to form (each one separately and through their members collectively) a type of charismatic organisation, which has social capital on a high level. At the same time, the core of such organisation should be based on:

- (a) motivation-based mission,
- (b) possibility of creating an organisational culture,
- (c) making decisions supported by data, information (and in consequence knowledge),
- (d) introducing intentional innovations,
- (e) real selection of such people to manage, who will be able to create an interpersonal contact network and realise common good,
- (f) important communicates,
- (g) active range of influence,
- (h) expressive participation (inclusion in the entire process) (Sagawa and Jospin 2008).

The state not realising efficiently its duties becomes weak, namely the one, that “still has potential to execute its own decisions in the external and internal environment, but in a given moment is not able to do it. Potential power of a weak state can turn into actual power, if it manages to form more efficient administrative and institutional system. However, if the state's organisation becomes so weak, that it irrevocably loses such degree of own sovereignty, which is necessary for realising the basic good, it stops being a state and disposes of the precedent goal of every statehood” (Krawczyk 2012).

Modern state within the institution system often transforms into a formation full of paradoxes and ambivalent at the same time. On the one hand, it is still developing, on the other hand is susceptible to loss of steering. The indicators of pseudo power of nationalistic state are growth of bureaucratic structures, administration of public sector, using circulars and internal legal interpretations with flimsy legal

bases in practical functioning of public administration (so-called quasi-legislation), new populism or ideology of discourse of state power. Simultaneously, there are constant antagonist processes: privatisation, deregulation, disposing of state organs' sovereignty in relation to internal and external dimension (Iwuski 2012).

The tasks of the state will be changing and adjusting to market requirements, economic capability, international situation and level of innovativeness. To a large extent, the number and quality of performed tasks within separate functions of the state, both internal and external, will be determined by responsibility of political class governing in the given moment, potential, and citizens' ability to articulate their needs.

1.4 Governance Versus Public Management

The word *governance* (Greek *kubernēsis*—leading, directing) can be already found in Plato, who described the system of government formation. Currently, this term can be defined as “power over formal and informal rules of political game. Governance refers to those media, which are associated with determination of the principles of governance and conflict resolution, whose source those rules may be” (Kjær 2009, p. 11, translated). From the institutional point of view, governance is the possibility of influencing the general structures, where the politics takes place and all the citizens function within more or less shaped civic society (March and Olsen 1995).

The World Bank's definition says that governance is “the institutional capacity of public institutions to provide goods demanded by citizens of a given state or their representatives in an efficient, transparent, impartial and responsible manner depending on the restrictions resulting from access to resources” (Attacking Poverty 2000).

Rose and Miller (1992) lean toward the opinion that governance is a problematising act. “The ideals of governance are inherently linked to the problems on which they focus, defects they are trying to fix, diseases they are trying to cure. In fact the history of governance can be written as the history of problematizing” (Walters and Haahr 2005). At the same time, in the case of the European Union we can and should rather talk about management than governance, if we acknowledge the fact, that it regards the lack of hierarchy and full sovereignty of the states, non-hierarchical system of political negotiations, administrative structures and regulations, which are to facilitate the decision-making and conflict solving process (Ruszkowski 2007).

Next to modern governance there also has been developing a pre-scientific, but practical management directed at rationalisation of organised activities. Even before our era it regarded three domains: governance and administration, military and joint staff organisations, and socio-economic perspective. Later, in the Middle Ages and the period of trade development, new rationalising techniques appeared, mostly in unverified form. In the era of industrial development supervision and coercion dominated, which through economic development needed to improve the

production cycle and required management. Only by the end of the nineteenth century the beginnings of scientific approach to organisation and governance were born (Lachiewicz and Matejun 2012), and the very conceptions of governance developed particularly strongly in the twentieth century.

The reform of public sector aimed at improving its efficiency and the quality of services was initiated more than 30 years ago (the turn of the 1970s and 1980s of the twentieth century) in Great Britain and the United States. Its goal was the greatest marketization of public sector using the private sector management models. In quite a short time it was announced that the new conception is called *New public management*—NPM (Zalewski 2006). Characteristic for this approach are (Alonso et al. 2013):

- (a) introducing larger competition in public sector,
- (b) increasing efficiency by cost reduction and increase of activity scale (*downsizing*),
- (c) introducing practices from private sector to public sector,
- (d) replacing expenditure control with results control,
- (e) decentralisation related to delegating managerial responsibilities to lower levels of management,
- (f) creating new agencies on the basis of disaggregation of centralised bureaucracies,
- (g) separating buyers from suppliers,
- (h) client orientation,
- (i) separating political decisions from direct public process management (at the same time it is the most difficult to realise aim of NPM).

Public management is researched and developed mostly on the basis of theory of: organisation and management, public change management and new institutional economy (with large reference to the theory of public choice developed within this theory). Also important are economic analyses, especially in behavioural economy or behavioural finances.

Frączkiewicz-Wronka (2009) and Sudół (2007a) rightly noticed, that scientific augmentation of this sub-discipline is much broader than reference to theory of management, economics and political science, since it requires not only research in functioning of public sector, but also possibility of catering to social needs or optimising actions from the perspective of efficiency. Therefore, Kożuch (2005) emphasises the reference of public management to direction at realising public interest, creating public values or optimal use of possibilities of organised actions. It should research the ways and scope of uniform actions, which provide proper determination of goals and their realisation (Kożuch 2006). Those goals, their availability and ability to reach them should be discussed in the perspective of praxeological model of action, taking into account the balance of funds, personnel and property. Actions in public management have to be most of all efficient, which means, that they should be both effective and economical, balance the material and moral costs (Kieżun 2011). At the same time improvement of organisational

effectiveness of that sector each time needs acknowledging the needs specified in the election procedure and context conditions of actions (Frączkiewicz-Wronka 2010). Therefore, sound is W. Kickert's (2011) position that the reforms of public sector are a big problem, which to be solved requires coordination and leadership. However, central coordination in public management is restricted by various decentralised entities.

In this regard—whether we are dealing with governance or management—an interesting terminological proposition is the Galicek's opinion, who proposed the term *managerial executive* for the government. It manifests through centralised executive management (executive authority), organised functionally with well-developed staff responsible in particular for state's finances and planning, and who is supported by active citizens (Van Riper 1990). Such approach is associated with the fact, that undoubtedly in reference to unitary state, where the Prime Minister plays deciding role, each of members of the government can be assigned a foreground roles in governing and managing the departments they lead. In this sense, the Member of Parliament can be a manager with crucial role in creating democratic results of functioning of each programme, where effective management is a surplus necessary for compensating the higher decision costs in democracy (Meier 2010).

One should fully agree with Talbot (2010), that the period of more than three decades is a revolution in terms of managing the public sector and directing the governments of each state to increase in efficiency. The promotion of effectiveness and reducing the role and significance of the government, also through “slimming down” the administration and cutting the expenses, was meant to be a panacea for good governance and management in different parts of the world. Use of such practices, like efficiency measurement, control and audit, was to guarantee achievement of intended goals. Disaggregation, decentralisation and outsourcing of services were encouraged. Increase in quality of services and introducing new IT solutions in e-administration was rightly followed. Sometimes the solutions from private sector were literally copied to public one, introducing elastic work hours, recruitment and carrier path based on organisation's professionalism and needs, instead of only formal rules. In addition, the trade unions were strongly marginalised (Massey and Pyper 2005).

The aim of such approach was and still is to remove the bureaucratic barriers, which generate too high transaction costs of creating and strengthening cohesion in economic and public dimension. However, low level of social capital or creating too much time-consuming methods of coordination do not facilitate it. More often they lead to improving the methods and techniques of navigating among the complicated procedures and regulations or creating lobby groups oriented at other goals than common good (Woźniak 2011).

Miller (2012) states that there is a need for scientific research, which will show the capabilities of exchangeable use, both in private and public sector, of management techniques, achieving efficiency and effectiveness, researching reforms of the whole public sector, efficiency management or broader use of public choice theory. It is true. Nevertheless, we cannot agree, that it would be right to completely

eliminate traits of both sectors, which would allow to treat them equally. Many authors rightly emphasise, that we still lack appropriate theoretical foundations in new political management (Perry 1986, Frey, Homberg, Osterloh 2013).

Achieving goals by other institutions through coordinated actions, as opposed to general management directed at intentional actions of other people, is a basic trait of new public management (Metcalfe 1993). They are realised by public organs, whose institutions do not always work for a common goal due to a different type of tasks, so they do not contribute to the success of all actions. A mandate for management is the power of state and local governmental institutions or power within law of surveillance over those social entities, which do not have a legal personality. Finally, public management is about eliminating inequality of chances, social politics and common good, and thus public institution cannot be evaluated only on the basis of its market value and revenue. The final determinant of differences in public management is the fact, that the activity of this domain is regulated in majority by administrative law and not the generally applicable legal standards in trade enterprises (Sudoł 2007b).

A practical description of public management is proposed by Kieżun. It is a dependent “form of establishment of power in democratic elections, the necessity of realisation of a specific programme of winning political party and is a subject of social control and evaluation expressed through the election” (Kieżun 2004, pp. 40–41, translated).

Drawing conclusions from practice, the world of science (but practice too) more often stresses that more attention should be paid to other paradigms: *good governance* (Van Kersbergen and Van Waarden 2004) or *network government* (Bourgon 2007), public values, pragmatism, motivation of public services and developing the state according to M. Weber’s conception (*Neo-Weberian state*) (De Vries and Nemeč 2013)—high competences of public sector, exceptional status of civil service, high organisational culture of bureaucracy. In the recent years we have grounds to talk about redefinition of new public management (*post-NPM*). New public management (NPM) is theoretically insufficient. It has numerous faults in the created and distributed paradigm. It has not worked well in practice, particularly with regards to creation of sustainable public service organization and sustainable public services (Osborne et al. 2014). Finally, the conception of new public management has not at all or sufficiently risen the basic issue—public services require management at every level and in all of its parts (Radnor et al. 2014), which allows assuming holistic approach to management, including e.g. managing the state.

It is not known how the introduced reforms focused e.g. on the whole government, joined-up government, strengthening the centre of government, levels of coordination or those focused on culture and value-based economy, will refer to public institution control or autonomy (Laegreid et al. 2008).

Will it be a hybrid model of public management within public service, mutual and simultaneous cooperation of bureaucracy, network and market and will the public services be provided by public, private, non-profit organisations or the service recipients? (Ashworth et al. 2013). The answer may be both positive and

negative. Positive, since public management surely will not be hybrid and broad cooperation-oriented. Negative, since it is difficult to expect from the market that it will be oriented at other efficiency than its own, at public service and common good, protection of protected by law and even sensitive information.

In redefined new public management it needs to be remembered that there is a large difference between citizens and clients—even if we call the latter stakeholders. Only clients are fully independent in market sense. They can choose suppliers, manufacturers and market competitors of these companies, which do not satisfy them (Savoie 2006). Citizens—assuming they are the members of given integrative group of states (e.g. UE)—have limited independence in choosing public services, and in some cases are stuck with a monopoly of one organization in the terms of institutions. If they decide on an alternative, available on more advantageous conditions in own expectations, it may fulfil the needs, but with increase of transactional costs of control.

It needs to be noticed, that “many organisations have achieved single breakthrough results, but have not used a formalised management system. Charismatic leadership and the art of management are mighty powers and very often efficient. However, the results which depend from the power of individual leaders cannot be maintained for longer. If the organisation does not link its strategy to management and operation process, it will not be able to succeed sustainably” (Kaplan and Norton 2010, p. 152, translated).

However, a dilemma is noticed by many researchers—when can we talk about governance and when about public management? Do the Prime Minister and his ministers govern or publicly manage? The answer seems quite obvious—they govern and manage, since management regards executing behaviours congruent with previously accepted rules of the game. However, the essence of governance (Staniszki 1998) is establishing such rules, that will be executed ex post in public management.

Thus it should be assumed, that governance is assigned to public power organs and is an overriding term in relation to public management (Fig. 1.1).

From this perspective both Prime Minister and ministers serve governance and public management functions. It results from the fact, that governance was initially identified with private sector, in terms of organisational ruling at the strategic level of governance (*corporate governance*) and only then was secondarily transferred and implemented in public sector as traditionally understood governance (*public governance*). If we assume that governance should be good and should be, then it should refer to democratic representation, abidance of legal norms, effective and efficient public management, special state institutions participating in the process and finally transparency and liability (Raczkowski and Mikułowski 2013). Good governance is “accurate identification and effective resolution of social problems by public authorities, with the participation of stakeholders” (Mazur 2011, p. 21, translated).

It seems that from the point of view of management science, it is appropriate to perceive governance through leadership (leading and motivating) with maintaining other management functions, i.e. planning, organising and controlling. It means that

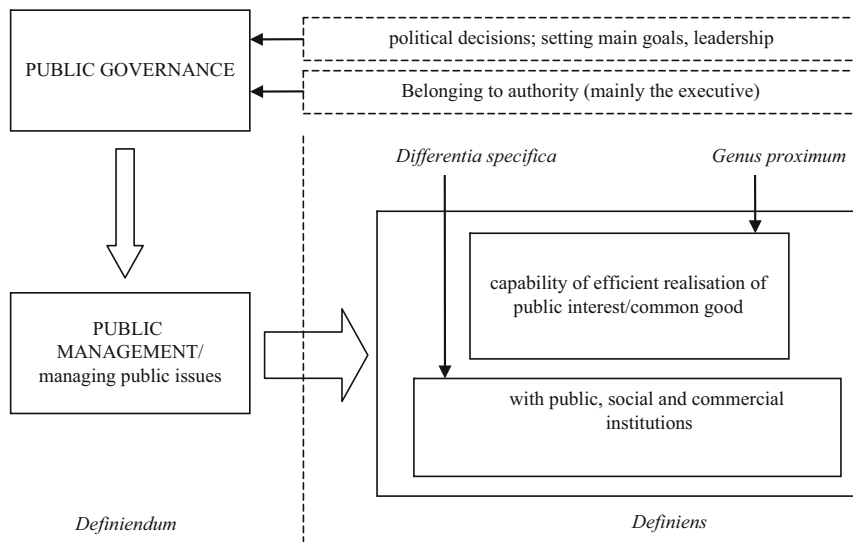


Fig. 1.1 Definitional determination of the term public management in public governance system. *Source:* K. Raczkowski 2013, W. Mikułowski, *Specyfika i zakres definiowania zarządzania publicznego*, "Przedsiębiorczość i Zarządzanie", Vol. 14, Issue 13, pt. 3, p. 15

perceiving governance in terms of traditionally understood management would be legitimate—of course in a limited form. Griffin (2004) defines management as a set of actions (including planning and decision making, organising, leadership, that is leading people, and controlling) addressed at resources of the organisation (human, financial, material and informational) and performed in the view to achieve organisation goals in an efficient and effective manner. Efficient means the one, where the resources are used cleverly and without excessive waste, and effective is the one where right decisions are made and successfully implemented (Griffin 2004).

From the point of view of the state, we can distinguish three different elements of management representing three different governance structures:

- (a) market (which tries to limit the role of government in the culture of competition and independence),
- (b) hierarchy (where the bureaucratic apparatus of the state, bound by the employment relationship in line with the idea of subordination supreme, realises public tasks)
- (c) network (which enables undertaking cooperation, forces the necessity of establishing contacts with all state stakeholders; network's operation often depends from the coordinator, e.g. state agency, which poses new challenges against the very agency) (Kjær 2009).

Table 1.1 Opposite definitions of public management

Public management	
Positive approach	Praxeological and rightful process of public service for citizens for the sake of their and following generations' good through strengthening mutual relationships, competitiveness of national economy and practical increase of social utility through effective allocation of public resources
Negative approach	Fiction, whose aim is the possibility of temporal or permanent appropriation of public goods for the implementation of the particular interests of a narrow social group

Source: Own study

Modern public management in general can be identified with governing the state. In many places it is marked with illusion and hypocrisy of making decisions for the sake of the public good. Yes, such good is also a management product, but rather a side one instead of always intentional. In another perspective public management can be related to intentional production of behaviours anomalous to accepted and advocated patterns and models. If the anomalies begin to be generally accepted, they will create new patterns and models, then other interpretation of facts served to society to assimilate may become a distorting reflection of truth.

Thus two definitions of public management should be proposed, which will present opposite positive and negative values (Table 1.1).

Of course such a state should be sought, in which public management will reflect the positive definition in the process of performing certain decisions. In the case of negative approach it may be related to forcing the economic operators and citizens to the informal economy, and even non-existence. The longer the period for governing in negative system, the more havoc can be expected in national economy of the given state. Negative approach creates anomalies, which can be systematically implemented, since “in times of uncertainty the role of experts increases”. Authorities interpreting events also become authorities in feelings. The need of leadership felt by people changing their social status only increases the significance of more fundamental rule: in terms of feelings the people at the bottom of the social ladder usually look for clues in the elite. The authority has a certain power over the roles of feeling. A parent can show to a child, how much it should be afraid of the neighbour's bull terrier. Professor of English literature may suggest the students how they could experience Rilke's *First Duine Elegy*. Manager can point out to the secretary, that she should put more heart in the words: “Here is today's mail, sir” It is the authorities that protect the rules of feeling (Hochschild 2009). But who and why is the authority today, in the age of governance and public management crisis? Surely not the politicians, who reached for power in different parts of the world in a more or less democratic way. Power allows them to govern and manage in a specified time and area—does not have to be officially determined and geographically assigned.

References

- Alonso, J. M., Clifton, J., & Diaz-Fuentes, D. (2013). Did New Public Management matter? An empirical analysis of the outsourcing and decentralization effects on public sector size. *Public Management Review*, 15, 643–660. doi:10.1080/14719037.2013.822532.
- Aristotle. (2005). *A treatise on government* (Electronic Classic Series, p. 3). Hazleton, PA: The Pennsylvania State University.
- Ashworth, R., Ferlie, E., Hammerschmid, G., Jae Moon, M., & Reay, T. (2013). Theorizing contemporary public management: International and comparative perspective. *British Journal of Management*, 24, 12.
- Attacking Poverty. (2000). World Bank, Washington, DC, p. 48.
- Barberis, P. (2012). Thinking about the state, talking bureaucracy, teaching public administration. *Teaching Public Administration*, 30(2), 80.
- Barr, N. (2010). *Państwo dobrobytu jako skarbonka. Informacja, ryzyko, niepewność a rola państwa* (pp. 19–20). Warszawa: Wydawnictwo Wyższej Szkoły Pedagogicznej TWP.
- Bastiat, F. (2009). *Dzieła zebrane* (p. 111). Warszawa: Wydawnictwo PROHIBITA.
- Bourgon, J. (2007). Responsive, responsible and respected government: Towards a new public administration theory. *International Review of Administrative Sciences*, 73(1), 7–26.
- Bozeman, B. (2013). What organization theorists and public policy researchers can learn from one another: Publicness theory as a case-in-point. *Organization Studies*, 34(2), 176.
- Brzostek, M. G. (2011). *Spółczesność zniewolone. Koniec demokracji?* (pp. 24–26). Szczecin: Walter X.
- Cairney, P. (2012). Public administration in an age of austerity: Positive lessons from policy studies. *Public Policy and Administration*, 27(3), 240–241.
- De Vries, M., & Nemeč, J. (2013). Public sector reform: An overview on recent literature and research on NPM and alternative path. *International Journal of Public Sector Management*, 26(1), 4–16.
- Dunleavy, P. (1998). Państwo. In R. E. Goodin & P. Pettit (Eds.), *Przewodnik po współczesnej filozofii politycznej* (p. 777). Warszawa: Wydawnictwo Książka i Wiedza.
- Frączkiewicz-Wronka, A. (2009). Poszukiwanie istoty zarządzania publicznego. In A. Frączkiewicz-Wronka (Ed.), *Zarządzanie publiczne—elementy teorii i praktyki* (p. 23). Katowice: Wydawnictwo Akademii Ekonomicznej im. Karola Adameckiego w Katowicach.
- Frączkiewicz-Wronka, A. (2010). Nowoczesna koncepcja świadczenia usług publicznych—zmiana w kierunku nowego zarządzania publicznego. In A. Frączkiewicz-Wronka (Ed.), *Pomiar efektywności organizacji publicznych na przykładzie sektora ochrony zdrowia* (p. 50). Katowice: Wydawnictwo Akademii Ekonomicznej w Katowicach.
- Frey, B. S., Homberg, F., & Osterloh, M. (2013). Organizational control systems and pay-for-performance in the public service. *Organization Studies*, 34(7), 949–972.
- Fromm, E. (2012). *Zdrowe społeczeństwo* (p. 27). Kraków: Vis-a-Vis.
- Godelier, M. (2012). *Idee i materia. Myśl, gospodarka, społeczeństwo* (p. 228). Kraków: Wydawnictwo Uniwersytetu Jagiellońskiego.
- Griffin, R. W. (2004). *Podstawy zarządzania organizacjami* (p. 6). Warszawa: WN PWN.
- Herrera, H., & Martinelli, C. (2013). Oligarchy, democracy, and state capacity. *Economic Theory*, 52, 165–186.
- Hochschild, A. R. (2009). *Zarządzanie emocjami. Komercjalizacja ludzkich uczuć* (pp. 82–83). Warszawa: WN PWN.
- Hoffner, J. (1992). *Chrześcijańska nauka społeczna* (p. 213). Kraków: WAM.
- Iwuski, L. R. (2012). Państwo narodowe—śmierć, szczyt potęgi czy fundamentalna zmiana. In E. Ganowicz & A. Lisowska (Eds.), *Współczesne państwo. Idee i rozwiązania instytucjonalne* (p. 50). Toruń: Wydawnictwo Adam Marszałek.
- Jan Paweł II. (2005). *Pamięć i tożsamość* (pp. 137–138). Kraków: Znak.
- Kamiński, A. Z., & Stefanowicz, J. A. (2011). Wydolność strategiczna państwa: Polska w XXI wieku. In J. Kleer, A. P. Wierzbicki, Z. Strzelecki, & L. Kuźnicki (Eds.), *Wizja przyszłości*

- Polski. Studia i analizy, t. 1, Społeczeństwo i państwo* (p. 195). Warszawa: PAN, Komitet Prognoz Polska 2000 Plus.
- Kaplan, R. S., & Norton, D. P. (2010). *Wdrażanie strategii dla osiągnięcia przewagi konkurencyjnej* (p. 152). Warszawa: WP PWN.
- Kickert, W. (2011). Steering emergent and complex change processes. In S. Van de Walle & S. Groeneweld (Eds.), *New steering concept in public management* (Research in public policy analysis and management, Vol. 21, p. 88). Bingley: Emerald Group Publishing.
- Kieżun, W. (2004). Struktury i kierunki zarządzania państwem. In W. Kieżun & J. Kubin (Eds.), *Dobre państwo* (pp. 40–41). Warszawa: Wydawnictwo Wyższej Szkoły Przedsiębiorczości i Zarządzania im. Leona Koźmińskiego.
- Kieżun, W. (2011). Prakseologiczna teoria organizacji i zarządzania. In W. Kieżun (Ed.), *Krytycznie i twórczo o zarządzaniu. Wybrane zagadnienia* (p. 81). Warszawa: Oficyna Wolters Kluwer business.
- Kjær, A. M. (2009). *Rządzenie* (pp. 11–58). Warszawa: Wydawnictwo Sic.
- Konstytucja duszpasterska o Kościele w świecie współczesnym. (1965). Kaudium et spes, Sobór Watykański II, Watykan, p. 26.
- Kozerska, E. (2005). *Państwo i społeczeństwo w poglądach Piusa XI* (pp. 71–75). Wrocław: Wydawnictwo Uniwersytetu Wrocławskiego.
- Kożuch, B. (2005). Zarządzanie publiczne jako dyscyplina naukowa. *Zeszyty Naukowe Instytutu Spraw Publicznych Uniwersytetu Jagiellońskiego, 1*, 21.
- Kożuch, B. (2006). Zarys rozwoju zarządzania publicznego. *Współczesne Zarządzanie, 3*, 46–56.
- Krawczyk, T. (2012). Rozmiar i siła państwa w ujęciu funkcjonalnym. Odniesienia do rozważań na temat teleologicznych aspektów państwowości Michela Foucaulta. In E. Ganowicz & A. Lisowska (Eds.), *Współczesne państwo. Idee i rozwiązania instytucjonalne* (p. 28). Toruń: Wydawnictwo Adam Marszałek.
- Lachiewicz, S., & Matejun, M. (2012). Ewolucja nauk o zarządzaniu. In A. Zakrzewska-Bielawska (Ed.), *Podstawy zarządzania* (pp. 85–89). Warszawa: Oficyna Wolters Kluwer business.
- Laegreid, P., Verhoest, K., & Werner, J. (2008). The governance, autonomy and coordination of public sector organization. *Public Organization Review, 8*(1), 94.
- Łastawski, K. (2009). Interesy narodowe współczesnych państw europejskich. In A. W. Jabłoński & A. Lisowska (Eds.), *Wizje dobrego państwa. Państwo w procesach przemian. Teoria i praktyka* (pp. 42–43). Toruń: Wydawnictwo Adam Marszałek.
- Le Galès, P. (2014). States in Europe: Uncaging societies and the limit to the infrastructural power. *Socio-Economic Review, 12*(1), 147.
- March, J. G., & Olsen, J. P. (1995). *Instytucje: organizacyjne podstawy polityki* (p. 6). Warszawa: Wydawnictwo Naukowe Scholar.
- Maritain, J. (1993). *Człowiek i państwo* (p. 16). Kraków: Wydawnictwo Znak.
- Massey, A., & Pyper, R. (2005). *Public management and modernisation in Britain* (p. 270). London: Palgrave Macmillan.
- Mazur, S. (2011). Meandry modernizacji administracji publicznej. In J. Bober (Ed.), *Planowanie rozwoju instytucjonalnego w samorządach lokalnych* (p. 21). Kraków: Uniwersytet Ekonomiczny w Krakowie, Małopolska Szkoła Administracji Publicznej.
- Meier, K. J. (2010). Governance, structure and democracy: Luther Gulick and the future of the public administration. *Public Administration Review, 70*, s284–291.
- Metcalfe, L. (1993). Public Management: from Imitation to Innovation. In J. Kooiman (Ed.), *Modern Governance. New Government-Society Interaction* (pp. 173–176). London: Sage.
- Mill, J. S. (2004). *Considerations on representative government* (Electronic Classic Series, p. 24). Hazleton: The Pennsylvania State University.
- Miller, K. J. (2012). The future of the discipline: Trends in public sector management. In J. Diamond & J. Liddle (Eds.), *Emerging and potential trends in public management: An age of austerity critical perspectives on international public sector management* (Vol. 1, p. 7). Bingley: Emerald Group Publishing.

- Oppenheimer, F. (1926). *The state* (pp. 24–27). New York, NY: Vanguard Press.
- Osborne, S. P., Radnor, Z., Vidal, I., & Kinder, T. (2014). A sustainable business model for public service organizations? *Public Management Review*, 16(2), 167–168.
- Osiński, J. (2005). Państwo w procesie transformacji ustrojowej w Polsce. In E. Czarny (Ed.), *Gospodarka polska na przelomie wieków: Od A do Z* (p. 251). Narodowy Bank Polski: Warszawa.
- Osiński, J. (2011). Niezbędność państwa w dobie globalizacji oraz jego współczesne modele. In J. Oniszczuk (Ed.), *Współczesne państwo w teorii i praktyce* (p. 655). Warszawa: Oficyna Wydawnicza SGH.
- Perry, J. L. (1986). Merit pay in the public sector: The case of a failure of theory. *Review of Public Personnel Administration*, 7(1), 57–69.
- Pius, X. I. (2002). *Quadragesimo Anno (o chrześcijańskim ustroju społecznym)* (p. 60). Warszawa: Wydawnictwo Te Deum.
- Raczkowski, K., & Mikułowski, W. (2013). Specyfika i zakres definiowania zarządzania publicznego. *Przedsiębiorczość i Zarządzanie*, 14(13), 3. 15.
- Radnor, Z., Osborne, S., Kinder, T., & Mutton, J. (2014). Operationalizing co-production in public services delivery the contribution of service blueprinting. *Public Management Review*, 16(3), 402–423.
- Rose, N., & Miller, P. (1992). Political power beyond the state: Problematics of government. *British Journal of Sociology*, 43(2), 181.
- Rothbard, M. N. (2009). *Anatomy of the state* (p. 11). Alabama: Ludwig von Mises Institute.
- Ruszkowski, J. (2007). *Wstęp do studiów europejskich. Zagadnienia teoretyczne i metodologiczne* (pp. 209–210). Warszawa: WN PWN.
- Sadowski, M. (1999) Z badań nad wczesnochrześcijańską doktryną państwa. *Przegląd Prawa i Administracji*. Zakład Narodowy im. Ossolińskich, t. 42, Wrocław, 207.
- Sagawa, S., & Jospin, D. (2008). *The Charismatic Organization. Eight ways to grow a nonprofit that builds buzz, delights donors, and energizes employees*. New York, NY: Willey.
- Savoie, D. J. (2006). What is wrong with the new public management, comparative public administration: The essential readings. *Research in Public Policy Analysis and Management*, 15, 597.
- Skorowski, H. (2007). *Państwo* (pp. 18–26). Krosno: Krośnieńska Oficyna Wydawnicza.
- Śmiałowski, J. (2011). *Państwo klasowe w odwrocie* (p. 68). Jarosław: Wydawnictwo Państwowej Wyższej Szkoły Techniczno-Ekonomicznej.
- Staniszkis, J. (1998). *Władza bez polityki*. Rzeczpospolita, nr 290.
- Stiglitz, J. (2004). *Ekonomia sektora publicznego* (p. 345). Warszawa: WN PWN.
- Sudoł, S. (2007a). Miejsce nauk o zarządzaniu w klasyfikacji dziedzin i dyscyplin naukowych. *Organizacja i Kierowanie*, 3(129), 9–10.
- Sudoł, S. (2007b). *Nauki o zarządzaniu. Węzłowe problemy i kontrowersje* (p. 42). Toruń: Wydawnictwo Dom Organizatora.
- Sutor, B. (1994). *Etyka polityczna* (p. 183). Warszawa: Wydawnictwo Kontrast.
- Szafrński, A. (2008). *Przedsiębiorca publiczny wobec wolności gospodarczej*. Warszawa: Wydawnictwo C.H Beck.
- Szczech, T. (2006). *Państwo i prawo w doktrynie św. Augustyna, Marcina Lutra i Jana Kalwina* (pp. 303–312). Łódź: Wydawnictwo Uniwersytetu Łódzkiego.
- Talbot, C. (2010). *Theories of performance: Organizational and service improvement in the public domain*. Oxford: Oxford University Press.
- Tilly, C. (1975). Reflections on the history of European state-making. In C. Tilly (Ed.), *The formation of the states in Western Europe*. Princeton, NJ: Princeton University Press.
- Tomasz z Akwinu. (1999). O władzy. In *Święty Tomasz z Akwinu. Dzieła wybrane* (pp. 135–136). Kęty: Wydawnictwo Antyk.
- Van Kersbergen, K., & Van Waarden, F. (2004). Governance' as a bridge between disciplines: Cross-disciplinary inspiration regarding shifts in governance and problems of governability, accountability and legitimacy. *European Journal of Political Research*, 43(2), 143–171.

- Van Riper, P. P. (1990). The literary Gulick: A bibliographical appreciation. *Public Administration Review*, 50(6), 611.
- Walters, W., & Haahr, J. H. (2005). *Rządzenia Europą* (p. 20). Warszawa: WN PWN.
- Wojakowski, Ł. P. (2011). *Państwo i zmiana społeczna w teoriach amerykańskiej socjologii historycznej* (p. 253). Kraków: Zakład Wydawniczy NOMOS.
- Woźniak, M.G. (2011). Modernizacja dla spójności społeczno-ekonomicznej. Szansa czy iluzja? In: J. Kleer, A.P. Wierzbicki, Z. Strzelecki, L. Kuźnicki (Eds.), *Wizja przyszłości Polski. Studia i analizy*, t. 1, *Spoleczeństwo i państwo* (p. 270). Warszawa: PAN, Komitet Prognoz "Polska 2000 Plus".
- Zalewski, A. (2006). Nowe zarządzanie publiczne jako instrument poprawy efektywności sektora publicznego. In K. Krukowskie (Ed.), *Zarządzanie organizacjami publicznymi* (p. 11). Olsztyn: Uniwersytet Warmińsko-Mazurski.
- Zieliński, T. J. (2011). Państwo wyznaniowe—analiza typologiczna. In J. Szymanek (Ed.), *Państwo wyznaniowe. Doktryna, prawo i praktyka* (p. 19). Warszawa: Dom Wydawniczy Elipsa.
- Ziółkowska, J. E. (2009). *Państwo narodowe w perspektywie wspólnoty europejskiej*. Warszawa: Wydawnictwo Naukowe Scholar.

2.1 The Essence of Planning

Planning can be called an anticipative decision-making process, where one determines a predicted arrangement of conditions, aims, and measures of action in future with acknowledgement of the features of the system in relation to which the actions have been planned (Ackoff 1973). The main focus in planning is finding an answer to the question of how the organisation is going to achieve the previously determined goals. Planning can be two-fold. One approach—where one needs to describe the reality from the point of view of the presence within available resources and the circumstances under which a vision of the future will be determined. The second approach, more creative and practical, is about imagining future according to our expectations and an attempt to adjust the present reality to the imagined state, that is realisation of the vision. In the first and second approach the created vision of future allows planning control in relation to the whole organisation (Dziemianowicz et al. 2012).

In relation to state as organisation, the essence of master planning which sets tactical and operational—that is strategic—plans, the management process starts, where the basic goals, programmes or strategies are planned, which are expected to be implemented in the context of possible use of tangible and intangible resources. It is related to both preparation and constant making of worked out decisions. Thus strategic planning in public management can still be identified as systematic effort to produce basic decisions and actions, which create and manage the organisation. At the same time they answer the questions of both who it is (the organisation) and why it does what it does (Bryson 1988).

At the beginning of the process we need to set the boundaries of strategic planning by determining the scope of methods and techniques to be used. Next, we need to assume, that some of the needs of strategic planning will naturally change in time, which may cause the necessity to fill in the planning gap and competition strategy gap by ad-hoc or system decisions to strengthen the state's ability to compete as a whole (Zanoni 2012).

“To properly manage the state, one does not only need to know the strengths of potentials the state has in disposition, but most of all needs to know the premises for strategic management, that is probable long-term shaping of both external and internal main conditions and challenges of development related to closer and further environment” (Strzelecki 2011, p. 45, translated). A starting point to methodologically systematise those premises can be the recommendations of the European Commission (*Project Cycle Management Guidelines* 2004) on strategic management in public sector, which include such elements of the process as: planning programming, budgeting, identification, implementation, control and monitoring, and evaluation. The initiation of planning process is the strategic analysis regarding basically the whole state. Good solution is its execution in dichotomous division (see: Opolski and Modzelewski 2010):

(a) strategic analysis on the level of economic policy:

- analysis of present state,
- future forecasts and existing or possible trends,
- environment analysis (e.g. PEST),
- SWOT analysis—in strategic planning particularly universal and holistic,
- scenario testing (within methods of: possible events, simulation scenarios, environment states scenarios, process in environment scenarios),
- analysis of effects of omission,
- analysis of external effects (positive and negative)
- analysis of sensitiveness to prognostic changes in strategic analysis,
- coordination of policies on regional, national, community and global levels,

(b) strategic analysis on the level of public network analysis in:

- human resources/intellectual capital management,
- structure of a given organisation and public administration network,
- internal processes,
- provision of resources,
- control (especially of documents and post-control reports),
- IT,
- ways of conducting analyses and development of strategic documents.

Creating a certain reality is done through programming, together with building certain scenarios of possible events and a dialogue with stakeholders. Budget’s goal is to allocate the financial resources to realisation of goals assumed in programming, and identification—to answer the question of possible ways of achieving the goals. Implementation is a physical process of introducing the assumed goals, and

monitoring and control (as the last function of classic management) are necessary both from the point of view of current evaluation of efficiency of actions in assumed goals realisation and cohesive spending of public funds. The last element is evaluation, which aim is the final assessment of expected and desired results (*Project Cycle Management Guidelines* 2004).

In relation to local government entities, strategic planning is “a conscious, systematic and future-oriented process of constant preparation and decision making regarding future level of development of local government entity (LGE) and the level of satisfaction of population’s needs, and coordination and integration of undertaken actions to adopt planning decisions with acknowledgement of the external (opportunities and threats in the environments) and internal (weak and strong sides) conditions and the principles of sustainable development” (Ziółkowski 2007, pp. 109–110, translated).

In planning, one should first understand the environment, then establish a mission (general mission of the state). Mission decides about its values, goals, assumptions. On this basis the simultaneous plans and goals are determined—directly form it the strategic goals as well as the strategic result and then tactical plans are made on which the operational plans are based.

Planning is the first function of management that facilitates the organisation’s systematic actions rather than one-off achievement of goals. Even the most effective and charismatic leadership combined with fluency of governance and management is not able to guarantee results in a long-term perspective. Organisation has to combine own strategic goals and skilfully developed strategy of actions (e.g. state long-term development strategy) with sustainable management processes (Kaplan and Norton 2010).

In public management particularly important, and even key, element of building the state’s desired future in the spirit of efficient actions is the vision defined as:

- (a) Verbalisation of goal, which creates the foundation for keeping hope in aspirations of each member of the organisation. The task of a leader is to create some kind of metaphors, general future states. It is the members of the organisation, who, in the way of inspiration by the leader, should create visions consistent with their dreams and expectations.
- (b) Motivation to work towards realisation of own dreams, characterised with innovativeness, calculated risk, courage or experimenting. The dreams need to be real, but in the spirit of breaking bureaucratic conventions and correctness, since this gives a new sense to the work and actions of the whole organisation.
- (c) Seeing long-term future. The vision must be broader, than separate several-year strategies or the nearest governance period. This allows building solid foundations for goals, which should be achieved, with taking into account the changes of forms and tools for their realisation in the way (Obłój 2007).

In many organisations introducing new management techniques or methods, the vision is strongly correlated with planning process and creates a kind of fantasy. Its

basic elements are—apart from the vision itself—the mission, key competences, and strategic planning (Boyle 2001; Penc-Pietrzak 2010). Thus vision should include master ideology determining in systemic and solid way the character of the institution and imaginable future, created in the perspective of 10–30 years (Raczkowski 2013).

“Planning should be identified with process, activity, action to organise, develop, prepare plans and predict future, dreaming, deciding about taking specific actions oriented at achieving the assumed goal in future. Planning is associated with conscious and intended activity of a given entity. If one plans to achieve the assumed plans, he needs to plan first, how to achieve it, projects to take so achieving the goals under certain conditions is possible” (Kitler 2011).

Planning in modern state in the conditions of such vast global interdependencies requires taking into account at least eight criteria in four perspectives (mainly of economic ground, acknowledging the public functions): micro-, mezzo-, macro- and megastructures (Fig. 2.1)

Dominance in this process of economic thinking should be undisputed, but it does not mean that each time it should be the main reference point. High degree of economic development enables balancing the budget or obtaining budgetary surpluses, which in the redistribution process can be allocated to strategic directions of development and welfare of the citizens.

A striking example of such actions are the United States, who even in the *Doctrine for the armed forces* (2013) stipulated, that a strong economy with “free access to global markets and resources is a fundamental engine of the general welfare, the enabler of a strong national defense” Also China for many years has

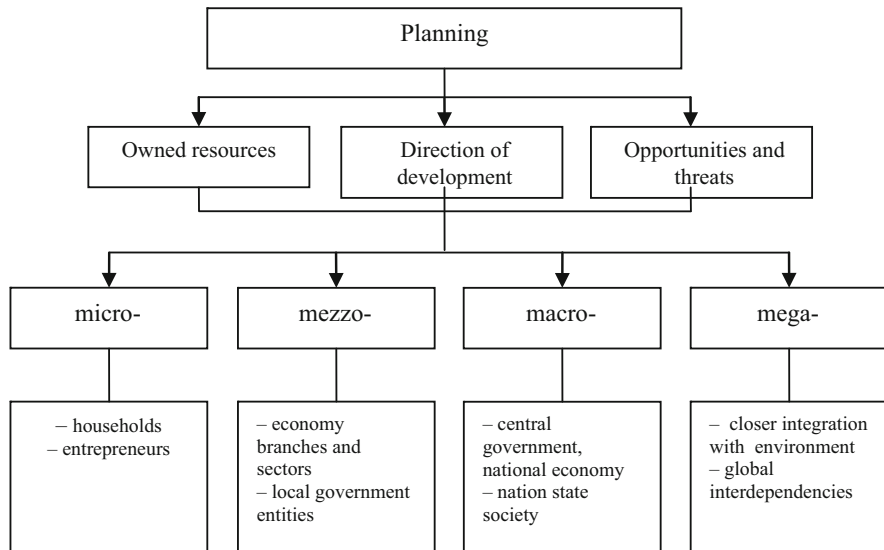


Fig. 2.1 Planning perspective in public management. *Source:* own

been consequently realising its planned actions within four strategies of foreign policy.

- (a) South-South Cooperation, whose aim is to coordinate the economic relationships in the south through investment and help actions.
- (b) Go out Strategy—typical strategy of foreign expansion. In China's opinion this is the best chance of using the globalisation to develop export, technology transfer or broad foreign investments—which in the latter case generates workplaces and improves coefficients of economic growth in the given country.
- (c) Good Neighbour Policy consisting of promoting economic exchanges with neighbouring countries in the framework of mutual benefit. The aim of this strategy is to provide regional stability.
- (d) New Security Concept based on planning and actions parallel to diplomacy and economic cooperation—minimises the possible antagonisms or confrontation planes. This approach assumes supporting smaller states, especially in Asia, in order to establish beneficial conditions of general security (Reeves 2013).

Considering the fact, that within a decade China can be the first global economy or get measurably close to such global perception, two planning issues should be noticed. Firstly, lack of democratic system, and adopting people's democracy with socialist system did not turn out inappropriate for this state. It is on the contrary, if we are discussing economy. Secondly, in democratic states we can observe confirmation of Marxist perspective on political economy of planning system, saying that planning itself is not autonomous activity distributed among important stakeholders. Thus a higher participation of the society in the planning system does not need to bring more just results, and only depends from the planner's capabilities and willingness to solve problems within competitive interests of various groups, so it does not always realise the common good (Fox-Rogers and Murphy 2014).

From the strategic point of view, planning in public management is undoubtedly a political activity introducing unequal power relations. Even in such states, as Denmark or Norway, who use participation planning giving the opportunity of society's participation in consultations, cooperation and reporting objections to the policy, it is very difficult to actually increase social justice and decrease the dictate of powerful interest groups (Pløger 2001).

Thus the practical general planning model in strategic management in the state should be developed on the grounds of long-term state development strategy, within direct combination of mid-term state development strategy and multiannual financial plan. From the perspective of the European Union Member States, such model looks like below, which does not mean that in practice it is so (Fig. 2.2).

The use of the presented model is possible only, when the described development strategies and programmes will be known to decision makers in public sector and realised. The problem is, that the public authority organs very often do not

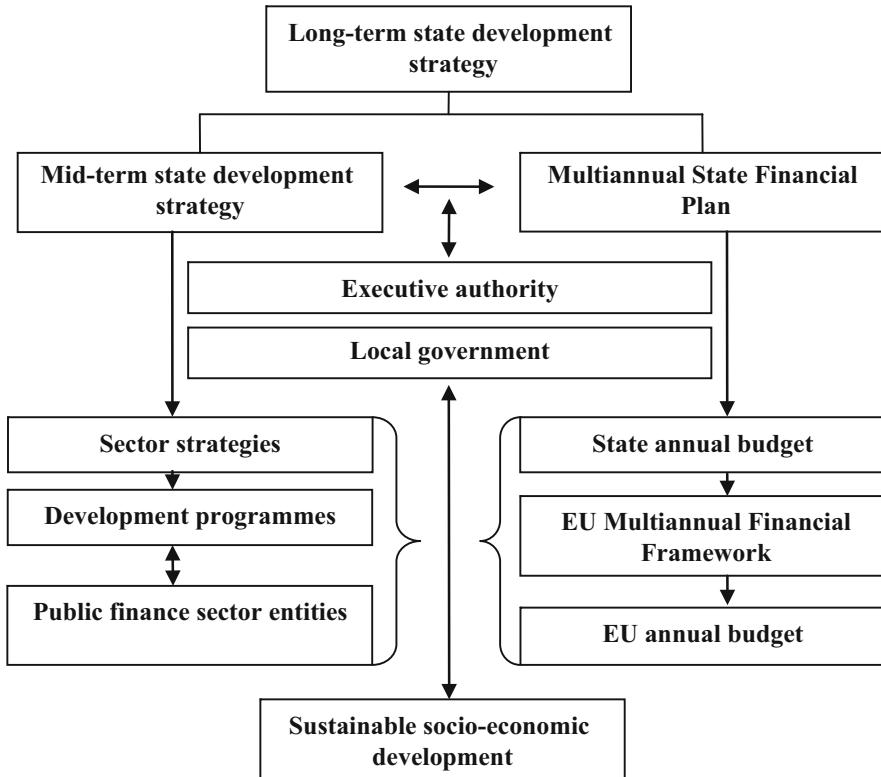


Fig. 2.2 General model of planning in strategic management of EU states. *Source:* own

know, which organisational powers they have and which tasks they should realise in strategic perspective. Moreover, it has been empirically proved, that communicative theory of planning together with model of competitive values in public administration is different from the imagination of those responsible for planning in the public and private sectors in terms of role of the policy itself and the conflicting planning interests. Private sector perceives political factors as having more influence on planning decisions. At the same time it accepts that both short-term political motives and competition in government undermine long-term planning goals. People responsible for planning in private sector largely question the transparency of decisions in public sector, where to make a decision one lacks information and the very planning does not guarantee proper and just division of public goods or maintaining the existing character of the society (Read and Leland 2011). Public planning is commonly subject to the conviction that subsequent decisions on a small scale will be consulted with the public. If yes, then only through selected officials contacting with members of society. At the same time, it is hard to call sufficient participation in planning and making public decision by

inviting to dialogue selected persons or—less often—social groups (Innes and Booher 2004; Cornwall 2008).

Thus still actual is H. Campbell and R. Marshall's (2000) opinion that the notion of public interest, often uttered rhetorically, is the key to folklore of planning in public sector. Planning usually takes place in governmental coalition, where mutual trust basically does not exist or is too low and needs to be confirmed with a written agreement to formalise the trust to a certain degree. However, all agreements are built in a given time within a given situation, thus they need to be applied with a certain caution. Excessive formality of relationships can deepen mutual distrust (O'Neill 2002; de Vries et al. 2014). Thus the key factor here is talking about acting in public interest, which often shall allow all actions and sanction them as protection of public sector (Tait 2011), regardless of the fact, that it may often serve particular interests of a given person or social group.

2.2 Decisions and Their Classification

Making decisions is a constant and integral process of choosing such solution, that would be seen as effective. From the point of view of management sciences, in decision-making two basic approaches can be distinguished. First, so-called normative (or pre-descriptive) determining constant and universal action schemes, and second, descriptive, involving the reproduction of processes or activities carried out in a specific reality. At the same time decision making models in general understanding may be qualified as rational (normative approach) or intuitive (descriptive approach), and their combination and interpenetration can build new models (Malewska 2014).

However, in practice of decision making, the decision maker rarely uses fully rational decision-making models, since problems are usually not only complex, but also difficult to quantify. Derived from classical economy, rationality of expectations in the context of a model business entity (*homo economicus*) is detached from reality. **Decisions or decision making expectations can only be reasonable and not rational** (Raczkowski 2014a). Obstacle to rationality, as March and Simon (1984), Moorhead and Griffin (1989) notice, are motivational (striving for satisfaction instead of optimisation) and cognitive limitations. Therefore, the models of so-called bounded rationality of decision making were developed: heuristic, behavioural, called dual process (with a clear line of demarcation combining decisive intuition and rational analysis e.g. within Cognitive Continuum Theory) (Dhami and Thomson 2012). It seems, that the approaches combining in parallel rationality and intuition within skills and abilities focused on conscious and unconscious thinking and conclusions (Burciu and Hapenciu 2010; Malewska 2014) are often used in managerial practice.

In public management, like in commercial one, decision maker must learn to accept chaos existing in modern global economy. This means that the decisions made today and appropriate from today's perspective tomorrow may be completely different—both much better and worse (Hertz 2013). The history will judge them in

future usually using larger information and knowledge base necessary for commenting, whether a given decision has been right, economical, responsible.

It seems, that still actual are the seven basic elements of decision-making procedure, which managers should know and use in contact with their employees:

- (a) relating to employees' opinions and paying them due attention,
- (b) suppressing bias,
- (c) consistent application of decision-making criteria for all, not just the selected employees,
- (d) providing current information to the employees in due time and feedback after the decision has been made,
- (e) justifying the decisions made,
- (f) building trust with employees through honesty and truthfulness in communication,
- (g) treating the employees in a way the managers would like to be treated themselves—politely and kindly (Folger and Bies 1989; Rowland and Hall 2013).

N. Hertz, by publishing in 2013 the book *Eyes Wide Open*, showed to some and highlighted to others what the decision-making problems are in terms of trust, faith, information excess. She reminded, that the decision maker sometimes has to make 10,000 decisions a day and doing it in an intelligent way requires time and space. She provoked to a reflection over how expert's judgements, ideas and opinions are assimilated, warned, that it cannot be uncritical. Finally, she urged to think about how to properly make decisions in relation to the self, and who or what has the greatest impact on the decisions made by individuals.

There are various decision-making styles, just like the decision makers differ. A summary of many approaches to decision making styles allows stating, that it is a kind of pattern of behaviour of a given person in the decision making situation. Wherein it is not a personality trait, but a reflex, a habit of proceedings in a particular context (Scott and Bruce 1995; Thunholm 2004).

A still actual model of decision-making styles by an individual (person) is division of decision makers due to their way of thinking: creative or rational and logical, which allows presenting four decision making styles (Fig. 2.3) (Rowe and Boulgarides 1983):

- (a) Analytical—oriented at strong need for achieving results, setting new challenges for themselves and others. It is characterised by friendly approach to cognitive complexity, accumulation of data and information, and slower decision-making, which is sensible and based on many possibilities.
- (b) Directive—directed at power, results in the desire to dominate and subordinate subordinates. It is characterised by low level of cognitive complexity and ambiguity. Such approach leads to spontaneous restriction of the amount of available information and decision-making capabilities.

	Logic	Rational
High	Analytical (strong need of achievement, form of accepting the challenges)	Conceptual (strong need of achievement, form of acknowledgement)
Cognitive Complex	Directive (need for power)	Behavioural (strong need for a relationship, affiliation)
Low	Task-oriented	People-oriented

Represented values

Fig. 2.3 Decision-making style models. *Source:* A.J. Rowe, J.D. Boulgarides 1983, *Decision styles—a perspective*, “Leadership and Organization Development Journal”, Vol. 4(4), p. 3–9

- (c) Conceptive—similar in style to analytic, but directed at independence (associated with creative work) and need for praise and acknowledgement. Decision makers use idealism, conformism and are people-oriented, and their decision making process has typically strategic, thus far reaching time horizon. Before making a decision, they usually collect as much information as possible and test many possibilities in a thinking process (or councils).
- (d) Behavioural—decision makers communicate easily, have the ability to reach a compromise and are highly people-oriented and at the same time have low cognitive complexity.

Nowadays it is difficult to evaluate any decision in the zero-one system. When making a decision, a multiple criterial decision aid (MCDA), also called multiple criteria decision making (MCDM), should be used more often. At the moment we can distinguish 11 methods and techniques of multiple criteria decision making (Velasquez and Hester 2013) (Table 2.1).

It needs to be noticed, that decisions made by public sector decision maker are actually social decisions of social choice theory within two methods (Lissowski 2010):

- (a) collective decision making—electoral systems, referendum voting, etc.,
- (b) social choice or social evaluation—within just distribution of goods or behaviours of actions of certain people, in accordance with the rules: goal—demands—democratic values—normative justification. A special role here plays the function of social welfare determining social preferences, which was proposed by Nobel Prize winner in economics, K. J. Arrow (Lissowski 2010).

Table 2.1 Methods and techniques of multiple criteria decision making (MCDM)

Method	Advantages	Disadvantages	Areas of application
Multi-attribute <i>Utility Theory</i> — MAUT)	Takes uncertainty into consideration; can include preferences.	Requires a lot of input; preferences must be precise.	Economics, finances, actuarial services, water management, energetic management, agriculture.
Analytic <i>Hierarchy Process</i> —AHP)	Easy to use, scalable; structure of hierarchy can be easily regulated to adjust it to many problems of size; does not require intensive data.	Problems resulting from dependencies between criteria and alternatives; may lead to discrepancies between evaluation and ranking criteria; opposite of ranking.	Problems related to efficiency, resource management; corporate policy and strategy, public policy, political strategy and planning.
<i>Case-Based Reasoning</i> — CBR	Does not require intensive data; requires little supervision; can be improved in time; can be adapted to environment changes.	Sensitive to incoherent data, requires analysis of many cases.	Business, insurances, medicine, technical projects.
<i>Data Envelopment Analysis</i> —DEA	Is able to process many inputs and results; efficiency may be analysed and is measurable.	Does not regard inaccurate data; assumes all inputs and results are perfectly known.	Economics, medicine, municipal services, road safety, agriculture, trade and business issues.
<i>Fuzzy Set Theory</i>	Allows using inaccurate input, takes insufficient information into consideration.	Difficult to develop; may require numerous simulations before use.	Engineering, economics, environmental, social, medical and managerial issues.
<i>Simple Multi-Attribute Rating Technique</i> —SMART	Easy; allows any kind of <i>weight assignment technique</i> ; less effort from decision makers.	This procedure may be beneficial in terms of frameworks/assumptions.	Environmental, construction, transport and logistic, military, production and assembly issues.
<i>Goal Programming</i> —GP	Is able to process issues to a large scale; can produce infinite possibilities.	Is able to weigh the coefficients; usually must be used with other MCDM methods to measure coefficients.	Production planning, scheduling, health care, choice of portfolio, distribution systems, energy planning, management of water reservoirs, planning, management of nature.
ELECTRA	Takes into consideration uncertainty and	The process and result may be difficult to be explained by a laic;	Energy, economics, protection of environment, water

(continued)

Table 2.1 (continued)

Method	Advantages	Disadvantages	Areas of application
	ambiguity (on the basis of analysis of conformity).	transfix forbids direct identification of strong and weak sides.	management and transport issues.
PROMETEUS	Easy to use, does not require assumption, that the criteria are proportional.	Does not provide a clear way of attributing weight/significance.	Environment, hydrology, water management, business and finances, chemistry, logistics and transport, production and assembly, energy, agriculture.
Simple Additive Weighting—SAW	Ability to compensate among criteria; intuitive for decision makers; easy calculation, does not require complicated computer programmes.	Estimations not always reflect the actual situation; obtained result can be illogical.	Water management, business and financial management.
Preference choice technique according to similarity to ideal solutions. (<i>Technique for Order Preferences by Similarity to Ideal Solutions—TOPSIS</i>)	Easy to use and programme; number of steps stays the same regardless of the number of attributes.	With use of Euclidean distance correlation of attributes is not taken into consideration; difficulty to estimate weight and maintain coherence of evaluation.	Supply chain management and logistics, engineering, production, marketing and trade systems, protection of environment, human resources and water management.

Source: M. Velasquez, P. T. Hester 2013, *An analysis of multi-criteria decision making methods*, “International Journal of Operations Research”, Vol. 10, No. 2, p. 63–64

“The basis of making a social decision are profiles of individual preferences or utility, namely sequentially listed preferences or utilities of all members of a group or society. For making such decisions important are both the method of measurement of individual evaluations and possibility to compare them among people” (Lissowski 2010, p. 9, translated).

It needs to be noticed, that decisions in public sector are very often made on the basis of conflict between important and accepted values. Thus developing a decision-making compromise is difficult, since it does not regard the choice of either wrong or right decision-making alternatives. It rather regards those, that can be equally justified, but each of them will generate a necessity to make other or even

Table 2.2 Hierarchical value of compromise in decision making

No.	Hierarchical value	Main duty
1.	Efficiency of resource use	PE
2.	Innovativeness (individual)	PE
3.	Observance of the rules—even when no one is watching	PE
4.	National security	GD
5.	Objectiveness in making just and impartial decisions	PE
6.	Independence of work awarded by the government and society	GD
7.	Cooperation	PE
8.	Used processes	GD
9.	Engagement of citizens	GD
10.	Government's innovations	GD
11.	Transparency of information transfer	PE
12.	Influence of the government on the society	GD
13.	Altruism	PE
14.	Sustainable development—future-oriented	GD
15.	Public interest	GD
16.	Political neutrality	PE
17.	Independence	PE
18.	Guardian of values	GD
19.	Flexibility	GD
20.	Social justice	PE
21.	Influence on the organisation results	GD
22.	Protection of minorities	GD
23.	Loyalty system	PE
24.	Government leadership	GD

PE personal engagement

GD government duty

Source: own, on the basis of: E. M. Witesman, L. C. Walters 2014, *Modeling public decision preferences using context-specific value hierarchies*, "The American Review of Public Administration", 15 June, p. 7

mutually exclusive decisions, often resulting in different consequences (Witesman and Walters 2014; de Graaf and van der Wal 2010).

On the basis of research conducted by E. M. Witesman and L. C. Walters among local government employees in 27 cities from seven states of the USA, a table of 24 hierarchically ordered values can be made. This juxtaposition from the highest to the lowest meaning can be a kind of map of values in decision making, when it comes to the value of compromise (Table 2.2).

Of course the presented table of hierarchic values certainly will not be a unified beacon for each country due to different stages of their development. However, the above mentioned research may be a good contribution to national research—by diagnostic sounding among both public and private sector employees.

We must notice here, that from the point of view of public sector decision maker the essence of decision making should be effectiveness, which P. Drucker (2004)

identifies with necessity of maintaining a specific decision-making procedure. However, in that procedure one should base on a vast scope of deviations from the standard behaviours, remembering that none of the managers is exempt from thinking and individual cases may require individual treatment and different decisions not only in the personal field, but also the subject one.

2.3 Decision Making in Conditions of Certainty, Risk and Uncertainty

In a modern world producing surplus of information and at the same time information deficits, making personal decisions, especially institutional ones, becomes exceptionally complicated and demanding. It is mainly about the fact that even the best and most efficient intellect of a given decision maker can be (and usually is) highly insufficient. It is necessary to use the array of decision-making instruments, which draw on such sciences as psychology, sociology, political science, economics, law, and others. On the one hand, it is about diagnosing and pointing out how a given fragment of reality works, on the other hand—about its descriptive and normative definition (Woźniak 2013). “Subject making a decision can make it only when he is able to determine a set of variations, from which he will choose another variant—decision, the so-called set of permissible variants including awareness of circumstances and conditions restricting it (. . .), have the ability to differentiate among the variants and freedom to choose the one he decided on” (Woźniak 2013, p. 10, translated). At the same time it has been proven that managers familiar with making strategic decisions asked for it—to spend small amount of energy for brain work in opposition to inexperienced people, who perceive the problem of strategic choices as difficult, and their brain needs much more energy to initiate work (Prentice 2007).

On the one hand, the decision maker has less and less possibilities of making a decision in conditions of certainty, thus it is deterministic. The undertaken actions simply do not have to lead to a specified and planned result. On the other hand, it is difficult to make clearly evaluative and normative judgements within optimal choice, even with the use of dedicated operational and systemic research. As a result, when it is known, which decision to make, the decision-making issues occur in terms of costs, gains, loses, opportunities or threats related to that choice.

Probabilistic decisions, that are made in conditions of risk, are characterised with high uncertainty. It is, however, possible to estimate the probability of occurrence of specific events. This facilitates making the right decision, however does not guarantee certainty of such approach. In this system, decisions should be made by the principle of expected utility, rather than the principle of expected value (Tyszka 2010).

Finally, when decisions are made in conditions of complete or partial uncertainty, we can talk about the unpredictability of considered activities. Decisions made in this domain are discussed in a broad context of game theory—if they relate to any opponent (Tyszka 2010).

Very large part of decisions may regard many goals, which from the point of view of optimisation are desired, and sometimes necessary. Then decision maker is forced to use or not heuristics of compensation. In compensation approach, the options listed lower in terms of an attribute “are compensated by good results in terms of other features (. . .). In case of non-compensative strategy such concession would not be possible” (Goodwin and Wright 2011, p. 33, translated).

In the process of decision making, the decision maker has the individual ability to perceive the reality, which is pointed out by the representatives of behavioural economics, in particular psychological and experimental economics. To cognitive predispositions related to perception of reality belong (Polowczyk 2012):

- (a) framing (so-called context effect)—inappropriate context of realisation of a problem, e.g. too wide or too narrow,
- (b) anchoring fallacy—tendency to subconsciously adopt the output suggestions, so-called anchor,
- (c) availability fallacy—selective use of memory; using those informational signals, which are encoded in memory; this fallacy may be caused on purpose or unconsciously by very frequent repetition of the same communicate in mass media, which results in greater sensitivity of memory to these and not other information,
- (d) halo effect—seeing one positive feature (of person, phenomenon, thing) causes tendency to positively evaluate its other attributes or features,
- (e) self-perception theory—people recognise themselves on the basis of observing own behaviours and retrospection. This way they form habits necessary for new situations,
- (f) illusion of truth—natural tendency to accept more understandable statements as true, even though they can be false. On the other hand, frequent repetition of false statements in understandable language leads to considering them as true even by the recipient, who initially believed the communicate to be false,
- (g) superstitions—belief in superstitions, magical numbers, etc.,
- (h) the curse of knowledge—limited thinking, not accepting that others can have and use different knowledge,
- (i) false consensus—convinced that others think as we do (while it is quite the opposite).

On the other hand, decision makers of the public sphere of management, in decision-making process often choose consultations and solutions (dispensing liability). Thus, are more inclined to act if the decision-making process has undergone a commonly used practice of consultation—they consider deciding to be less risky then. They then avoid making decisions based on both analytical practices (which may come as a surprise, if those practices are not accompanied by speculations) and controversial decisions, qualifying them as more risky (Nutt 2006). Such calculation is a rational action from the point of view if own interest, directed at maintaining the managerial position and anti-developmental from the point of view of the organisation or even society within organisation of state.

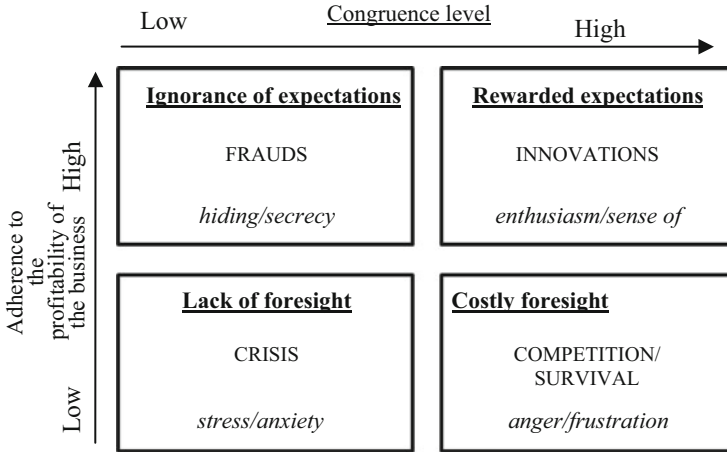


Fig. 2.4 Model of ethical behaviour, decision-making and accompanying emotions. *Source:* A. Barraquier 2011, *Ethical behaviour in practice: decision outcomes and strategic implications*, “British Journal of Management”, Vol. 22, Issue Supplement, March, p. S39

Making decisions, especially in relation to public sector, always or almost always may require ethical reflection, on condition that the decision maker is familiar with such values and thus he is convinced about necessity of moral identification of content of a given decision. If this condition is fulfilled, then on the basis of own knowledge, experience and personal beliefs the decision maker intuitively makes a judgement and sets direction for specific decision making process. He analyses various weights of relative conditions, evaluating between ethics and common good and the profit and economic (Barraquier 2011) efficiency of the functioning of the organization, sometimes being considered in the context of subjective personal benefits. Where ethicality of behaviour in a given organisation is usually identified with moral evaluation of actions of general management, its leaders and employees (Cremer et al. 2011).

Worthy of attention in this context is the proposed by A. Barraquier four-segment model of strategic consequences resulting from making decisions in conditions of uncertainty with various levels of congruence or adherence to profitability. It consists of four profiles: fraud, crisis, innovations and survival (Barraquier 2011) (Fig. 2.4).

In the presented model of choice between ethics and gain, fraud does not seem to be a decisive choice. If a given organisation is not able to assign required resources to realise specified tasks, the managers in order to execute them work in higher stress, which causes conflict situations, evokes a sense of helplessness and even rebellion. It results from the fact, that the made decisions do not guarantee gain, even though they could have. Situation is dramatically different, when managers prove themselves creative and implement new projects (Barraquier 2011). Another element of the model in public organisations can be the adoption of focused on survival and inertial attitudes, where the main frustration can be uncertainty related

to change of the general manager of the institution or state, which may naturally seek personnel changes at different positions.

2.4 Heterogeneous Knowledge in Strategic Planning and Decision Making

Implementing a strategic planning at all levels of state institutions is usually threatened with bigger or smaller failures in some areas. The difficulties appear not only in realising goals oriented at certain results, but also in adjusting the annual activity plans to state's strategic plans and long-term goals in the given scope. Responsible for it are very often only managers of public organisations, who simply do not work, but also frequently the reason is the lack of adequate resource, in particular of financial character (Poister 2010). It means, that public organisations and their managers should today start to look for new, more creative ways to draw conclusions from occurring trends, make a realistic evaluation of own possibilities of action and clearly determine, which situations and events may evade the counteraction or reacting possibilities (Poister 2010). An open question for individual response remains how the future manager of public sector expresses acceptance to endorse a given institution or government and how is faced with the necessity to choose between the current position and inability to manage, and resigning from the current function in the name of principles and individual ideals, which entails losing the position and remuneration he is entitled to.

The decisions made must actually, instead of only declaratively, make public values real, like e.g. responsibility, transparency, ability to act or quality. They need to consider a fact, that public service should entail constant employment of external counsellors to solve a given problem or realise a given project within planned actions (Reynaers 2014). However, one should exceptionally carefully decide, which services can be developed within public and private partnership or privatisation of so far public activity (Bovaird 2004), taking into consideration not only the financial result, but also common good and satisfaction of guaranteed needs.

Determining the developmental needs of an organisation the state is, requires conducting strategic analyses, which will set grounds for decision making. In this matter key meaning have time, dynamics of communication and information exchange. From the point of view of decision makers it is important, whether such dynamics lead to capturing the information from heterogeneous sources and their effective aggregation (Acemoglu et al. 2014), and finally—use as economic system knowledge in:

- (a) regulative:
 - system of legal norms,
 - system of moral norms—religious and moral standards, which regulate the actions of a given society,
 - economic trading system (especially in terms of economic trading security, defined as “non-inertial system of mutual balance for free and

regulated gainful activity, with the party autonomy, necessity to maintain existing risk volume by maintaining limited confidence in the economic and legal relations between the contracting parties, the internal environment and the environment in which the entity operates”) (Raczkowski 2014c),

- systemic actions supporting innovativeness and profiling of sciences with high coefficient of financing from national budget or/and public and private partnership.

(b) actual:

- interdependency of separate organisations and groups of states within a global market,
- functioning of global trade,
- risk evaluation in decision making process (“with mitigating risks in business, where the size net revenue from the sale of goods and services in the profit and loss account will allow the development of such a net profit in the fiscal year that will allow for smoother running a business in the short and medium term”) (Raczkowski 2014b),
- tax evasion and fulfilment of obligations imposed by public levy,
- cooperation and cooptation,
- factors stabilising and supporting a specified legal paradigm in business,
- supporting foreign expansion of domestic entities in the context of symmetric attracting the necessary and possible to tax foreign investment (Raczkowski 2014a).

On the one hand the degree of use of knowledge from managerial point of view can depend to a large extent from the problem solving institution, which is a derivative of both theoretical knowledge and practical experience (Dane and Pratt 2009). Decision maker in a natural way, resembling *homo heuristicus*, may present partial thinking ignoring a part of available information. M. H. Bazerman and D. Moore (2009) prove, that people declare proclaim the importance of avoiding bias, while for their leaders choose those with a greater bias or particularly biased.

On the other hand, a partial mind can show higher efficiency and effectiveness in relation to planning or decisive uncertainty basing on general processing and more intensive resource strategy (Gigerenzer and Brighton 2009; Akinci and Sadler-Smith 2012; Kluver et al. 2014). Important in this process is undoubtedly systemic thinking, which in public domain should regard such planning and designing the work system of the institution, that will be focused on specific needs of citizens as if they were clients, and integration of the decision-making processes could result from the work itself (Jaaron and Backhouse 2011; Seddon 2005). Thus recognition and analysis of knowledge on ways of making decision by a given person allows

predicting how this person will behave in a given decision-making situation (Rowe and Boulgarides 1994).

2.5 Planning and Decision Making in Political Transformation

Political transformation in Central and Eastern Europe initiated in 1989–1990 was basically subordinated to the idea of a political project, which the *Washington Consensus* was. These are the recommendations of World Bank, International Monetary Fund and Treasury Department of the United States related to the reform package recommended for poor countries. The Consensus strongly emphasised the need of restricting the role of the state in the economy, privatisation of national property and liberalisation of trade¹ (Załęski 2012) (Table 2.3).

The document for the first time was presented in 1989 in Washington by J. Williamson,² then director of Global Economy Institute (Leszczyński 2010). In the initial version it was meant for Latin America, but in a short time it was adopted in other states, in particular of the Eastern Block. This way it became a main indicator of conditions a state should fulfil to receive financial aid from International Monetary Fund. Rigid respect for its conditions led to situation, where states under political transformation were kept in the state of fiscal discipline, which resulted in decrease of economic growth. Such state naturally experienced bankruptcy of enterprises, and as the result massive lay-offs that increased unemployment, contributed to the social exclusion of citizens and caused further difficulties to the state budget³ (Kołodko 2005).

The turn of 80s and 90s of the twentieth century in Central and Eastern Europe is a period of political and systemic changes associated with offset (at least partially) of the Communist Party from power and attempt to democratisation. The transformation initiated in Poland in 1989 quickly evolved—it covered in total 30 states and territory populated now by about 1.8 billion of people (Kołodko 2010b). From this perspective and after 25 years from historical changes, we need to think, whether it is a sole success or maybe a partial success paid with structural decision-making mistakes. Whereas it is about the use of critical management studies in consistent and multidimensional analysis of organizational reality of the state. In the example below Poland will be described as pioneer state in implementing reforms in that time.

¹ In literature of subject it is pointed out, that the *Washington Consensus* in many cases set very low costs of entering the market for other Western entities, caused cheap sale of large part of national property, blocked the possibility of capital accumulation, destroyed national production (liquidation).

² After years the author of *Washington Consensus* explained, that he was in majority wrongly understood, and his intentions were different from actually conducted changes.

³ From today's perspective the shock therapy of political transformation introduced in later period in post-socialist countries is rather seen as a failure than success.

Table 2.3 *Washington Consensus* recommendations

No.	Version I Directives	Version II Directives ^a
1.	Maintaining fiscal discipline	Increased savings
2.	New priorities in public expenditure	Reorientation of public expenditure (for specific goals)
3.	Tax reforms for lowering national tax rates and broadening of tax base	Tax system reform
4.	Trade liberalisation	Strengthening banking supervision
5.	Liberalisation of foreign direct investment flow	Maintaining exchange rate at a level ensuring competitiveness, while avoiding fluctuations and stiffness
6.	Financial markets liberalisation	Integral trade liberalisation
7.	Privatisation of national enterprises (accepting foreign investors)	Building new market economy
8.	Deregulation of markets for market entry and promoting competition	Possibility of having clearly defined property rights by all citizens
9.	Property rights protection (state warranties for private property)	Creating independent institutions: central bank, treasury apparatus, independent jurisdiction and agency promoting development undertakings
10.	Exchange rates	Increase in investment in education

^adeveloped at the beginning of 1990s; does not contain conclusions from reformative and stabilising actions in Central and Eastern Europe

Own, on the basis of: J. Williamson 1990, *What Washington Means by Policy Reform*, w: *Latin American Adjustment: How Much Has Happened?*, edited by J. Williamson, Washington Institute for International Economics, Washington; D. Rodrik 2011, *Jedna ekonomia, wiele recept. Globalizacja, instytucje i wzrost gospodarczy*, Wydawnictwo Krytyki Politycznej, Warszawa, p. 34; J. Osiatyński 2006, *Finanse publiczne—ekonomia i polityka*, Wydawnictwo Naukowe PWN, Warszawa

Many authors state, that in Poland the most radical shock therapy was applied, as so were the complex changes described, especially of economic character (Giannaros 2008). But according to S. Gomułka (1994) the real shock therapy was conducted only in German Democratic Republic (GDR). In Poland, like in Lithuania, Estonia, former Czechoslovakia and Russia, mainly *managed shock* strategy was used.

According to T. Kowalik the shock therapy for Poland, called Balcerowicz's plan or Big Bang, was unnecessary. It was "an expression of neophyte faith of key decision-makers and their advisers in the free market, which facilitated the adoption of a standard IMF prescription ignoring the different conditions of the economy coming out of real socialism (...). What is more surprising, the experts who suggested Poland the »leap« into the market have previously advocated views more focused on the evolutionary transformation, which did not indicate the coming radicalism. For the fate of »leap« crucial were opinions of T. Mazowiecki, W. Kuczyński and L. Balcerowicz—the trinity, which had a deciding influence on the shape of what is called the Balcerowicz's Plan. J. Kuroń played a great role in defending the plan" (Kowalik 2009, p. 80, translated). Dozens of foreign experts participating in formal and informal groups dealt

with support for the reforms in Poland. The most significant were J. Sachs—professor at Harvard University in Boston, G. Soros—millionaire who made a fortune on currency speculation and D. Lipton—expert of the International Monetary Fund. How W. Kieżun (2012) notices, on the basis of the description presented by J. Sachs himself (2006), the actual first plan of political transformation in Poland was presented by J. Sachs during a meeting with B. Geremek, J. Kuroń and A. Michnik. They have accepted solutions different from those that were later used in business practice. “So the government with Tadeusz Mazowiecki as the Prime Minister and Leszek Balcerowicz was formed, which realised Jeffrey Sachs’ plan, initiated, suggested and financed by George Soros, later however called Balcerowicz’s Plan. This plan in a concentrated form did not precise the most important and disadvantageous issues, which were later implemented. It consisted of seven basic elements, which included:

- (a) “ownership transformation bringing the ownership structure closer to the one in highly developed states,
- (b) radical increase in independence of local government enterprises,
- (c) full introduction of market mechanisms, in particular freedom of setting prices, which meant the elimination of restrictions and mandatory mediation,
- (d) creation of conditions for internal competition by anti-trust policy and full freedom to create new businesses,
- (e) opening the economy to the world by introducing exchange of PLN (...),
- (f) launching the capital market,
- (g) creation of labour market” (Kowalik 2009)

On the basis of a generally formulated plan, the first planning document of the beginning of transformation was created—economic programme of T. Mazowiecki’s government (see: *Program gospodarczy rządu Tadeusza Mazowieckiego* 1989; *Stanisław Gomułka i transformacja polska. Dokumenty i analizy 1968–1989* 2010), consisting of seven basic elements as the sum of changes in the state. In short, the programme assumed:

- (a) The starting point—which stated that Polish economy required systemic changes of a fundamental nature, since the economy was in a dramatic situation and on the border of collapse of state finances. In order to shorten the transitional period of building the market system, explicitly discussed were rapid and radical measures, to meet Polish historical challenge, with a government’s strong determination to act.
- (b) Programme’s general assumptions—assuming two-fold realisation of the programme: stabilisation of inflation (especially to control inflation) and transformation of the economic system. Preparation of projects and their implementation in organisational and legislative sphere would serve this purpose. It was clearly indicated, that strong inflation would impede the success of systemic changes and expected foreign aid.

- (c) Stabilisation of economy—through e.g. not allowing the inflation rate to grow (anti-trust legislation, active commodity reserve policy, discontinuing unprofitable and non-ecological production, modification of wage indexation rules—to compensatory indexation, making long-term savings more attractive, inhibition of investment demand, the sale of certain items of state property, more strict financial policy towards enterprises) and stopping the outflow of PLN; limiting the number of government grants for state enterprises and subsidised goods (means of production for agriculture, food products, etc.). It was also assumed, that some of production plants would be forced to declare bankruptcy, there would be a temporary drop in production and rise in unemployment, which would have been balanced with social protection system.
- (d) Systemic changes—for the breakthrough change of economic system like in Western, highly developed states. Ownership transformations carried out according to the rules adopted by the parliament, increase of autonomy of state enterprises, the implementation of full market mechanism and the freedom of conducting business, opening of the economy to the outside, the reform of state finances (including tax system), creation of labour market and capital market; separation of communal property from the state property and transfer the management of that same property to the hands of local government; cities and communes to allocate the right to conduct business and creating communal associations and municipal bond issues were to serve that goal. The abolition of restrictions on the size of individual farms and land trade barriers with support for agriculture; allowed full disposal of buildings and dwellings (including freedom of adjusting rents). The abolition of most extra-budgetary funds subsidized from state budget and the establishment of stock exchanges for the capital market. Systemic actions were to include the implementation of social program to new labour market conditions.
- (e) Social policy towards changes in economic system—introduction of protective measures for the most vulnerable economic groups in society in the form of: vouchers for basic articles (protection of level of consumption), rent allowances, proper indexation of pensions, social assistance system reorganization—which results in higher efficiency and increased welfare state functions span (state and extra-budgetary support); comprehensive reform of the social security system according to the real value of benefits.
- (f) Foreign support for stabilisation programme and systemic changes—close collaboration with creditors, international organisations and the governments of other states whose support is dependent on the conduct of internal changes.
- (g) Social and political conditions for reforms—would be realised only if they were accepted and adopted by the majority of the population; therefore required support of trade unions, both Houses of Parliament and government. The programme stated, that lack of common consent for realisation would have meant a complete elimination of PLN, hyperinflation and

disorganisation of social life, which further was to result in the introduction of “a war-type economy with full rationing and supply rationing system” (*Stanisław Gomułka i transformacja polska. Dokumenty i analizy 1968–1989* 2010).

However, before the programme was announced on August 18, 1989, J. Sachs and D. Lipton have presented the Senate Economic Commission with their programme of reforms for Poland. The concept assumed, that e.g. $\frac{1}{2}$ – $\frac{3}{4}$ of savings from subsidies will be allocated to increase the wage fund and eliminate excessive employee payroll tax on businesses (Kieżun 2012). It didn't happen, though. Tax from over-normative wage payments, called *popiwek*, burdened the employer with 200 % or 500 % tax, if the company has increased wage bill—respectively in the ranges of prescribed limit of 0.1–3 %, and more than 3 %. Social protests made the government withdraw from using this type of tax as a tool of declarative fight with inflation in 1991 for private companies, and in 1992 for public sector. However, a large number of enterprises was obliged to pay these burdens till the end of March 1994. It caused mass outflow of higher managerial staff and skilled employees to private enterprises, which were situated more competitively than state enterprises. Realization of transformation plan was more than a shock, it took place in a spontaneous and revolutionary way. Sudden marketisation of economy and opening of the internal market—without at least protective barriers in the form of temporal prohibitive customs on a large group of goods—resulted in mass bankruptcy of almost 40 % of state enterprises. They simply have not been a competition for developing companies in the country, and especially for foreign companies. Many enterprises were taken over for next to nothing and the resources from privatisation announced in 1990 (see: *Act of 13 July 1990 on commercialization and privatization of state enterprises*) were in a large part wasted. “Legislator's goal was to give the existing state owned enterprises the organisational and legal form typical for commercial law entities, but only to sell shares in these commercialized companies to private investors. We lacked the attempt at differentiated approach to separate categories of entities, namely strictly commercial sector entities and entities performing public tasks” (Grzegorzczuk 2012). Six years later, that is in 1996, there was a possibility to carry out the spontaneous commercialization under the *Act of August 30, 1996 on commercialization and privatization of state enterprises (Ustawa z dnia 30 sierpnia 1996)*.

The Sachs-Soros stipulation on reprivatization of Polish citizens' property (including enterprises) has never been carried out. Finally, the gigantic hyperinflation has been stopped, but hasn't the price of those reforms been too high? W. Kieżun clearly states, that “the authors of preliminary actions lacked elementary, basic knowledge in management and organisation. Thanks to it Poland has become a kind of El Dorado for foreign capital” (2012, p. 132, translated).

Although the International Monetary Fund has imposed rigorous regulations under which Poland should have received help, even then director of experts of International Monetary Fund M. Bruno expressed surprise that Poland had chosen the most strict level of support. For society it meant dramatically shocking reforms.

In December 1989 Polish reformers themselves made the programme even more rigorous by decreasing the coefficient of planned inflation in 1990 from 140 % to 95 %. As we know it was more than six times higher. Also the payment indexation rate was decreased from 0.8 to 0.3 in January 1990 and 0.02 in consequent months, which resulted in decline in the standard of living of payment recipients (Kowalik 2009; Kuczyński 1992).

From today's perspective we may ask, whether the evident economic successes after 25 years of transformation in its initial years have been a consciously and unconsciously approved robbery of public property with simultaneously pushing the state by multinational corporations to the role of incapacitated entity? Was it a kind of creative destruction deprived of rationality of actions of old/new managers? Phases of development of economy in political transformation period can be described in four stages—each of them ended with bankruptcy of many enterprises: short-term survival techniques (failure), functional restructuring (failure), process restructuring (failure), improvement (failure) (Kozmiński 2014).

No surprise then, that many critical opinions occurred of not the very transformation, which was necessary, but the methods, techniques and tools used to execute it. It needs to be underlined, that the criticism appeared in the initial stage of introducing reforms and was articulated i.e. by Nobel Prize laureates —M. Friedmann or G. S. Becker (Kieżun 2012). One of the greatest Polish authorities in the field of management studies A. K. Kozmiński has also criticised from the very beginning the implemented reforms, and several years later, in 1997, he explained that “still then inexperienced experimentalist L. Balcerowicz has indeed achieved an impressive market balance, but he has ignored the outcomes of his actions for state economy and led to the bankruptcy of many state enterprises, which another fanatic J. Lewandowski gave to foreign capital for next to nothing. The same government was culpable of losing Eastern markets and too early liquidation of State Farms, which led to almost three-million unemployment and abandonment of thousands of hectares of cultivation in arable land. This practice carried out with reprehensible recklessness, without taking into account the social consequences, received euphemistic title of shock therapy, or another, better reflecting the results of this project: “reform by ruin”. When in result of these operations and other negligences the state fund begin to lack money, the Solidarity-based government reduced valorisation of payments in budget sphere and—against the law—valorisation of pensions, unscrupulously shifting the burden of economic restructuring on the poorest. The state was led to bankruptcy and to this day is not able to get out of it” (Kieżun 2012, p. 192, translated). In 2006 L. Balcerowicz published in “Daily Star: the article *Losing Milton Friedman. A Revolutionary Muse of Liberty*, where he wrote: “I live in Poland that is now free, and I consider Milton Friedman to be one of the main intellectual architects of my country's liberty” (Klein 2008). It is a fact, Poland is free, but do the accepted architect Friedman's ideological plans have not led to a construction disaster, on whose ruins the new order was built? Many great experts and economists share this opinion. G. Kołodko believes, that “the younger ones still carry the burden of naive and harmful *idée fixe* in the form of shock therapy. Unsuccessful attempts to carry it out

entailed the enormity of the costs that could have been avoided, by bringing the way a lot less of the therapeutic effects than it was possible to achieve, when choosing a different path of changes. And if now some would like to forget about rubbish like »shock therapy« (or preferably convince themselves and others that supposedly it was successful), then getting to the heart of the matter is necessary (. . .). Not only from the point of view of historical truth—how often lied about in relation to the periods, which have just passed—and correctness of ex post economic interpretation. It has also ex ante significance, since in historical process of development in various part of the world on its various levels many mistakes can still be avoided” (Kołodko 2010a). Analysis, or rather a very concise synthesis of the course of transformation in Poland, is or should be at the same time a lesson to those, who are or will be engaged in the public governance and management processes. Necessary in this process is understanding of history, where the given economic activity has developed, since it is a kind of manager’s toolbox to help understand why modern conditions are such, and not different. The history brings ideas, is the example of good or bad practices, which can increase or decrease effectiveness of action of given organisation (de Geus 1997; Griffin 2004).

Bank of Sweden’s Alfred Nobel Prize laureate in economics E. S. Phelps bluntly comments the weakening of the state and the introduction of a free market institutions at all costs: “Intellectual wave, which is luckily extinguishing, insisted on the government to be neutral towards economy. Boys from Chicago school saw the perfect government as basically esoteric thing—like Pope or Dalai Lama. They accepted giving out money, did not accept interference in the market. (. . .). I believe in economic freedom. I believe in free entrepreneurship. I believe in creativity, inventiveness, ingenuity. I do not believe in free market and esoteric state. These are the myths destroying the economic studies, and then the economy, society and the state” (Phelps 2008).

Political transformation in Polish conditions certainly contributed in long term to economic growth, which for many years was significantly faster than growth of salary, to integration with global economy and increase of efficiency (Marra and Carlei 2014). However, it incurred a high social cost. Privatisation often could have served to favour and create specific business groups, which in one form or another could finance a particular political party (Szanyi 2013). Lack of transparency of many processes and mechanisms of action of political class and unusually expansive at that time “cunning” entrepreneurship finally had influence on the significant decrease of effectiveness of privatisation (Marra and Carlei 2014) and degree of realisation of assumed goals. At the same time we need to remember, that the employees of public sector fundamentally differ in acceptance of risk, since to various degrees they are vulnerable to shocks arising in the economy (Kallianiotis 2013).

Official beginning of questioning the legitimacy of rigid recommendations of *Washington Consensus* occurred only at the beginning of twenty-first century following the disclosure of the global financial crisis. In 2008 International Monetary Fund recommended that states adopted the stimulus packages for economy and helped make mild fiscal cuts—depending on the state of the economy.

In this context it has to be noticed, that each political transformation in the recent decades, even in its most noble form, must have been producing illogical decisions—both consciously and unconsciously. Thus those decisions have been first successively lobbied and then used as a tool for increasing economic profit. They also served the development of business of small group of people, increasing disproportions between societies, individual countries, enterprises and persons. Today 1 % of the richest people in the world has accumulated a wealth worth 110 billion USD (OXFAM 2014), and those disproportions increase each year, making it difficult for unstable states' governments to make efficient decisions for sustainable satisfaction of needs.

2.6 Institutional Development Planning on Local Government Level (IDP Method)

Efficient and effective administration directly influences the improvement of citizen's quality of life. Thus important is the institutional potential, which can be used in this process in relation to competent officials, efficient organisation and decision making structures, mechanisms of resource use and finally partnership between local population and public affairs. Wherein this partnership cannot be related with nepotism or fake sloganicity leading to perceiving the public interest through individual instead of collective dimension. Thus individual entities of local government (mainly on the level of community) should look for self-assessment and planning tools, which would allow for governing the entity in an efficient, transparent and predictable instead of incidental way and implement them. The essence of local government is the "execution of power in a specified territory by its citizens through performing the tasks assigned by law by the state. The goal of local government is satisfying collective needs of population of a given territory and creating good conditions of its individual development" (Wytrązek 2010). Thus a special role of local government should be based on such planning in decision making, which will satisfy three basic functions. Firstly engagement of active citizens, who will competently defend their society; secondly strengthening local societies in order to formulate the best solutions; thirdly establishing and maintaining partnership among citizens and public institutions on a given area (McWilliams 2013). However, what is meant here is an actual inclusion of the citizen's public opinion and not only social movements in consultation process as a part of planning, but before making the final decision. The latter, like e.g. opinions of scientists, should be listed as experts, as opposed to citizens, who are not such experts, but are able to present disinterested opinions from own point of view (Evans and Plows 2007) and problems they cope with on a daily basis.

One of such tools is the Institutional Development Planning method (IDP) for local community. In endeavours to provide high quality services in a given local

government entity it should be a sequential set of repeatable actions, which include⁴:

- (a) diagnosing current development level (of local government entity/commune),
- (b) planning and designing institutional changes (developing a real, but long-term plan of institutional development),
- (c) practical realisation of the plan (implementation of appropriate development tools),
- (d) audit of results—after each improvement cycle, which allows improving efficiency of the entity or commune,

IDP method is a kind of constructive criticism of management quality analysis in a given office or commune, which allows planning separate undertaking, sets scalable measurements and action standards. Its use can lead to change of organisational culture in a given office or commune (which is usually very difficult), introduces constant organisational optimisations resulting in improvement of performed work in public services.

The whole institutional analysis and its organisation consist of three basic actions, whose execution may guarantee achieving the commune's goals. They consist of formal and organisational actions before conducting the institutional analysis. A key point of the process is acceptance from managerial unit of a given local government entity initiating the IDP method implementation. Even more important is that the introduced method was not only a wishful thinking and formally imposed commune's actions which are not respected in practice. Thus the information about implemented method, its advantages and requirements should not only be communicated to the employees, but most of all engage each employee in established framework of its realisation. An average length of preparatory phase for institutional analysis is 2–8 days and requires 4–15 employees of a given local government administration entity. A real time needed for performing the institutional analysis is from a week to 3 weeks (Op. cit., s. 66–68).

In 2014 passed 10 years of full IDP method, which has already earned an actualisation. At the moment it consists of 19 management criteria divided in five essential areas, which are:

⁴See: full description of the institutional development planning within the framework of the project "Improvement of the quality of offices and services for residents through the implementation of the revised method of IDP in the municipalities and counties." Implementation of the project took place in the framework of Priority V Human Capital Operational Programme (Good Governance), Action 5.2.—Strengthen the capacity of local government, sub-measure 5.2.1. Modernization of management in local government administration); Institutional development planning in local government . . . , op. cit., pp. 8–9.

(a) leadership and strategy:

- leadership, i.e. participation and capabilities of community administration leaders in initiating actions, formulating visions, missions, strategies; client/stakeholders satisfaction surveying, dialogue and cooperation with external partners in planning process; in individual community units promoting pro-quality and team work within organisation culture; searching and using good practices of management and leadership,
- strategy within owned and implemented development strategies, constant dialogue with society—informing about actions taken, planning financial resources for strategy realisation in individual budgets, keeping operational plans for strategies and realising resulting tasks; periodical evaluation and actualisation of strategy and predicting socio-economic phenomena; searching and using the best practices in strategic management,

(b) resource management

- finance management i.e. on the basis of 5-year prognosis of financial trend analysis from 3 past years, updated with factors impossible to predict; multiannual investment plan congruent with multiannual financial prognosis; constant actualisation of multiannual financial prognosis on the basis of acquisition cost model analysis of repayable resources, and system of taxes and local fees,
- property management—based on set of properties constituting municipal property or coming from the rental as part of a unified and updated municipal property management procedures,
- spatial management—based on the local development plan, in accordance with the community spatial policy and vision; in space management included are also all management activities aimed at cultural heritage and natural environment—in a transparent visualization of Geographic Information System,
- IT management—enabling all employees to use personal e-mail accounts and implementation of electronic document management system—both for employees and stakeholders of the municipal organization),
- process management—by using detailed process description within e.g. implementing ISO 9001 quality management; process evaluation based on stakeholder satisfaction surveys,

(c) managing organisation's human resources:

- planning, recruitment and selection—key competences, position profiles, standardised recruitment and selection tools, employment plans,

- motivation, evaluation and promotion (evaluation on the basis of position profiles, surveys of employees' motivation level and professional qualification of people promoted or applying for promotion,
 - professional improvement—e.g. training needs analysis and development of annual training plans; constant dissemination of knowledge within the accepted procedures for converting data and information,
 - ethics—e.g. transparency of decision making in the system of client/stakeholder service; introducing action standards in public procurement; training for councillors and employees on corruption and its countermeasures, implementation of a code of ethics for local government employees and councillors; advice on resolving conflicts of interest; permanent training of managers in tactics and techniques of managing the situation of the risk of corruption,
- (d) partnership:
- social communication and public and social partnership—exchange of information between given office and local environment—also in non-obligatory information; supporting civic initiatives and monitoring of social activity in the community; cross-sectoral working groups and public consultations,
 - public partnership—within joint undertakings of local government of public finance sector entities—transparent exchange of information, establishing and maintaining contacts with local government units of other countries; joint organization of projects—both domestic and international,
 - cooperation with entrepreneurs and public-private partnership—including entrepreneurs in cooperation for realisation of community tasks; supporting the idea of corporate social responsibility, having map and scope of local entrepreneurs and joint implementation of projects under the Act on public-private partnership (Ustawa z dnia 19 grudnia 2008),⁵
- (e) managing public services:
- administrative services—within a catalogue, patterns and procedures of administrative services; basing the public service management on ISO quality management system or conducting alternative forms of evaluating office management on the basis of Common Assessment Framework—CAF or Institution Development Planning—IDP,

⁵ See: the subject of a public-private partnership, the essence of which is the joint execution of projects in the distribution of individual tasks and risks between public and private partners in the Act of 19 December 2008. on public-private partnership (Dz U z 2009 r. Nr 19, poz. 100).

- social services—within known and in force standards of providing social services,
- technical services—provided within standards known to stakeholders and other recipients,
- supporting economic development—within various economic development policies included in community strategy and communicated to the local communities; cooperation with neighbouring local government units in order to harmonise the activities of the labour market and economic development (see: *Planowanie rozwoju instytucjonalnego w samorządach lokalnych. . .*).

The whole planning process should be based on the belief that the local government realises important public functions of service character, which can include:

- (a) administrative services—related to issuing all documents: of general nature, licenses, permits, administrative decisions,
- (b) social services—healthcare, public security, education, upbringing, physical culture and recreation, housing, social assistance and social services, culture,
- (c) technical services—water and waste management, transport, cemeteries, public green, energy supply (Olesiński 2010).

Those functions have to fully, but within budget, satisfy the needs of local government community, namely the whole population of the area. Development planning without financing bases—both local and central and detachment from developmental cohesion of the region can in short time lead to unnecessary tensions and social conflicts. It can result in: outflow of investors, unfriendly attitude of the residents to each other or to the company and often a bad image on the outside.

References

- Acemoglu, D., Bimpikis, K., & Ozdaglar, A. (2014). Dynamics of information exchange in endogenous social network. *Theoretical Economics*, 9, 42.
- Ackoff, R. L. (1973). *Zasady planowania w korporacjach* (p. 47). Warszawa: PWE.
- Akinci, C., & Sadler-Smith, E. (2012). Intuition in management research: A historical review. *International Journal of Management Reviews*, 14, 117.
- Barraquier, A. (2011). Ethical behavior in practice: Decision outcomes and strategic implications. *British Journal of Management*, 22, 39.
- Bazerman, M. H., & Moore, D. (2009). *Judgment in managerial decision making*. New Jersey: Wiley.
- Bovaird, T. (2004). Public-private partnerships: From contested concepts to prevalent practice. *International Review of Administrative Sciences*, 70(2), 199–215.
- Boyle, P. (2001). From strategic planning to visioning: Tools for navigating the future. *Public Management*, 83(4), 24–26.

- Bryson, J. M. (1988). *Strategic planning for public and nonprofit organizations: A guide to strengthening and sustaining organizational achievement* (p. 5). San Francisco: Jossey-Bass.
- Burciu, A., & Hapenciuc, C. V. (2010). *Non-rational thinking in the decision making process*. European conference on intellectual capital.
- Campbell, H., & Marshall, R. (2000). Moral obligations, planning and the public interest: A commentary on current British practice. *Environment and Planning B: Planning and Design*, 27, 306.
- Cornwall, A. (2008). Unpacking participation, models, meanings and practices. *Development Journal*, 43(3), 269–283.
- Cremer, D. D., van Dick, R., Tenbrunsel, A., Pillutla, M., & Murnighan, J. K. (2011). Understanding ethical behavior and decision making in management: A behavioural business ethics approach. *British Journal of Management*, 22(1), 1–4.
- Dane, E., & Pratt, M. G. (2009). Conceptualizing and measuring intuition: A review of recent trends. In G. Hodgkinson & J. K. Ford (Eds.), *International review of industrial and organizational psychology* (Vol. 24, p. 5). Chichester: Wiley.
- de Geus, A. (1997). *The living company*. Boston, MA: Harvard Business School Press.
- de Graaf, G., & van der Wal, Z. (2010). Managing conflicting public values: Governing with integrity and effectiveness. *The American Review of Public Administration*, 40, 623–630.
- De Vries, J. R., Beunen, R., Aarts, N., Lokhorst, A. M., & van Ark, R. (2014). The pivot points in planning: How the use of contracts influences trust dynamics and vice versa. *Planning Theory*, 13(3), 319.
- Dhami, M. K., & Thomson, M. E. (2012). On the relevance of cognitive continuum theory and quasi rationality for understanding management judgment and decision making. *European Management Journal*, 30(4), 316–326.
- Doctrine for the Armed Forces of the United States 2013, Joint Chief of Staff, Washington, 25 March, 1–13.
- Drucker, P. (2004). *Menadźer skuteczny* (pp. 161–162). Konstancin Jeziorna: MT Biznes.
- Dziemianowicz, W., Szmigiel-Rawska, K., Nowicka, P., & Dąbrowska, A. (2012). *Planowanie strategiczne. Poradnik dla pracowników administracji publicznej* (p. 16). Warszawa: Ministerstwo Rozwoju Regionalnego.
- Evans, R., & Plows, A. (2007). Listening without prejudice? Re-discovering the value of the disinterested citizen. *Social Studies of Science*, 37(6), 827.
- Folger, R., & Bies, R. J. (1989). Managerial responsibilities and procedural justice. *Employee Responsibilities and Rights Journal*, 2(2), 79–90.
- Fox-Rogers, L., & Murphy, E. (2014). Informal strategies of power in the local planning system. *Planning Theory*, 13(3), 247.
- Giannaros, D. (2008). Twenty years after the economic restructuring of Eastern Europe: An economic review. *International Business & Economics Research Journal*, 7(11), 35–37.
- Gigerenzer, G., & Brighton, H. (2009). Homo Heuristicus: Why biased minds make better inferences. *Topics in Cognitive Science*, 1, 107.
- Gomulka, S. (1994, March). *Lessons from economic transformation and the road forward*. Warsaw: Center for Social & Economic Research, pp. 4–5.
- Goodwin, P., & Wright, G. (2011). *Analiza decyzji* (p. 33). Warszawa: Wolters Kluwer.
- Griffin, R. W. (2004). *Podstawy zarządzania organizacjami* (p. 41). Warszawa: PWN.
- Grzegorzcyk, F. (2012). *Przedsiębiorstwo publiczne kontrolowane przez państwo* (p. 18). Warszawa: Lexis Nexis.
- Hertz, N. (2013). *Eyes wide open. How to make smart decision in a confusing world* (pp. 17–284). London: William Collins.
- Innes, J. E., & Booher, D. E. (2004). Reframing public participation: Strategies for the 21st century. *Planning Theory and Practice*, 5(4), 419–436.
- Jaaron, A., & Backhouse, C. (2011). Systems thinking for public services: Adopting manufacturing management principles. In K. Zokaei, J. Seddon, & B. O'Donovan (Eds.), *Systems thinking: From heresy to practice. Public and private sector studies* (p. 150). Basingstoke: Palgrave Macmillan.

- Kallianiotis, I. N. (2013). Privatization in Greece and its negative effect on the nation's social welfare (Expropriation of the national wealth). *Journal of Business & Economic Studies*, 19(1), 9.
- Kaplan, R. S., & Norton, D. P. (2010). *Wdrażanie strategii dla osiągnięcia przewagi konkurencyjnej*. Warszawa: WN PWN.
- Kieżun, W. (2012). *Patologia transformacji* (pp. 122–192). Warszawa: Wydawnictwo Poltex.
- Kitler, W. (2011). Planowanie cywilne—pojęcie, istota i zakres. In W. Kitler (Ed.), *Planowanie cywilne w zarządzaniu kryzysowym* (p. 14). Warszawa: AON.
- Klein, N. (2008). *Doktryna szoku. Jak współczesny kapitalizm wykorzystuje klęski żywiołowe i kryzysy społeczne* (p. 207). Warszawa: Warszawskie Wydawnictwo Literackie MUZA S.A.
- Kluyer, J., Frazier, R., & Haidt, J. (2014). Behavioral ethics for Homo economicus, Homo heuristicus, and Homo duplex. *Organizational Behavior and Human Decision Processes*, 123(2), 150–158.
- Kołodko, G. W. (2005, April 12). *Differing interpretations of the Washington consensus*, Distinguished Lectures Series no. 17. Warsaw: Leon Koźmiński Academy of Entrepreneurship and Management (WSPiZ) and TIGER.
- Kołodko, G. (2010a). *Wędrujący świat* (p. 30). Warszawa: Wydawnictwo Prószyński i S-ka.
- Kołodko, G. W. (2010b, May). *The great transformation 1989–2029. Could it have been better? Will it be better?* United Nations University—World Institute for Development Economic Research, Working Paper No. 2010/40.
- Kowalik, T. (2009). www.polskatransformacja.pl (pp. 80–96). Warszawa: Warszawskie Wydawnictwo Literackie Muza.
- Koźmiński, A. K. (2014). Wkład zarządzania we wzrost gospodarczy w krajach transformacji systemowej. In G. W. Kołodko (Ed.), *Zarządzanie i polityka gospodarcza dla rozwoju* (pp. 35–37). Warszawa: Wydawnictwo Poltex.
- Kuczynski, W. (1992). *Zwierzenia zausznika* (p. 108). Warszawa: Polska Oficyna Wydawnicza BGW.
- Leszczyński, A. (2010, May 5). *Konsensus waszyngtoński po 20 latach. Spowiedź liberała*, Gazeta Wyborcza.
- Lissowski, G. (2010). *Uzasadnienie metod wyboru społecznego*, Centrum Psychologii Ekonomicznej i Badań nad Decyzjami, Akademia im. Leona Koźmińskiego, Decyzje Nr 14/2010, 6.
- Malewska, K. (2014). Ewolucja modeli procesów podejmowania decyzji. *Marketing i Rynek*, 5, 128.
- March, J. G., & Simon, H. A. (1984). *Organizacje*. Warszawa: PWN.
- Marra, A., & Carlei, V. (2014). Institutional environment and partial privatization: Policy implications for local governments. *Annals for Public and Cooperative Economics*, 85(1), 18.
- McWilliams, C. (2013). Planning for the community? The early experiences of the implementation of Edinburgh City Council's Community Plan. *Local Economy*, 28(5), 513.
- Moorhead, G., & Griffin, R. W. (1989). *Organizational behavior*. Boston, MA: Houghton Mifflin.
- Nutt, P. C. (2006). Comparing public and private sector decision-making practices. *Journal of Public Administration Research and Theory*, 16(2), 298.
- O'Neill, O. (2002). *Autonomy and trust in bioethics—The Gifford lectures*. Cambridge: Cambridge University Press.
- Obłój, K. (2007). *O zarządzaniu refleksyjnie* (pp. 147–148). Warszawa: MT Biznes.
- Opolski, K., & Modzelewski, P. (2010). Zastosowanie ewaluacji w procesie projektowania strategii. In A. Haber & M. Szalaj (Eds.), *Ewaluacja w strategicznym zarządzaniu publicznym* (p. 31). Warszawa: Polska Agencja Rozwoju Przedsiębiorczości.
- Olesiński, Z. (2010). *Organizowanie w zarządzaniu rozwojem lokalnym* (p. 52). Białystok: Białostocka Fundacja Kształcenia Kadr.
- Osiatyński, J. (2006). *Finanse publiczne—ekonomia i polityka*. Warszawa: WN PWN.
- Penc-Pietrzak, I. (2010). *Planowanie strategiczne w nowoczesnej firmie* (p. 56). Warszawa: WoltersKluwer.

- Phelps, E. S. (2008). *Rynek w cuglach. Niezbędnik inteligenta. Dodatek do tygodnika "Polityka"*, Warszawa, 8.
- Pløger, J. (2001). Public participation and the art of governance. *Environment and Planning B*, 28, 233–237.
- Poister, T. H. (2010). The future of strategic planning in the public sector: Linking strategic management and performance. *Public Administration Review*, 70(Special Issue), 247.
- Polowczyk, J. (2012). *Zarządzanie strategiczne w przedsiębiorstwie w ujęciu behawioralnym* (p. 62). Poznań: Wydawnictwo Uniwersytetu Ekonomicznego w Poznaniu.
- Prentice, R. A. (2007). Ethical decision making: More needed than good intentions. *Financial Analysts Journal*, 63(6), 28.
- Program gospodarczy rządu Tadeusza Mazowieckiego*. (1989, October 12). Rzeczypospolita.
- Project Cycle Management Guidelines*. (2004, March). European Commission, p. 16.
- Raczkowski, K. (2013). Foresight w zarządzaniu publicznym—wyzwania i dylematy myślenia strategicznego o przyszłości. In W. Kieżun, J. Wolejszo, & S. Sirko (Eds.), *Public management 2013. Wyzwania i dylematy zarządzania organizacjami publicznymi* (Vol. 2, pp. 32–45). AON.: Warszawa.
- Raczkowski, K. (2014). Strategiczne zarządzanie wiedzą w systemie gospodarczym a teoria racjonalnych oczekiwań. *Marketing i Rynek*, nr 5.
- Raczkowski, K. (2014b). Strategiczne zarządzanie wiedzą w systemie gospodarczym a teoria racjonalnych oczekiwań. *Marketing i Rynek*, 5, 526–527.
- Raczkowski, K. (2014c). Współczesny model tetrarchii zarządzania a bezpieczeństwo ekonomiczne obrotu gospodarczego. In K. Raczkowski (Ed.), *Bezpieczeństwo ekonomiczne obrotu gospodarczego* (p. 38). Warszawa: WoltersKluwer business.
- Read, D. C., & Leland, S. M. (2011). Does sector matter? An analysis of planners' Attitudes regarding politics and competing interests in the planning process. *The American Review of Public Administration*, 41(6), 648.
- Reeves, J. (2013). China's unraveling engagement strategy. *The Washington Quarterly, Center for Strategic and International Studies*, 36(4, Fall), 140–141.
- Reynaers, A. M. (2014). Public values in public-private partnership. *Public Administration Review*, 74(1), 45.
- Rodrik, D. (2011). *Jedna ekonomia, wiele recept. Globalizacja, instytucje i wzrost gospodarczy* (p. 34). Warszawa: Wydawnictwo Krytyki Politycznej.
- Rowe, A. J., & Boulgarides, J. D. (1983). Decision styles—A perspective. *Leadership and Organization Development Journal*, 4(4), 3–9.
- Rowe, A. J., & Boulgarides, J. D. (1994). *Managerial decision making* (p. 28). New York, NY: Prentice-Hall.
- Rowland, C. A., & Hall, R. D. (2013). Perceived unfairness in appraisal: Engagement and sustainable organizational performance. *EuroMed Journal of Business*, 8(3), 195–208.
- Sachs, J. (2006). *Koniec z nędzą. Zadania dla naszego pokolenia*. Warszawa: WN PWN. 120.
- Scott, S. G., & Bruce, R. A. (1995). Decision-making style: The development and assessment of a new measure. *Educational and Psychological Measurement*, 55(5), 820.
- Seddon, J. (2005). Freedom from command and control, Management services. *Enfield*, 49(2), 22–24.
- Stanisław Gomulka i transformacja polska. Dokumenty i analizy 1968–1989*. (2010). Wydawnictwo Naukowe Scholar, Warszawa, 663–677.
- Strzelecki, Z. (2011). Polska 2050. Obraz demograficzny. In J. Kleer, A. P. Wierzbicki, Z. Strzelecki, & L. Kuźnicki (Eds.), *Wizja przyszłości Polski. Studia i analizy*, t. 1, *Spółeczeństwo i państwo*. Warszawa: PAN, Komitet Prognoz "Polska 2000 Plus", 45.
- Szanyi, M. (2013, July 21). *Large-scale transformation of socio-economic institutions—Comparative case studies on CEECs*, WWW For Europe, Working Paper No. 19, Vienna.
- Tait, M. (2011). Trust and the public interest in the micropolitics of planning practice. *Journal of Planning Education and Research*, 31(2), 165.

- Thunholm, P. (2004). Decision-making style: Habit, style or both? *Personality and Individual Differences*, 36, 932–933.
- Tyszka, T. (2010). *Decyzje. Perspektywa psychologiczna i ekonomiczna* (p. 196). Warszawa: Wydawnictwo Naukowe Scholar.
- Ustawa z dnia 13 lipca 1990 r. o prywatyzacji przedsiębiorstw państwowych (Dz. U z 1990 r. Nr 51, poz. 298 ze zm.).
- Ustawa z dnia 19 grudnia 2008 r. o partnerstwie publiczno-prywatnym (Dz. U z 2009 r. Nr 19, poz. 100).
- Ustawa z dnia 30 sierpnia 1996 r. o komercjalizacji i prywatyzacji przedsiębiorstw państwowych (Dz. U z 1996 r. Nr 118, poz. 561 ze zm.).
- Velasquez, M., & Hester, P. T. (2013). An analysis of multi-criteria decision making methods. *International Journal of Operations Research*, 10(2), 56–64.
- Williamson, J. (1990). What Washington means by policy reform. In J. Williamson (Ed.), *Latin American adjustment: How much has happened?* Washington, D.C: Washington Institute for International Economics.
- Witesman, E. M., & Walters, L. C. (2014, June 15). Modeling public decision preferences using context-specific value hierarchies. *The American Review of Public Administration*, 2.
- Working for the Few. Political capture and economic inequality* (2014). Oxfram Briefing Paper, OXFAM, 20 January, 5.
- Woźniak, A. (2013). *Decyzje w warunkach współzawodnictwa* (pp. 7–9). Warszawa: CeDeWu.
- Wytrązek, W. (2010). Inwestycje strategiczne w “Strategii Rozwoju Miasta Lublin”. In K. Giordano & R. Biskup (Eds.), *Planowanie inwestycji publicznych. Aspekty prawne, ekonomiczne i środowiskowe*. Lublin: Wydawnictwo KUL.
- Załęski, P. S. (2012). *Neoliberalizm i społeczeństwo obywatelskie* (p. 172). Toruń: Fundacja na Rzecz Nauki Polskiej.
- Zanoni, A. B. (2012). *Strategic analysis. Processes and tools* (p. 1). Oxon, New York: Taylor & Francis.
- Ziółkowski, M. (2007). Zarządzanie strategiczne w polskim samorządzie terytorialnym. In A. Zalewski (Ed.), *Nowe zarządzanie publiczne w polskim samorządzie terytorialnym* (pp. 109–110). Warszawa: Oficyna Wydawnicza SGH.

3.1 Dynamic Equilibrium of Organised Things

Organisation is naturally an entity organised in some way. At the same time it is increasingly difficult to talk about stability of processes or states of the organization, if they are subject to turbulent interference. Thus dynamic equilibrium in organisation can be compared to K. Adamiecki's law of inertia of habits, which says, that every change causes resistance. This principle has been transposed into the management from physics and philosophy, where two main laws of contradiction were created: Le Chatelier-Braun (also Le Chatelier's principle, or Equilibrium Law) and Lenz's law (or principle). The first one was formulated in 1884–1888 (Le Chatelier 1926); it says that: whenever the system in equilibrium is disturbed, the system will adjust itself in such a way, that the effect of the disturbance/change is nullified" (Hołyst et al. 2003, p. 241, translated). It as an example of action provoking resistance, where behaviour of the system/organisation may be opposite to desired ones, destructive and with costly results. Although H.L. Le Chatelier (1850–1936) was a chemist, at the same time he was developing a traditional management trend based on scientific organization of work. He developed the organising cycle, which included:

- (a) selection of goal to achieve,
- (b) checking resources and conditions necessary for achieving the goal,
- (c) preparation of resources and conditions,
- (d) execution adequate to developed plan of action,
- (e) control of results (Kurnal 1972).

The second Equilibrium Law, called Lenz's law, was formulated in 1834 by physicist H. Lenz (1804–1865). According to this principle, each induction process runs in the direction opposite to operating force, that is an induced electromotive force always gives rise to a current whose magnetic field opposes the original change (Stine 1923; Tooker 2007). The resistance in Lenz's law translated into

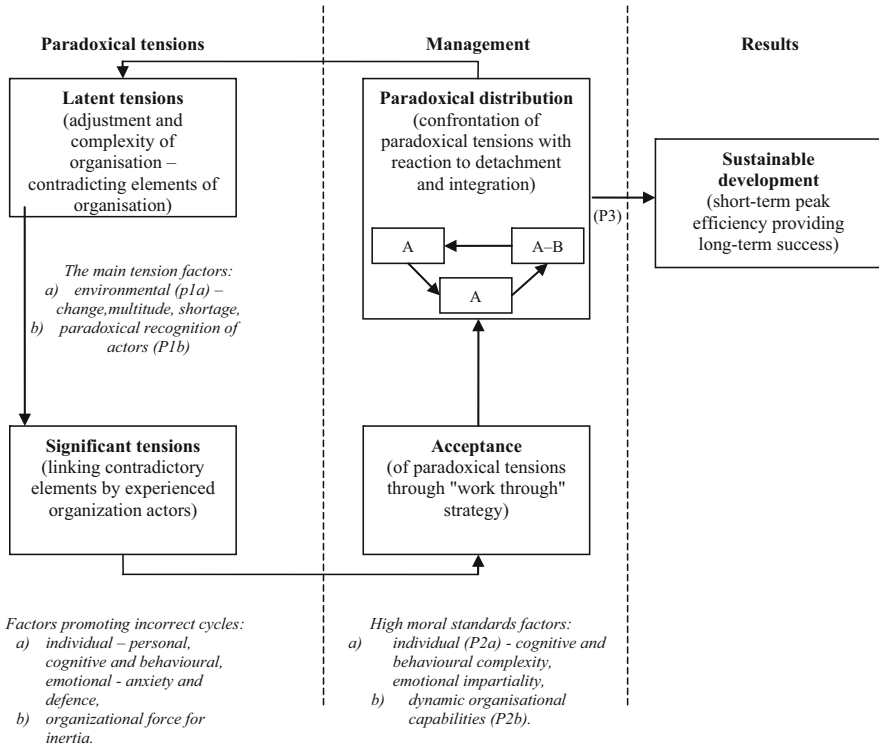


Fig. 3.1 Dynamic equilibrium model of organisation. Source: W.K. Smith, M.W. Lewis 2011, *Toward a theory of Paradox: A Dynamic Equilibrium Model of Organizing*, "Academy of Management Review", Vol. 36, No. 2, p. 389

management is e.g. opposition of employees towards the actions of supervisor, leading finally to counter measures taken by the supervisor.

Models of dynamic equilibrium are used for more than 30 years in issues of international trade, conjunctures and theory of public finance, labour economics and industrial organization. However, too often they are false, since dynamic equilibrium of the organisation or economic system is often built in laboratory conditions and is based on false constructions. It poses challenges, mainly of econometric character, regarding appropriate selection of advanced data of parametric model (e.g. technology, preferences) and difficulties in comparing non-nested models (Villaverde and Rubio-Ramirez 2004). Added to this, especially the group of Dynamic General Equilibrium (DGE) models, very often used macro-economics, like e.g. Solov’s growth model, Ramsey’s growth model or Overlapping Generations Model (Heer and Maussner 2005).

In this context the dynamic equilibrium model of organisation developed by W.K. Smith and M.W. Lewis (2011) (Fig. 3.1) can be presented, which consists of three basic functions:

- (a) paradoxical tensions of clear and latent character,
- (b) responses to existing tensions, which entail repetition of management strategy,
- (c) result or influence of given management strategy on sustainable development.

The presented model fits in explaining the essence of paradox management. They explain how paradoxical tensions can affect the ongoing cyclic process. Paradoxes regard creating competitive projects and processes, whose development and final execution leads to achieving a desired effect. They include tensions between cooperation and competition, empowerment and direction of action or routine and changes (Smith and Lewis 2011). The model shows, that achieving sustainable development is possible through proposition of learning and creativity, facilitates flexibility and elasticity of action and releases human potential in the organisation (Smith and Lewis 2011).

Dynamic equilibrium models are used to describe changeability or uncertainty, e.g. conjuncture cycle fluctuations. They determine two kinds of shock by relating to structural shocks (e.g. preference, social or economic policy) and changeability shocks picturing innovation standard deviation from structural shocks (Fernández-Villaverde et al. 2013).

We may say that dynamic equilibrium may be achieved only through creating some type of management of change, taking into account that:

- (a) There is a probability of organisation's bankruptcy due to lack of changes and necessary progress. Organisations should be open to evolutionary internal and external adaptations.
- (b) Lack of amplitude of change in the organisation and insufficient efficiency cause low economic efficiency, guaranteeing only medium probability of organisation's survival.
- (c) Organisation's ability to activate and mobilise existing resources, and increase productivity allows to make major changes, including management. It guarantees the organisation high probability of survival and development.
- (d) Big change in strategic management of organisation and other unsuccessfully introduced changes lead to difficulties or impossibility of effective and efficient use of resources. It can be prevented in many ways and forms of restoring equilibrium by creative and competent managers.
- (e) Lack of contextual changes in organisation caused by insufficient introduction of changes by management leads to strong inequilibrium, prevents rational use of resources and threatens with bankruptcy of the organisation (Nicolescu and Nicolescu 2010).

To equilibrium described above in change management a managerial approach focused on efficiency is necessary, whose main factors in global trends are:

- (a) speed and scale of changes—burdensome and transformational,
- (b) dominating production measures—knowledge and network connections among network employees,
- (c) competition forces—as unique in different ways,
- (d) character of work—network work supported by knowledge and manual work,
- (e) rules of organising—netocracy, namely new power elite, which will govern after neo-liberal period and organise on the basis of technological advantage or network of skills,
- (f) organisational power—individuals and small groups within many networks,
- (g) people—innovators, heuristic groups, autopoietic groups, that is those capable of self-production and reproduction of own structures or elements (adaptation to new stimuli),
- (h) regulation system—trust, relationships and network standards,
- (i) organisational relationships—transorganisational, communities of practice,
- (j) market domination—disloyal, impulsive, modern (Bititci et al. 2012).

As we can see then, achieving dynamic equilibrium is and will be a constant process, susceptible to a number of disturbances in opposition to organizational harmony. Thus hierarchical structures—especially in public organisations, should create networks within participative leadership and attempts to stabilise the environment of the organisation.

3.2 New Institutional Economy and State Organisation

When discussing the state organisation through all the institutions it consists of, necessary and valuable is reference to new institutional economy (NIE), which uses methodological holism in research and allows explanation of behaviour of economic entities. Most of all, the institution is understood as a collection of certain rules and regulations, which restrict people's behaviour (North 1990). In new institutional economy it is recommended to directly identify the institution with organisation gathering people actually being in scattered structure and undergoing a process of receiving and processing information, in the possible use of scarce resources (Szastitko 2003).

D.C. North (1990) rightly notices, that it is thanks to institutions that the basic structures are created, and thanks to those structures people can build order or reduce uncertainty in managing process. Through institutions the social, economic, and political shaping of interpersonal relationships is possible. E. Ostrom (1992) identifies the institutions with rules, G.M. Hodgson stresses interpersonal interactions created in the system of institutions, which influence people's behaviour, and H. Simon emphasises, that institutions allow reference of people's actions to calculation, since a person is not a rational being (Simon 1983). According to D. Rodrik (2003) only institutions can guarantee long-term economic

development, and S. Parto (2005) to main functions of institutions in the whole socio-economic process includes: association—social interactions, behavioural building of social habits; cognition—within thinking models; constructivism—within limitations of social interactions and finally regulation—as a stabiliser of observing established social norms, do's and don'ts (Zalesko 2014).

Organisations of state life, including social and economic ones, currently work in changeable conditions, which are only temporarily defined by market and institutions. All organisations (including state in which the institutions function) in NIE are discussed as a system within internal structure of interests. It allows use of comparative approach—each institutional alternative can be compared to other (analysis of possibility of reducing transactional costs) instead of perfect competition (which in real world seems to be fiction referring to idealised state in classical economy). What is especially important from the point of view of holistic management processes—in new institutional economy institutions are discussed in terms of their influence on decisions made by economic entities. In addition, NIE offers higher optimality of functioning and development of economy, if institutions in a state are characterised by high institutional quality, and social capital of the state stands at adequately high level (Williamson 1989).

One should also notice, that institutions are created by people as basic subjects of society according to B. de Mandeville's (1670–1733) social evolution theory. Individuals, on the other hand, are determined by greed and desire for profit, and therefore create demand, in which they participate, contributing to economic growth and development. At the same time through accumulation of knowledge and ability to use it and transferring it to next generations they can act innovatively and practically in the whole process of knowledge acquisition, experimenting and learning (Prendergast 2014).

Next starting point in determining recommended institutional quality can be adoption of the statement about institutional effectiveness, which says: “if transaction costs are positive ($TRC > 0$), their relative savings is the criterion of institutional effectiveness, provided that the institutional design model used in economic system has the features of flexibility with regard to the environment (there is a reduction in the scale of price fluctuations)” (Ciekanowski and Czernowałow 2011, p. 38, translated). The types of effectiveness are presented in Table 3.1.

Institutional inefficiency theory developed in institutional economy explains dilemmas regarding inefficient markets and inefficient public authorities. At the same time as institution forms of organised structures, which give a person the possibility to function, are understood. In this economic trend, being the starting point for decision making and holistic management, attention is paid to contradiction of described theories, Unrealistic and utopian theory of market functioning says that efficient market allocates products and resources on its own, leading to an optimal adjustment of economy (the acceptance of all the resources and products on the market at an optimal price of balancing supply, demand and consumer behaviour). This way in theory of market functioning the external effects, monopolistic (or monosonic) situation and public goods, which occur together and separately, are not taken into consideration. On the other hand, the theory of public

Table 3.1 Selected list of economic institutional effectiveness

No.	Type of economic effectiveness	Description
1.	As maximisation of social welfare	According to utility and efficiency of decision-making process, where: a person taking some actions strives for establishing appropriate utility functions for all of the members of society with statistical research. On that basis functions of social welfare are calculated, choice or legal solution is reached, contributing to maximising the achieved function.
2.	According to Pareto's optimality criterion	Approach, which can be used relatively rarely, due to a fact that efficiency in this approach should lead to solutions, which do not worsen the situation of either party (individual units)—and this is difficult to achieve. There are, however, some legal solution, that serve all citizens. On the other hand, there are contracts correct from the point of view of Pareto, which are signed willingly by both parties leading to allocation increasing usefulness of at least one of the parties, at the same time not worsening the situation of the other.
3.	Hicks' approach (Kaldor-Hicks efficiency)	Economic efficiency evaluation of resource allocation takes place, if in a result of a given solution one party's profits are higher than losses of the other with conditions for a winning party's (gaining profits) theoretical compensation of losses to the losing one (losing party). Efficiency in Hicks' understanding facilitates demanding compensation for losses from the stronger party in relation to action of interest and influence groups, which have formed e.g. law beneficial for them, contributing to growth of their profits and worsening the situation of the weaker party. In the state we observe transitivity or repair claims and demands of the weaker party, which takes the party on itself.
4.	In marginal analysis	Helps optimise the decisions within choice of other recommendations than 0–1 system (all or nothing). The assumption is maintenance of starting final points of realisation of a given goal at a lower level than reached maximum effects. In this case equalisation of maximum effects and costs causes lack of profitability of conducted actions, since later costs will be higher than achieved results.

(continued)

Table 3.1 (continued)

No.	Type of economic effectiveness	Description
5.	In Hodgson's approach	Achieving efficiency will be possible only through subordination to conscious interpretation of decisions and normative acts. At the same time efficiency of a given solution should be conscious at the level of collective intentionality, achieved without further compromising the social welfare. It is about collective assignation of function due to status enabling serving such function (which would not be possible to perform, if not for collective acceptance of the fact, that e.g. police protect public safety).

Source: developed on the basis of Z. Ciekanski, A. Czernowalow 2011, *Wschodni model...*, op. cit Z. Ciekanski, C. Aleksander, *Wschodni model zarzadzania kryzysowego w ekonomii instytucjonalnej*, Bonus Liber Sp. z o.o., Rzeszów, p. 38–42; W. Stankiewicz 2008, *Teoria projektowania mechanizmów społecznych – oferta dla praktyki*, w: *Ekonomika instytucjonalna – materiały pokonferencyjne*, Alternatywa, Brześć, p. 10

authority inefficiency assumes, that it is not able to replace regulative and allocative function of market or correct market inefficiencies. It is even said, that interventionist approach may lead to worsening the market situation (Markowski 2011). In such approach inefficiency of public authority may result from:

- (a) lack of information or disturbances in its flow,
- (b) lack of qualifications and skills both among officials and politicians in a legal, decision-making and organisational process,
- (c) extreme or irresponsible electoral populism, which later can block the possibility of reasonable behaviour and forces to make irresponsible decisions,
- (d) decision-making procrastination and departmentality (in illusive rules of cooperation and interdepartmental dependencies in the task),
- (e) arbitrarily imposed monopoly functions in regulation or distribution of specific public goods and services (which leads to corruption, apathy, creates a sense of “uniqueness” and “lack of possibility of substitution”),
- (f) lack of financial resources for realisation of assigned tasks (Markowski 2011).

Efficiency or inefficiency of public authority results from actual actions and their effects. “(...) badly organised, inefficient and unstable public sector is a basic obstacle to further modernisation of state management. It is known that to deal with the tasks it needs to go the same path of modernisation and development of management function as the private sector does. International experience also clearly shows, that in public sector the use of management methods and techniques similar to the ones successfully and popularly used in private sector is possible and necessary. They are known, described and verified” (Kozmiński 2010, p. 226, translated). However, not everything should be thoughtlessly copied and implemented. We need to differentiate the similar or modernised techniques from the same ones used in private sector. Simply in one case one method or technique will be effective and

necessary and in another it may lead to institutional inefficiency or even pathology directed at activities of denying the foundations of its existence.

Public authority can be both a provider or distributor and a regulator in a given market or its segment. It can “lead intervention or external control over the production of public goods and other external effects, may limit their delivery to the consumer, internalise externalities, introducing efficient markets or quasi-markets by cost-efficiency (e.g. emission rights trade, rights for consumption), make payments for urban services and other goods, internalize the cost or affect the terms of their cost internalization” (Markowski 2011, p. 30, translated).

3.3 Virtual Social Structure in Actual State Organisation

Virtual world is a standard today and more clearly enters real spheres of life (Hua and Haughton 2009). It caters for the needs of information and entertainment, social interactions (including building certain communities), self-promotion or self-realisation—through creating own content available in global scale (Shao 2009).

Social networks, also called social media, gather billions of users. Web 2.0 webpages, where on a massive scale social networking sites developed: *Myspace*, *Facebook*, *Flicker*, *YouTube* or *LinkedIn*, give people an opportunity of being a co-architect, graphic designer or author of such webpages. Organisation for Economic Co-operation and Development (OECD) characterises the user-created content by:

- (a) need of publication (and presentation on a wider forum),
- (b) creative effort (related to author’s own input in the publication)
- (c) creation outside of the professional life (in free time, often non-profit actions or actions focused on a certain profit) (Wunsch-Vincen and Vickery 2007; Klimczuk 2011).

Facebook only at the end of 2012 had almost 900 million of users. It is a kind of new social engineering, where the generations who do not know the world without *Facebook*, since it has existed since their birth, starts losing the ability to differentiate between the real world and the Internet. The research conducted by the scientists of University of Southern California show, that brain constantly cooperating with the Internet does not manage to process information received daily by a person in amount of about 34 gigabytes (34 GB), which corresponds to 100,000 words. So overloaded brain is forced to go into emergency mode. It disconnects prefrontal cortex responsible for the operation of working memory, the part responsible for tolerance, empathy or altruism. As a consequence a person experiences retarded reactions and needs eight seconds instead of two to react to a given stimulus to process visual information to sensations (inner feelings). Additionally, he becomes indifferent, if a situation or event does not apply to him personally. G. Small—scientist and psychiatrist from University of California in Los Angeles calls the new Web generation the digital natives. Such generation is able to memorise large amounts of information, but does not have ability to interpret and use them. Digital natives are not creative, but reproductive. Small also believes,

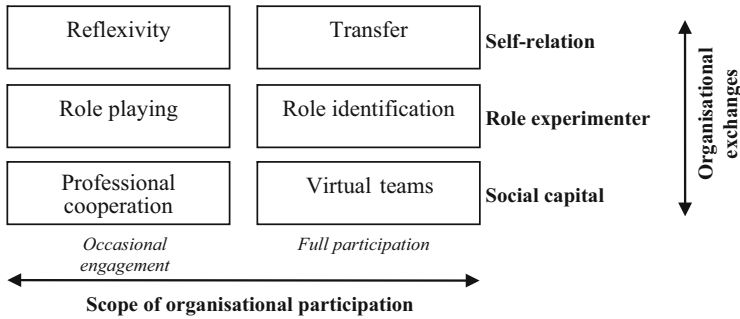


Fig. 3.2 Scopes of organisational participation of members of virtual organisations. *Source:* B. Koles, P. Nagy 2014, *Individual and professional development in the digital age. Towards conceptual model of virtual world for organizations*, “Management Research Review”, Vol. 37, No. 3, p. 295

that people accompanied with Internet from childhood start to resemble people with autism. They experience frequent problems with understanding a different point of view, communicating feelings or maintaining social relationships (e.g. limited ability to read body language, avoiding eye contact) (Nikodemaska 2012).

In China addiction to the Internet was considered to be a public health risk, and 11 % of users were diagnosed as addicts. At the same time 27 % of teenage users neglects school, duties, and social life due to tendencies to addictions (CNNIC 2009). It has been proven, that online games are a significant, often the biggest part of past time activities of young people in China and have the largest influence on increase in Internet addictions, but do not show any correlation with negative results at school (Jiang 2014). On the other hand, the research of Zhuang et al. (2013) showed two paradoxes of social networking sites. It has turned out, that assimilation (either directly and indirectly) has a positive influence on users’ experience, strengthening their loyalty to visited pages. It means, that social network may create groups of loyal customers, if their administrators strengthen their user’s competences and trust. The second paradox is that an important role in social networks plays pleasure, strengthening loyalty, and contributing to joining people in “contacts”. In addition, the higher the social network users’ incompetence, the lower was their loyalty and pleasure of use.

Thus using the Web, one needs to remember, that it is very useful and sometimes necessary, but still only a tool for real activity.

But today’s virtual world is rightfully perceived as a place to create social interactions, playing certain roles and taking organisational, professional or economic activities (Bell 2008). Internet users’ protests in 2012 massively moved from the Web to the streets and in the Internet took the form of hacker attacks on government institutions against proceeded international commercial agreement regarding fight with counterfeited goods ACTA (*Anti-Counterfeiting Trade Agreement*). They show that everything can be changed and governors and managers of a state do not always have to have the last word regarding regulations of the socio-economic processes.

In more organisational and stable approach, employees in the model of engagement in virtual world can participate in three dimensions of organisation: self-relation, role experimenter and social capital (Fig. 3.2).

A scope of participation in virtual world is distinguished in this model. Each of the three dimensions of organisation (institution) is divided into companies, which enjoy the full participation in virtual world and those who do it occasionally and in clearly specified way. The first dimension—self-relation—regards the option with experiences characteristic for virtual environment (reflexivity, large independence, flexibility, discovering personal preferences, emotions; transferring the experience from real world to virtual one and the other way round, mutual influence). The second dimension, namely role experimenter, allows transgressing the virtual world and real actions within specified roles and their identification. It allows learning and constant development, since through role playing it enables secondary tracking and analysis of arising problems, thinking them over, and in consequence searching for new variants of solutions. Anonymity can thus be a beneficial aspect of organisational actions, especially for people with reduced sense of personal safety and lower self-esteem. At the same time identification of roles in this dimension is beneficial from both the point of view of management and advantages in real world, e.g. new relationships, transfer of knowledge. The last, third, reference of this model is social capital focused on team work and creating virtual teams. It underlines the features of interpersonal relationships, which helps to build especially trust, common visions and goals, and their joint acceptance (Koles and Nagy 2014).

3.4 Organisational Social System of the State

Each modern state, regardless of its population, can be called a great social system. Of course size of its territory and population may assign the state to more or less complex system, but it does not change the fact, that the system is great. It means that each such system is probabilistic (far from perfect) and undergoes numerous dynamic processes—in functional and structural terms. Each great system consists of large number of subsystems, which to a certain degree are autonomous—however, as a whole and individual elements they come under single- and multisite steering. At the same time it is multi-level, characterised by hierarchical and network order, where infinite number of provisional and informative feedback occurs. Although individual sub-systems in the great system are characterised by intentional activity, to some extent subordinate to the general goal of a state, the extent of this subordination is often declarative or illusory. But in every state there is no possibility of full determination of all dependencies, which occur in an infinite number of subsystems (Eysmont 1968).

This causes, that the excluded or marginalised social gatherings of one subsystem may be deprived of due care from the state, becoming the enclaves of new interactions, very often of fixed and not always desired character; sometimes on the contrary. In the case of discrimination—they become the bastions of protection of values, traditions or culture, and even workplaces. On the other hand, commercial and lobby subsystems with uninhibited yearning for realisation of own particular interests (in the name of falsely declared common good) may contribute to

permanent destruction of the state, where indicating guilty of such practices may not be possible.

State from the point of view of the system consists of four basic elements: inputs (material, human, financial, information), transformation processes (technical and managerial), results (resulting from the transformation process and including any products, services, profits and losses, information, behaviour of employees) and above described feedback (multidirectional interactions: internal and external systems) (Griffin 2004).

Taking the above into consideration, it is right to state, that complexity of modern state, its internal contradictions and mutually complementing dependencies allow to assume, that it is a special type of organisational social system, characterised by (Hu 1994):

- (a) Non-triviality—namely significance, where huge unpredictability and changeability occur, being the foundation of human creativity and progress. Person and non-trivial nation is a contradiction of its triviality present e.g. in states with dictator governance system with ideological and dogmatic designing the society to predictable, standard and non-creative behaviours and actions.
- (b) Self-controllability and autonomy—associated with subjectivity and making decisions by individuals and the whole society, which is only reaching maturity (in the mental and social sense), when it is capable of autonomous and self-organisational behaviours in the spirit of self-control. Loss of this ability within the entity may be caused by e.g. depriving it from autonomy, limiting its citizen rights, or within society—by indoctrination and totalitarianism.
- (c) The phenomenon of the game—is an indispensable organisational part of every society. It is related to mutual competition, both in official and hidden form, in legal way and contradicting generally accepted law or rules of operation.
- (d) Arrow's impossibility theorem (so-called theory of non-existence)—formulated by economist K. Arrow, says that in a given social system it is impossible to find a satisfying decision-making method (each function of social interest on a set of more than two candidates), which would be acceptable by every member of society. If it would have happened, with maintaining independence and unanimity of accepted alternatives, then such state can be called dictatorship. In literal meaning this theorem explains, that if there are at least two voters and we have at least three possibilities to choose from, it is impossible to build such decision-making method, that would be satisfying for everyone (Kamiński 1994; Feldman and Serrano 2008).
- (e) Boundaries of information complexity—are associated with gigantic flow of information, which brain is not able to process faster than 10^{47} bit/s, while absolute calculation abilities are 10^{60} – 10^{70} bit/s.

- (f) Self-organisation and evolution—are the basis of living cell (entity) or organisation (state and society), they create the organisational order, transform structures as dynamic systems and associated with theory of chaos, which can be caused by simple structures.
- (g) Social indeterminacy principle—”coherence or regularity of functioning of a social system determined in the way of observations made by internal observer and predication based on the results of the observations is neither objective nor permanent” (Łojewski 2012).

In general, state organisational system consists of three elements: organisational roles (behaviours resulting from performing tasks), norms sanctioning people's behaviour, and values which are the foundation of norm building within ideological justifications (Katz and Kahn 1979). This system in the spirit of praxeological school (Kotarbiński 1958) should be identified with material (being in time and space), attribute (given feature), and functional organisation (managing organisational resources and at the same time element of managing process) (Sułkowski 2012).

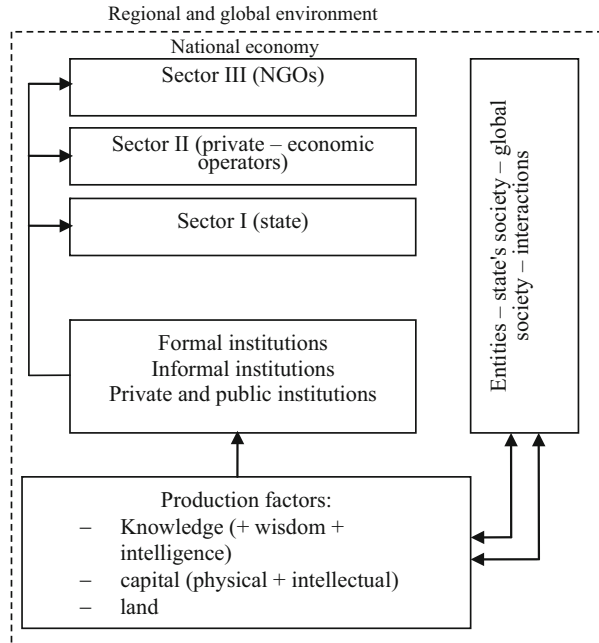
It can be assumed after Luhmann (2012), that the notion of social system should relate to two dimensions: individual and society. In the first case (individual) it is an organic, mental and social system under the substantial entirety of the personality. In the second case both society, state, integrative grouping of states, and global international society are social systems. As social systems also considered should be “mutual interactions like friendship, marriage, company; interactions in organisations, that is societies, enterprises, universities; in more complex functional and communicative structures of political and economic systems and science or process-understood systems of political choices, legislation and jurisdiction”.

State social system in institutional perspective can be divided into three types of organisation: formal, informal and non-governmental, so-called non-profit. They belong to the regulative sphere of national economy (sector I) and to sphere of real economic processes—enterprises and households (sector II) and non-governmental organisations (sector III). The basis of such system are production factors, especially those like wisdom and capital (in particular intellectual), and more traditional factors—land and work (Fig. 3.3).

It should be stressed, that knowledge about this model is not only a production factor, but plays fundamental role giving each element of this system a new dimension (Drucker 1999).

State social system can also be discussed in three levels of organisation: resources, social processes and organisational processes. In resource approach we need to list natural resources—both renewable (e.g. natural) and non-renewable (mineral resources), land (geodesic space), inanimate natural resources (water, air, soil, minerals), animated natural resources (animals and plants), or other values that are difficult to measure (Łojewski 2008). Those can be artificial resources, mostly material, like fixed capital (devices, machines, infrastructure) and financial capital (Łojewski 2008).

Fig. 3.3 Organisational model of state’s social system. *Source: own*



At the same time state’s material resources can be divided in two groups (Izdebski 2007):

- resources related to fixed capital (including non-material and legal values), which should include public economic property (public institution plays the role of entrepreneur), administrative property necessary to complete tasks, and inalienable public goods (roads—if public, libraries, parks, forests, etc.),
- financial resources as working assets—considered as the most important inflow approach to financing public tasks form a given budget,
- informational resources—by many considered as even more important than financial ones, since they enable conversion of information into knowledge and its practical use in appropriate time and space and generate value.

Whereas, the non-material resources (e.g. patents, licenses, reputation, know-how, logos) give the state an opportunity to build a competitive advantage, they have no physical form, are included in the unique assets (Murawska 2008).

Resources can be divided to appropriated and non-appropriated (e.g. a playground for children). In general, four types of resources used by state can be distinguished and they include:

- human resources (human capital) giving a possibility to achieve specific advantages and increase developmental chances (all citizens of a state and its inhabitants, e.g. ministers, physical workers, academic staff, public

- officers and employees of the departments, institutions and government agencies, craftsmen, inventors, designers, engineers),
- (b) financial resources (revenue from taxes, tickets or EU subsidies; revenue of state-owned companies—“these are all forms of money” (Michalak 2007, p. 61, translated).
 - (c) Material resources (technical and road infrastructure, buildings, new technologies, raw materials, semi-finished products, equipment and facilities of any kind, which in a sense are indirect fixed state assets),
 - (d) Information resources (all data, information and knowledge) (Griffin 2004).

The identification of a social level is done with resources and under certain rules. Social processes are formed, which include communication, formation of certain interest groups, interactions, identification and crystallisation of roles and social patterns, distribution of social authority and conflicts. Only at the level of resources and the level of social processes it is possible to identify state-level organization built on the basis of formal structure, strategy and organizational culture (Sułkowski 2012).

Introducing economic influences in the theory of organisation and social systems is not generally accepted. According to A.G. Ramos such approach is faulty in public management, disturbs human psyche, and pursue of one’s dreams and self-fulfilment, which can be carried out with parallel activity in economic life, is pushed to a further plan of social processes (Salm et al. 2006). This is why it is so important to build common organisational culture, mutual trust within bearing transaction costs of participation in socio-economic life and realised strategy directed at mutual positive influences.

3.5 Role of Non-governmental Organisations in the State

In the division of modern state, the non-governmental organisations in general also include, apart from state and market sectors, a so-called third sector. It usually consists from organisations called non-governmental (NGOs) or non-profit (do not gain profits, but satisfy needs). They usually consist of people interested in solving specific issues and trying to convince some international organisations, institutions or states to act. They are often a form of care taking organisations, which can provide help to those in need. Despite altruistic and noble features, they are a political influence factor, though directly they are not (or should not be) identified with any political force.¹ It is their actions—whose reflection may be the widely

¹ Emerging think-thanks however, are often under the influence of certain political circles—the ruling or opposition party. In many cases the condition of their further existence and development is presenting the subject compliant with the needs of the party during the period, as only certain political circles can be donors to specific targeted research projects. Thus it is very difficult to maintain objectivity, present the subject matter in a fair way and with well-established methodology of putting or verifying some hypotheses far from political greed.

published expert's opinions on a given issue—which make the basis for a government to follow certain policy or imposed correctness (Anderson 2011) (not always in accordance with the will of the state). It should also be noticed, that among the non-governmental organisations there are those, which are associated only with direct humanitarian and material aid to socially excluded or persecuted people or societies, and organisations not having anything to do with humanitarianism, whose aim is to promote new mechanism of revenue distribution or creating public opinion.

“NGOs, to realise their statutory goals, in particular in providing public services, have to cooperate with public administration. They need this cooperation also to raise funds to finance their activities. If they decide to perform only tasks ordered by public administration, they lose their independence and become helper, not to say tool, in public policy” (Hausner 2012, p. 111, translated).

According to a ranking of best aid NGOs in the world presented in 2012 in “The Global Journal” in the order of meaning (influence/impact) 100 such organizations can be mentioned. The first 10 are:

- (a) The Wikimedia Foundation—The biggest charity organisation in the world, which provides people all around the world with free access to Wiki projects contents (wikipedia, wiktionary, wikiquote, wikibooks, wikisource, wikispecies, wikinews, wikiversity, wikimedia commons, mediawiki), allows them to be distributed, completed, processed and created. Thus builds the biggest access to educational resources in the world free, allows them to be published (both under free licences and in public domain)
- (b) Partners in Health—non-profit organisation founded in 1987 in Boston, whose aim is to provide healthcare to poor people (mostly coming from Haiti (over 53 % of help), Rwanda, Lesotho, Peru, Russia, Kazakhstan and Boston). Provides alternative for conventional treatment methods and tries to provide the so-called preventive healthcare. Its goal is to prevent the emergence and development of disease. Diagnostics and treatment are considered public good, which should be free for poor people and provided as well as if offered help concerned family member or ourselves (Partners in Health 2011).
- (c) Oxfam—non-governmental humanitarian organization dedicated to providing assistance in the areas directly covered by natural disasters and armed conflicts. Founded in 1995 by a group of several independent non-governmental organisations (15 at the moment), whose roots of humanitarian activity date back to 1942. It realises long-term projects in the field of sustainable development and improvement of social conditions in the region. Its actions, also diplomatic and political—are conducted at the local, national and international level. It is active in 92 states in the world and has its offices in: USA, Australia, Belgium, Canada (and additionally on Quebec province), France, Germany, Great Britain, India, Spain, Ireland, Mexico, New Zealand, the Netherlands, Italy, Japan and

in Hong Kong (China). The four main objectives of the organization are focused on economic justice changes (improvement of living for farmers, a fair share of wealth, reduction of climate change impact), essential services (which should be provided by the government—including health, education, support for civil society organizations by richer countries and international institutions), safeguarding rights in crisis (better protection and greater assistance in an emergency situation, better humanitarian law policy, working in conditions of safety, conciliation and development) and gender equality (support for women’s leadership, actions for elimination of violence against women, strengthening Oxfam—own learning processes on gender equality (Oxfam 2011).

- (d) BRAC—the world’s largest development organization fighting poverty, formerly known as Bangladeshi Rehabilitation Assistance Commission and Bangladeshi Rural Advancement Committee. Organization since its beginning (1972) is located in Bangladesh (includes 64 districts). Its founder is former executive director of Shell Oil company. The goals of BRAC, world leader in ideas and projects, include supporting the development opportunities of the poor in 11 countries of the world (Asia, Africa, the Caribbean, and from 2012 the Philippines). It is estimated that the organisation’s actions have covered so far about 126 million of people in the world. BRAC employs more than 90,000 employees and organization’s annual expenditure in 2011 amounted to USD 572 million. In official and unofficial form it supports 37.4 thousand of schools, which so far 9.28 million graduates have graduated from (BRAC Annual Report 2011). Other sources inform, that BRAC employs 125,000 people, majority of which are women (Korngold 2012).
- (e) International Rescue Committee is a humanitarian aid organisation for refugees. It was founded in 1933 and has over 10,000 humanitarian employees in 40 countries in the world and 22 American cities (IRC 2011).
- (f) PATH (Program for Appropriate Technology in Health)—organisation for family planning and medical technologies founded in mid-1970s of twentieth century. It is focused on many tasks: from providing couples with condoms and other contraceptives to—public–private partnership providing possibility of implementing new and cost-effective medical technologies and medicines providing health and preventing from malaria, tuberculosis, HIV/AIDS. Almost 74.5 million of citizens from over 70 countries are PATH beneficiaries (direct and indirect). The organisation employs over 1100 people and its budget for 2011 amounted to USD 295 million (PATH 2011).
- (g) CARE International—one of the leading non-governmental organisations in the world, whose tasks relate to the provision of development, poverty alleviation and human dignity protection (especially helping women). It employs over 12,000 people in 87 countries. By the end of 2011 it has been supporting over 1051 world poverty alienation projects. About 97 % of CARE employees are citizens of the countries, where particular

programmes of assistance to victims of natural disasters, war or solving the original problems of poverty (and restoring self-sufficiency) are conducted (Care International 2010).

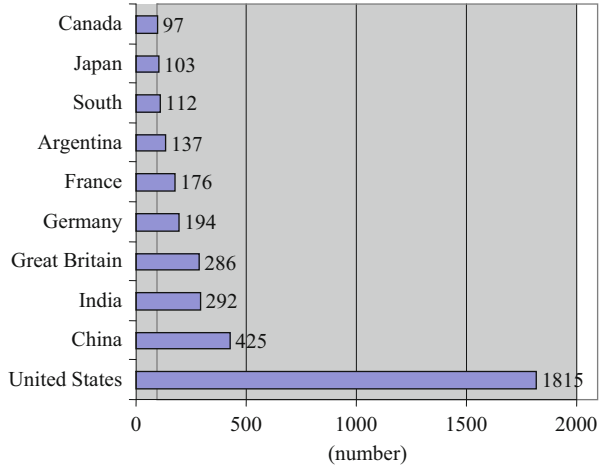
- (h) Médecins Sans Frontières—Doctors Without Borders—non-governmental organisation founded in 1971 by French doctors, whose aim is to provide healthcare in particularly vulnerable areas (especially war zones, areas of instability, epidemics and endemics). It is active in over 80 countries, supports politically stateless nations. In 1999 it received the Nobel Peace Prize (Makina 2011).
- (i) Danish Refugee Council was founded in 1956 as non-governmental humanitarian organisation (non-profit), which is now active in over 30 countries and consists of 30 organisation members/groups of volunteers. It provides direct assistance to populations affected by armed conflict, in particular refugees, displaced persons, and host communities accepting displaced persons and refugees (Fact about DRC 2012).
- (j) Ushahidi—non-profit technology organisation founded in Kenya being at the same time a decentralized platform for notification about any event (SwiftRiver platform). The system based on free software is comprised of mobile phones, which allow sending anonymous information about any crisis situations, accidents, violence acts or events. Information is gathered by citizens and they build messaging content, and thus the system works in a real time. Ushahidi specialises in free software development, collecting, processing and real-time sharing of information. Through the platform it is possible to visualise any data on interactive maps.

Without a doubt, the above mentioned organizations fall into the first group of non-governmental organizations, whose aim is actual help. The second group consists of all kinds of think-tanks, foundations and associations with the task of promoting a particular socio-economic policies and creation of opinion on the subject. Think-tanks—as centres of creating ideas, visions or certain strategic programmes—by publishing own works, seminars contact with politicians and media, employing former state officials significantly influence policy of a state, region or world (McGann 2005).

It is estimated, that in the world in 2011 there were 6545 think-tank organisations in 182 countries:

- (a) Africa—550 (85 of which in Republic of South Africa),
- (b) Asia—1198 (425 in China),
- (c) Eastern Europe—537 (112 in Russia),
- (d) Western Europe—1258 (286 in Great Britain),
- (e) Latin America—722 (137 in Argentina),
- (f) Near East—329 (54 in Israel),
- (g) North America—1912 (1815 in USA, 97 in Canada),
- (h) Australia and Oceania—39 (29 in Australia) (University of Pennsylvania 2012).

Fig. 3.4 G20 group states with highest qualitative and quantitative think-tank base in the world. Source: own, on the basis of: *The Global Go To Think Tank Report 2011 2012*, Final United Nations University Edition, University of Pennsylvania, Philadelphia, January 18, pp. 9–10



Quantitative (as well as qualitative) leader are the United States with as many as 1815 independent centres for public issues analysis (Fig. 3.4). At the same time in the first 10 of the best think-tanks as many as 6 are the centres from the USA (Brookings Institution—1. place, Carnegie Endowment for International Peace—3. place, Council on Foreign Relations (CFR)—4. place, Center for Strategic and International Studies (CSIS)—5. place, RAND Corporation—6. place, Peterson Institute for International Economics—10. place). Additionally, in the first 10 there are 4 think-tanks from Great Britain (Chatham House—Royal Institute of International Affairs—2. place, Amnesty International—7. place), Germany (Transparency International—8. place) and Belgium (International Crisis Group—ICG—9. place). It needs to be emphasised, that in Poland there are 41 think-tanks at the moment. Centre for Socio-Economic Analysis (Centrum Analiz Społeczno-Ekonomicznych—CASE) was classified as 25th, and Polish Institute for International Affairs (Polski Instytut Spraw Międzynarodowych—PISM) on 29. place among 30 world’s best think-tanks (University of Pennsylvania 2012). It is also estimated, that the more acknowledged think-tanks are in a state, the higher social awareness of civil society and less social participation gap (University of Pennsylvania 2012).

In Poland NGOs are those organisations, which do not belong to public finances sector (within the meaning of the Public Finance Act) and their activity is not profit-oriented (legal persons or entities that do not have legal personality, and which the law recognizes as separate legal capacity. These include mainly foundations and associations) (see: Art. 3 par. 2 of Ustawa z dnia 23 kwietnia 2003 r. o działalności pożytku publicznego i o wolontariacie). Polish NGO sector follows the global trend of transferring human resources from state institutions to third sector and services outsourcing. As the data from NGO portal ngo.pl show, only in 2009 over 80 % of Polish communes spent about 1 billion 200 million PLN to outsource task in various NGOs (Gałązka 2012).

3.6 Main Models of State Organisation

Although perfect state models, compared with Weber's ideal types of authority, do not exist in whole (but only as fragments and this model reference fits more in laboratory conditions than the real ones), there still are attempts to improve elements of existing state structures under developmental challenges. It is particularly important in forecasting and then implementation of such state models, that will not be defined as declining—still at the moment of their development or implementation—and will be focused on facing the threats and taking up competition in the future.

In a modern state four functional and structural aspects can be distinguished, which create a specific model or refer to it, and state uses each of them depending from a governance period, its duration, economic situation, external influence, temporary conflicts and others. Thus the state models refer to:

- (a) Society-managed institution, which legitimises legally appointed organs of power.
- (b) Market, where the principles of free market economy are approved.
- (c) Organisational structure—as a space for setting, negotiating, making and executing optimal decisions.
- (d) Organism driven with moral values, which are articulated by legal norms and whose goal is to protect independent status of the citizen and those institutions, which should protect him (Osiński 2011).

“Type of state is a state classification unit in terms of history, distinguished by group of important features characterising the state due to their association with a particular socio-economic and political system, which strengthens and protects the state” (Szmulik and Żmigrodzki 2004, p. 52, translated). Throughout the years there have been various models of state—Table 3.2 and further descriptions reflect them in general.

M. Foucault, analysing the development of states from Roman Empire to nineteenth century, indicates numerous transformations, which lead to origins of three models of states:

- (a) State of pastoral authority—derived from the Judeo-Christian tradition, based on guardianship authority and benefit of existence of state population. Ruler was identified with shepherd, who takes care of his sheep, saves them and protects from evil. The subjects agree to pure obedience to their sovereign, and identify its observance (obedience) with a big advantage. State in this model takes care of people, pays special attention to relationship between them. In doctrinal meaning this type of authority is congruent with St. Thomas Aquinas' and John Calvin's conceptions of state. State authority boils down to providing peace, possibility to farm and obey God's orders. State of pastoral authority strived to integral treatment and

Table 3.2 Historically developed typology of states

Type of state (model)	Characteristic
Despotic ^a	Type of despotic monarchy characteristic for first states conquering the neighbouring states. Position of the ruler was perceived through the prism of supernatural abilities and strong reigning celebrated by priests, military or government officials.
Slave	Type of state, which emerged during times of despotic monarchy. It suppressed any bottom-up changes proposed by the ruling class.
Feudal	Type of state, which is a result of slave states transformations. It led to origination of four social classes: gentry, clergy, bourgeoisie and peasantry. The monarch assigned some areas of land to people meritorious for the state (feudal lords), who gave the land to peasants (subjects and serf) to use.
Capitalist	<p>(a) The so-called early capitalist state originated as a result of struggle between subordinated class with feudal absolutism. As time frame of its beginnings the beginning of bourgeoisie revolution may be assumed. Developed in France in 1789 (after the French Revolution) <i>Declaration of the Rights of Man and of the Citizen</i> was a written articulation of a new ideology of liberalism (both economic and political) to enable economic development through free market, freedom of establishment, the inviolability of private property and the equality of all citizens before the law system.</p> <p>(b) State based on monopoly capitalism—as the dominant social entity, with a highly targeted policy of protectionism. In 1918–1945 there was an increase in reliance of companies from the state, and private entrepreneurs were not able to guarantee the basic needs of the population in terms of existential living services.</p> <p>(c) Liberal-democratic state—modern capitalist state, where representatives of power are chosen through democratic elections. It has a developed political system and ability to stimulate economic growth (also by the intervention); at the same time develops education, culture or system of social protection and healthcare.</p>
Socialist	Its beginnings date back to 18th century (so-called utopian socialism), developed in 19th century. It assumes elimination of private property, bases economic relationships on social value of production resources and central planning of national economy. The system assumes the leading role of the communist party, class system (working class, working peasantry, working intelligence) and power of the people

^aFormally is not a type of state, but relates to despotic position of ruler

Source: own, on the basis of: Pytlik B. (2011). *Forma państwa*, in: *Współczesne państwo w teorii i praktyce*, ed. by J. Oniszczuk, Oficyna Wydawnicza SGH, Warszawa, p. 98–101

assurance of safety and *security* dimension, referring to the idea of the common good (Bauman 2006, Raczkowski and Sienkiewicz-Małyjurek 2013):

- *security*—refers to social safety, freedom from poverty and want (minimum level of trade exchange),

- *safety*—refers to physical safety, that is freedom from unrighteous violence, attack, murder, etc. (Czapik 2009). It also means biological survival of a nation, which only when it exists is able to produce goods and services of a specified kind.
- (b) State of the reason of state—developed over sixteenth to eighteenth centuries. Reason of state was identified with all this, “which is necessary and sufficient for the state to maintain its coherence in all four meanings of the word state” (Foucault 2010, p. 261, translated). While the “state” consisted of: state authority domain (territory), set of principles, laws, institutions and customs on the given territory, lifestyle associated with a state (cleric, bourgeois, clerical) and maintaining status quo as a guarantor of security in internal and external areas (constancy contrasted with dynamics) (Krawczyk 2012). Existence of state as such was not the reason of state. State’s interest focused on the material aspect, which should include knowledge about state’s resources defined by territory (owned natural resources), population (number of citizens and its quality) and efficiency of state institutions (cohesion with state’s interest). This model was characterized by state’s strong desire to control the social processes, and in order to make the state the order organizations, it established the police, which was supposed to ensure the security and exercise control over the whole process of trade and movement of people. The basic economic goal of the state of reason of state was to provide and maintain low salaries, which were to guarantee low prices of goods and services, which in turn was to provide possibility of trading through exporting those goods abroad and importing gold. Gold was a kind of safety buffer for the ruler, who was able to buy any goods (export), pay the army, lead war campaigns or stimulate the economic policy of the state in such a rationing system. Law then was mainly a tool for executing authority and keeping control over the society. It was hard to find in it any noble moral norms or *lex naturalis* (natural law) of doing good according to God’s order through free will and ration (Krawczyk 2012). G. Botero has defined the reason of state as definition of measures “with which the state builds, maintains and broadens stable authority” (Botero 1956). Its dimension is defined by long-term process of influencing and shaping of economic factors, political system, authority system, civic awareness and alliance commitments, integration and globalization (Łastawski 2009).
- (c) State of minimum (where the role of state got decreased as a result of self-organising civic society) (Foucault 2010). The beginning of development of this type of state dates back to eighteenth century and is related to progress in economic sciences and exposing laissez-faire policy formulated by French school of economics—physiocracy (work and agriculture—the source of wealth). State in this model is focused on appreciation of freedom of individual and non-interfering in self-regulating economic processes (*laissez-faire*). State’s task was then managing through using possible

corrections and not participating in rationing, and the main goal of state of minimum—provision of internal order and external security. This model resembles the system of “reducing” the state through decreasing its role in the socio-economic processes. However, state of minimum should still have resources and measures for any interference within organisation of state. Thus it should remain still very strong, and this strength should be kept as if in stand-by and used only in crisis or exceptional situations. Due to the fact, that all defined states of threats (e.g. war state) or majority of them was substituted with the state of achieving safety (internal and external), the prerogatives of state authority in the state of minimum easily allow to temporarily restrict or suspend civil liberties, which in their character are dysfunctions of governance. State in this model falls under pressure of market anarchy, which through price regulation and buying national economy to a large extent takes over managing it. The emerging social rebellion associated with increased stratification of income and social exclusion of many professional groups puts pressure on the government, who, wishing to remain in power, introduces a restriction on the freedoms and civil liberties under the false pretext of security guarantee. The emerging fictitious reality is communicated in the distorted media communication to mask the increasing surveillance of citizens by the government. Such interference, which in fact is rationing of some goods and services, does not fall into state of minimum, but is rather a hybrid combination of this model of state with state of the reason of state. It can be assumed that such mixed model of organization of the state is to some extent present e.g. in the European Union, “in reference to the form of government is usually the fusion of liberal democracy with some elements of authoritarianism” (Krawczyk 2012, p. 20 and previous, translated).

More often there also occur definitions and descriptions of models of state, as (Surdej 2006):

- (a) Regulating state (*public governance*)—whose main goal is to reduce market inefficiencies, protect customers and provide citizens with access to information. The aim of the model is making flexible rules of state influence on economy in indirect way and main areas of conflict are settled by independent courts in accordance with the idea of state ruled by law. To typical state institutions added (nominated) are organs with wide autonomy and independence (e.g. executive agencies, courts, research & development centres). The government serves its function in the spirit of openness and responding to the needs of stakeholders understood as broad instead of selected social groups. Decisions are made in legalistic way with acknowledging a widely understood social consensus and political feasibility (and not efficiency understood only in economic sense, disregarding the public function of a state). Political culture is manifested through pluralism meaning freedom of functioning of many organizations in conditions

beyond control of various interest groups. The diversity of approaches is conceived positively, as an opportunity for constructive criticism identifies the best decision based on clear and transparent procedures. Political responsibility manifested through obtaining legitimacy of power obtained *ex post*, namely by checking whether the government actually contributed to increase of economic efficiency and improve of the organizational structures of the state in certain sectors.

- (b) Actively managing state (so-called positive state or interventionist state)—which is kind of the opposite of the regulatory state (Surdej 2006). This model is focused on redistribution of national revenue and macroeconomic stabilisation. Actively managing state directly influences the economy through taxes and expenditures. Allocation of budgetary resources is made directly by the government and parliament—for all groups with claims (disregarding the nature of claims—correct, as for example in the case of pensioners, or incorrect—as in the case of public or private institutions demanding non-repayable aid, in addition without an effective recovery plan). The whole public policy in this model is conducted by the parliament (certain interest groups) and political parties, lobby groups or labour unions become the main agents of realisation of social interests. At the same time decisions made by authorities are characterized by bureaucracy and discretion. Finally, legitimisation for authority in this model is being derived from the result of elections (so-called *input* legitimisation).

Here it needs to be added, that “public policy is perceived as public authority making interrelated decisions and actions to achieve specific goals, where market mechanisms do not apply or alone could not operate efficiently enough” (Woźnicki 2012, p. 133, translated).² If we accept such definition, then public policy shall not be developed in the first place within the discipline of management science, and within sub-discipline, which is public management. It is not in opposition to its development in other disciplines of science, especially in political science, or public policy science additionally distinguished in some states.

More sporadically or in certain spheres of activity, one can find the states integrating the resources, where the logic of operation is based on democratic decision-making process, deliberativeness, conciliation, participation, networking, co-realization of public affairs by the public and multi-level governance (Mazur 2011a, b).

State is the organisation model, which is a system of “a team of people (or groups of them) playing—according to established rules—particular roles to achieve settled goals; main feature of the system is that on its behalf the permanent

² From this perspective, we should consider whether on the basis adopted in Poland it was not a mistake to isolate another scientific discipline—the public policy science—and assigning its metascientific specialities. Would it not be better to develop the already existing scientific disciplines, create new subdisciplines and specialities?

main organs make decisions and exercise authority” (Morawiecki 2012, p. 36, translated). In every modern society state is a basic institution guaranteeing legal system (Bresser-Pereira 2014).

Horizontal structure of society manifests in all forms of collective non-governmental activity of citizens: associations, institutions or other organisations, where individuals can realize own interests congruent with collective interest. From the point of view of modern societies and democratic states it seems important to discuss a sustainable horizontal structure with equal scopes of influence in the form of the so-called triangle of statehood. If we make an assumption, that it is a balanced structure, then it can be the most advantageous construction of state functioning. It needs to be remembered, that society in this approach should be in practice horizontally-oriented and at the same time decentralised. Democratic statehood triangle regarding the state, economy (market) and civic society serves the functions within:

- (a) Political capital—maintaining such capital should be the main task of the state: providing the citizens with safety and stability, serving the function of a guard of interests of individual social groups within norms in force and internal principles, representing the interest of the society in international contacts and ensuring compliance with the law.
- (b) Economic capital—where producing, maintaining and development of this category of capital is the main task of economy; provides material bases for functioning of the society through guaranteed welfare and profit.
- (c) Human capital—whose creation is the main role of the civic society; human capital should become a non-material and moral foundation of the whole society and state (Nowiak 2011).

A strong example of vertical states are e.g., all European Union Member States, where the position of the nation states by their own choice and will has been weakened by the strengthening of individual European centres exercising political authority. Thus a classic horizontal model of separation of authority into legislative, executive and judicial has been blurred. Of course, from the formal point of view it still exists in some states, but legislative privileges and individual representative organs of nation states were moved to international level. This is why vertical structure of states in United Europe regards four levels: European, national (state), regional and local (Myśliwiec 2009).

Verticality of state from the point of view of executed authority is differently interpreted and reflected in individual democratic states. In unitary state, the executive authority is decentralised as a result of electing local government; in regional state—the executive and legislative authority are decentralised due to general autonomy; in federal state (federation) there is a division of executive authority, legislation and jurisdiction (Izdebski 2007; Izdebski and Kulesza 2004; Myśliwiec 2012).

On the other hand the internal processes in the state disturb its endeavours to create a coherent set of political agreements. Powerful administrative structures

engage in bureaucratic games, which cannot be easily restricted by political procedures, which will set the contents of the latter. Representative political institutions, in theory occupying a central place in the whole state operations, lose their autonomy in relation to parties, which on the one hand, compete with each other for control, on the other hand, work hand in hand in order to prevent their effective monitoring from the outside, thereby driving the actual political processes (Poggi 2010).

Model of organisation of the state is also determined by its scope of sovereignty understood as government's capability to make own decisions in terms of public interest, account of costs and benefits and the reaction of other states (Morawiecki 2012).

Another type of state is its authoritarian kind, which allows to include in such a group "other than democratic states, states rejecting the idea of human rights and civic society, and systemic and legal institutions necessary for a democratic state and society under the leadership of Parliament, coming from free elections, the outcome of which decides who will govern the country" (Kulesza 2010, p. 6, translated). A narrower trend in perceiving authoritarian state regards mainly the ideology being the foundations of executed authority in a political system far from democracy. In authoritarian state, the state as the country was (or was supposed to be) the highest value for citizens and its main features are sovereignty and strength, and precedence of executive authority over legislature (Kulesza 2010).

More frequently it is spoken about a model of state ruled by law (based on law), whose beginnings date back to eighteenth century, although even ancient political ideas included some of its features. "The aim of the state ruled by law was not only restricting state authority, but binding state organs with legal norms. Law obedience should have provided a diversified set of control institutions and establishment, for guarantee of their effectiveness, of various forms of liability of people performing state functions. State ruled by law through the issued laws sets, as accurately as possible, the organisation, boundaries and forms of own activity as well as scope and ways of interfering in the sphere of individual freedom" (Pietrzak 2008).

It was ordered, that the democratic state ruled by law in the created law used the values, which would be approved by possibly largest part of a given society (Pietrzak 2008). Most of all, it is noticed, that state ruled by law is the one, where trust and social communication is built and the law contents do not obscure the objective perspective of perceiving reality. State ruled by law needs to be understood in its structure, susceptible to judicial review (during objective correctness, not bureaucratically and idle elongated form of limitation), and facilitate access to justice for all interested parties (and not individuals or selected groups) (Łętowska 2008). Some democratic states sometimes do not have anything in common with the notion of state ruled by law, at least in opinion of a large part of society.

3.7 Models of Organisation of Unitary States

French writer, lawyer and Renaissance philosopher Ch.-L. Montesquieu (1689–1755) was the first to popularise the model of state organisation modelled on then political system of Great Britain in his masterpiece *The Spirit of the Laws* published in 1748. This model referred to tripartite division of legislature, executive authority and jurisdiction, mutually supportive and controlling. While authority in this meaning should be understood as ability to influence actions of people and to make, that such events happen, whose reason of being without this would not be possible (Deutsh 1974). Montesquieu stated, that “when in one and the same person or in one and the same body the legislative power is joined with executive, there is no freedom, since one may fear, that the same monarch or the same senate would not issue tyrant laws, which he will tyrannously execute. There is either no freedom, if jurisdiction is not separate from legislative and executive authority. If it has been combined with legislative authority, power over citizen’s freedom would have been optional, since the judge would have been a legislator. If it has been combined with executive power, the judge would have had the power of an oppressor” (Montesquieu 1957, p. 244, translated).

With passing years the tripartite division of authority has become a fact in each state considered democratic, which is characterised by:

- (a) principle of sovereignty of the nation (introduced by J.-J. Rousseau), according to which full authority comes from the nation as a sovereign,
- (b) principle of respect for minority rights,
- (c) tripartite division of power (its clear division),
- (d) idea of the state ruled by law (originated in ancient times and talking about respect for the law by everyone),
- (e) pluralism, whose essence is respect for the traditions and views in the economic, political and social sphere.

Later supporters and proponents of neoliberalism F. von Hayek and M. Fridman at the helm, as well as other proponents of neo-classical economic theory even in the 1970s of the twentieth century proclaimed that the actions of state institutions are harmful and destructive to free market. This way very strongly criticized were especially the Nordic states, where government policy has been based on a model of social security guaranteed by the public sector—the concept of the so-called welfare state (Nowiak 2011).

Currently in the welfare states, according to G. Esping-Andersen, three models of functioning can be distinguished: liberal (residual), socio-democratic (egalitarian) and Christian. Nevertheless, it is difficult to find clear homogeneity in these models. They are rather mutually penetrating connections forming a mixed system of the welfare state. On the other hand F. Castles, keeping the dividing main frame, lists the states belonging to this group: Western European states offering social security, English-speaking states, which alleviate poverty, and Scandinavian states of high social services (Nowiak 2011).

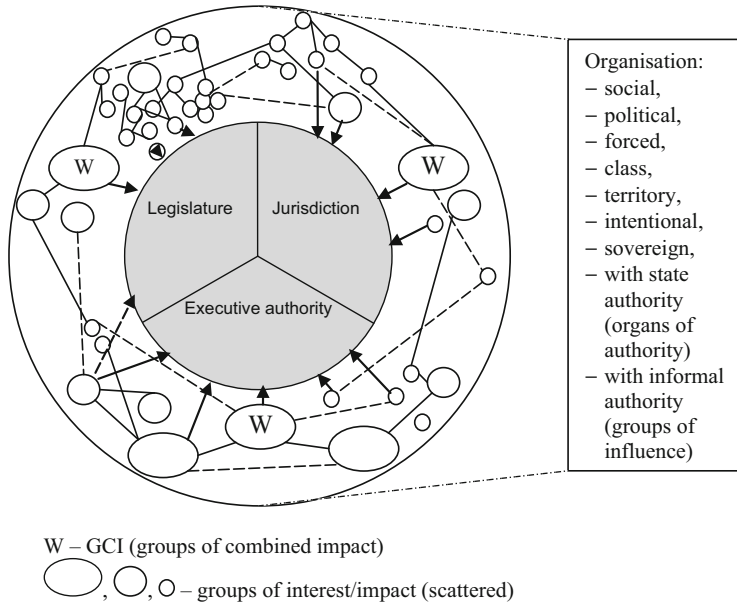


Fig. 3.5 System structure of state organisation in tripartite division of authority. *Source:* own, on the basis of: K. Raczkowski, *Gospodarka nieoficjalna w systemie zarządzania państwem*, in: *Przedsiębiorczość i zarządzanie*, edited by K. Raczkowski, E. Gołębiowskiej, Społeczna Akademia Nauk, Łódź 2013, p. 350

Usually the organisational tripartite division of a unitary state is:

- (a) legislative authority—also called legislature, which lies in the hands of a bicameral parliament—the Parliament and/or the Senate,
- (b) executive authority—also called the executive, whose organs e.g. in Poland are the President and the Council of Ministers, and the Prime Minister has the main general competence to govern the state,
- (c) juridical authority—also called jurisdiction, exercised under Constitution of the country by a separate and independent courts or tribunals.

In a great simplification current model of state organisation in the tripartite division of authority is presented in Fig. 3.5.

It needs to be mentioned, that in every democratic state based on tripartite division of authority and belonging to the European Community, the authority not only cannot be imbalanced, but also is interdependent. Jurisdiction (also legislature) seems to be too often and too strongly subject to pressure from the executive, which causes its politicization and decision making rationally unjustified. It is similar with legislative authority exercised mainly by Members of Parliament and less by Senators” (Raczkowski 2013). Members of Parliament or Senators are obliged by law to receive opinions and motions within electoral duties

and in particular to properly execute the mandate (Ustawa z dnia 9 maja 1996 r. o wykonywaniu mandatu posła i senatora (DzU z 2011 r. Nr 7, poz. 29).

On the other hand, the executive authority executed by the President and the Council of Ministers (led by Prime Minister) assigns strong authority privileges to the formal Prime Minister. His duty is good governance defined as “accurate identification and effective resolution of social problems by public authorities with participation of stakeholders” (Mazur 2011a, p. 201, translated). Prime Minister has general competences to manage the state also in shaping human resources policy (Raczkowski 2012). This situated the Prime Minister in a special role of top level manager, who is responsible for the state.

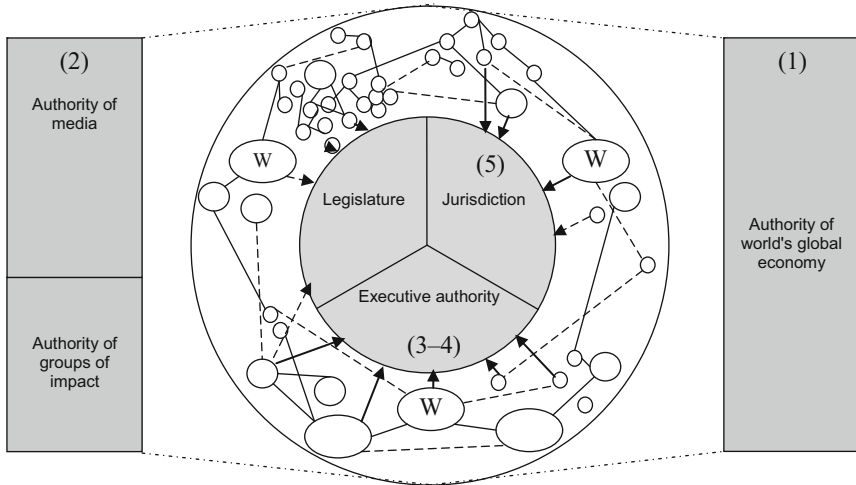
Executive authority, though, is not autonomous in at least some part (smaller or bigger). It is systematically subject to pressure of various social groups interested in realisation of particular interests. Interrelations, which occur in this puzzle, are so strong, that the state citizens through their representatives can more often participate in the farse of execution of authority. Additionally, institutional management of state often loses to real policy (Ricucci 2010). Rationality of public administration is in internal conflict and often is not perceived in any of the three dimensions (Gow and Wilson 2014):

- (a) legal—respect for principles of the government,
- (b) management, where the small results are achieved with disproportionately high expenditure—rather than the other way round,
- (c) political, where lack of balance among competing powers is insignificant (instead of maintaining the balance).

It needs to be noticed, that public management is characterised by terminology of traditionally understood management: leadership, rationality of actions, determination, but often has nothing to do with those notions (Stivers 1993). It is difficult to identify phrase-called leadership in marketing folders or annual reports of the organisation with its actual execution. On the other hand, lack of negative reaction in case of lack of confirmation of declarative terms and phrases with their actual reflection, but with indifferent acceptance of such practices, may sooner or later turn the organisation in agonising and subjectively perceived functionality. Usually it is accompanied with lack of rule of law, moral decline, and intensifying process of inefficient allocation of resources.

For this reason in modern unitary states we can talk about at least two organisational models: in real division of authority (Fig. 3.6) and within tetrarchy model a detail of a unitary state (Fig. 3.7).

In the model of real distribution of authority dominated state organisation is subjected to a lesser or greater extent to the influences of global economy. Even today it is known, that there is a global structure of corporate control, whose core are financial institutions able to control 40 % of corporations. If their influence spreads, the control will reach 80 % of those corporations (Vitali et al. 2011). Media, being sometimes the first power, usually present such attitude to the issue, which is congruent with ordered commercials, given donations and partnership



W – GCI (groups of combined impact)

Fig. 3.6 System structure of state organisation in real division of authority. *W* GCI (groups of combined impact). *Source:* own

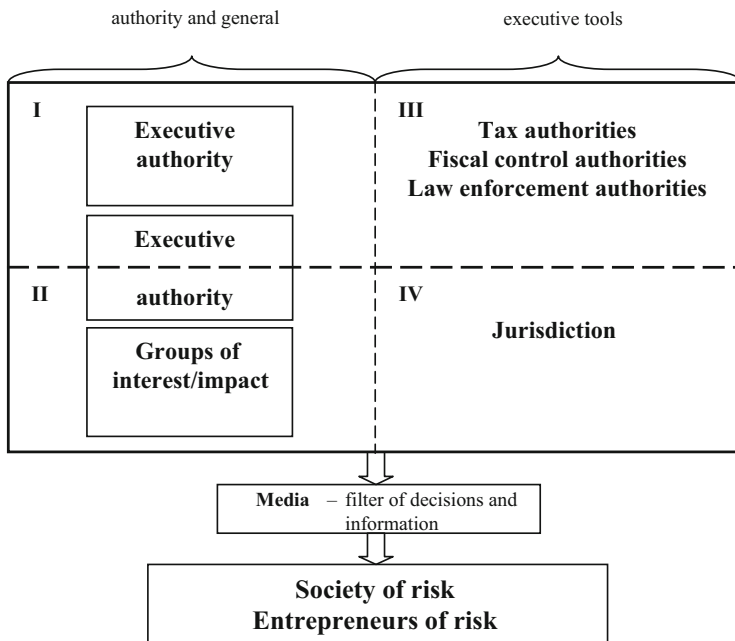


Fig. 3.7 Modern model of tetrarchy in management in unitary state. *Source:* K. Raczkowski 2014, *Współczesny model tetrarchii zarządzania a bezpieczeństwo ekonomiczne obrotu gospodarczego*, in: *Bezpieczeństwo ekonomiczne obrotu gospodarczego*, edited by K. Raczkowski, Wolters Kluwer business, Warszawa, p. 47

contracts. Rarely can they be objective and often objectivity can be a forced subjectivity of a given political party or lobbying of impact groups. On the other hand, impact groups through financing political parties, think-tanks, certain people, research or developmental works naturally influence the official distribution of authority. They are informally a part of it, but can always penetrate into real domains, allowing a greater interference in the decision-making process.

We need to notice, that in the state structures, both formal and informal, there are not only single lobbyists, but also whole lobbying institutions. Lobbying was already known at the end of nineteenth century in the United States, and lobbyists task was to influence certain members of legislature of the state. Growth of individual capital groups, transnational corporations, suprastate and supranational economic organisations led to lobbying strengthening and its quick legitimisation. Lobbyists in the USA referred to First amendment of the *Constitution of the United States*, which guaranteed freedom of speech and press and right for peaceful assemblies and petitioning the government for a redress of grievances. Today, it is assumed that lobbying is an important part of democracy, without which it would be impossible to govern or affect political decisions according to the intent of given group. This way lobbyists representing a pressure group seek to establish personal contacts with representatives of state apparatus, who are responsible for and have the opportunity to make certain decisions (Podedworny and Seweryn 2010).

Another model of state management is tetrarchy (Fig. 3.7).

The presented model of tetrarchy management consists of “five subjects, which intertwining governance and management capabilities, operate effectively in quad-core system (I–IV). Incongruence of number of subjects with protoplast number of tetrarchy system results from the fact, that legislature does not seem to be an independent authority—but rather a strongly political and lobbied subject at the same time. Thus it (the legislature) is subject to dichotomous, but liquid division moving to political or lobbying aspects depending on occasion” (Raczkowski 2014, p. 47, translated).

Tetrarchial model is directly associated with heterarchial model, where authority is divided according to cosmopolitan law, that is one, where rights of individuals or institutions (private and public) are sometimes treated as more important, than those of the state or group of states (Morawski 2011).

Both in model of real division of power and tetrarchy, the state more often resigns from taking responsibility for the fate of the citizen, but at the same time intensively tries to moderate the reality with accepting responsibility for historic memory. The created identity (more or less askew for the needs of particular interests) has at once the features of model of actions, which the state entity should adopt, giving mandate for executing authority. Glorification of citizenship is done without mutual benefits, that is the subject of the state is more a tool of executing authority than the interest point. Each day at the same time a political struggle in media takes place, whose main goal is identity (Iwuski 2012). A person in such fast-changing world constantly searches for identity, which—as it turns out—may be multidimensional: from the national-patriotic, European or social identity to more or less illusive and true: social, network, medial or fictitious—very often egoistic

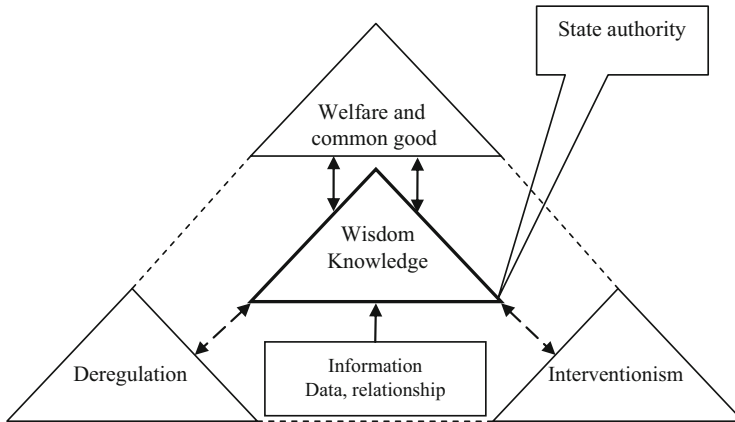


Fig. 3.8 Postulated model of harmonic triad in democratic state management in twenty-first century. *Source:* own

and treating others subjectively in subjective and material categories. “Lack of own identity is transformation into a subject easy for others to manipulate, not opposing and often obedient to a strong hand, as soon as the hand gives it some form of being. In powerful hand of other there appears finding own self, regardless of it being hand of master or tyrant. There is a primal fear present not only in individuals but also in social groups. Hence there occurs the great problem of the identity of the person, as well as the people and culture” (Skarga 2009). Media delimit content, and in particular schools of thought, creating a range of choice: who should be listened to, who not to support, and who is the enemy of the government (Pyzikowska 2001).

It seems, that managing the nation state in twenty-first century should be through the use of a triad of components, mutually complementing and used for common good, of management methods: idea of welfare state, deregulation, and at the same time state interventionism (Fig. 3.8), not forgetting about external networking.

The main added value of such model is assigning authority to people, who, thanks to high level of knowledge and wisdom, act for welfare and common good of the whole organisation of community gathered in the state. At the same time, this wisdom should be identified not only with wisdom of individual, but also with possibilities of using the collective knowledge of society by its various talented representatives. It is about using crowdsourcing as a kind of readiness and possibility of solving certain problems by other people (Brabham 2008), also outside of public administration or other branch of the same administration. However, usually use of crowdsourcing in public administration is limited to analysis and improvement of own services through educating and informing the society, that such services are actually possible. The necessary condition of this process is having political mandates to offer the changed services or products, which public administration can offer (Mergel et al. 2014).

Common good can be then identified with basic social duty. It was defined by the Second Vatican Council in the Pastoral Constitution on the Church in the

contemporary world *Gaudium et Spes* as “the sum of the conditions of social life that either as groups or as individuals the members of the public can achieve more fully and more easily” (*Sobór Watykański II, “Gaudium et spes” 1965*, translated; Wandowicz 2012). Exceptionally important in this aspect is promoting and developing in social and economic life the principles of justice in three dimensions: equality of measures (e.g. equal evaluation criteria, equality before the law), equality of opportunities (access to public goods, civil rights) and equality of situation (use of the goods and services of general interest) (Wilkin 1997). According to the theory of social justice, presented by J. Rawls (1921–2002) the main “object of justice is the basic structure of society, and more specifically—the way in which the major social institutions distribute fundamental rights and duties and determine the distribution of the benefits of social cooperation. By the major institutions I understand the political constitution and the fundamental economic and social systems. Legal protection of freedom of thought and freedom of conscience, competitive market, private ownership of the means of production, or monogamous family—these are all examples of major social institutions. (...). Justice does not allow limitations on the freedom of some in the name of the greater good of the others. It is unacceptable to balance gains and losses of different people as if they were one person. Thus, in a just society, fundamental freedoms are taken for granted, and rights-based political justice is not subject of political bargains or social calculus” (Rawls 1994, p. 15, translated).

The intervention of the state should also be associated with subsidiarity understood as decentralization of the central government and transfer of many powers of local governments. The goal is to provide citizens with the greatest opportunities for action, both among themselves and within the local authority—without unnecessary involvement of the central government (Głąbicka 2012).

At the same time, in the model of harmonic triad the state uses organisational (full interference in structural and functional changes of administration entities) and administrative authority (direct coercion under the monopoly of the use of force) in such a wide range, as it meets two basic conditions. First, the type of governance contributes to the success of the whole operation of the state, creating a common good, on the other hand supports the process of social and economic development programs and entrepreneurship support. This way it eliminates archaisms, inefficiency and lack of adaptation to the real processes taking place in the national and global economy.

In this context it needs to be remembered that states “for which the power of state is identified with efficiency and effectiveness of violence apparatus, institutions protecting weak political regimes, instead of efficiently working institutions, well-thought development programmes, where there is space for both state and private entrepreneurship, create a circle of pre-Westphalian states unable to maintain control over society, where the source of power are systemic pathologies” (Łoś-Nowak 2009, p. 30, translated). Thus this model remains a more theoretical construct of idealism, which is impossible to achieve in natural conditions. This does not mean that on the wave of change and the various crises associated with national governments and their administrations such a model will

not be implemented in reality, not just proposed in theory in not realised strategy or election programme.

3.8 Organisation of Multilevel Management in European Union

Searching for factors of economic growth, reducing unemployment, increasing flexibility of trade or finally improving standard of living are only some goals individual states set for themselves. Many states see, that functioning in globalisation is more difficult and cannot be fully autonomous. This is why all kinds of commercial or monetary unions are formed, where through multilateral institutional cooperation attempts to realise own goals are made. Such example is the European Union, established in Maastricht treaty in 1992 and functioning since 1993, and shaped through changes of the European Coal and Steel Community (established in 1951), the European Economic Community and the European Atomic Energy Community (established in 1957).

With signing of the Treaty of Lisbon on 13 December 2007, and its subsequent entry into force on 1 December 2009, the European Union received a unified legal personality (Art. 46 of the Treaty on European Union), taking existing rights, duties and powers of the Community. It thus became a fully-fledged organization of international law, capable of entering into other agreements, treaties and conventions. It was also established, that national law in Member States is subordinate to EU law, if so results from law of the Court of Justice of the European Union (Borońska 2012). The Treaty of Lisbon organises the European Union in the form closer to citizens (at least declaratively). However, time and indubitable changes the whole Community is facing will show if strengthening of division of EU authority—the European Parliament—will be a real strengthening of election-based democracy. Today, it is world's largest economic organisation, gathering 28 states and constantly searching for new ways of sectorial and systemic integration with possibility of enlargement in future.

The 2007 financial crisis and its aftermaths influence and will be influencing the European Union states to carry out changes and reforms in the European Community system of governance and management. The crisis revealed politician's recklessness, who when indebting own national budgets did not care about the consequences of their actions, and in addition led—as in the case of Greece—a gigantic creative accounting, deceiving other partners from the European Union. Besides creative accounting in this country, practised largely by the general public, amounted to at least 25 % of the total income. It was scientifically well documented as early as in 2004 and took place mostly in the majesty of the law, where the norm was overstating profits by large companies and understating by small ones, proportionally reducing the size of the income tax through different methods (Baralexix 2004). But only in 2009 such practices were publicly disclosed. It turned out, that lack of fiscal discipline lead to at least 13 % budget deficit in relation to GDP, instead of 3 % as Greek authorities claimed. It was also combined with weak

external competitiveness and rapid increase in the current account deficit (Oxford Economics 2010). Anyway, at the beginning of 2012 excessive budget deficits above 3 % of GDP and/or public debt above 60 % of GDP, as defined in Art. 104 (6) and Art. 140 of the Treaty establishing the European Union (TEC) and the accompanying Protocol No. 12 to the TEC (*Treaty on the Functioning of the European Union (DzU UE nr 2010/C 83/01) In accordance with the Protocol No 12 on the excessive deficit procedure*), was found in many EU countries (in 23 out of 27) (Torój 2012). It meant, that majority of them was not able to adjust to Maastricht criteria (convergence) or Pact on Stability and Development. The problems of those states on the wave of the ongoing financial crisis were not considered as exceptional or temporary, but rather as structural.

Solution of this procedure in the framework of the European Commission's assessments and its recommendations made to the Council of the European Union is based on reducing the deficit for the last year to below 3 % of GDP, and in a subsequent period of the European Commission forecasts (currently 2014–2015) deficit does not exceed 3 % of GDP (Komisja Europejska 2014).

The attempt to prevent such situation in future was developing and presenting the European Council in March 2011 with the Euro Plus Pact, whose essence is increase of competitiveness of economies of individual EU Member States and better coordination of economic policy. The pact was joined by all countries of the Euro area, as well as Bulgaria, Denmark, Lithuania, Latvia, Poland and Romania (Owsiak 2012). On its basis normative documents regarding stabilisation of public finances and strengthening economic management were developed and implemented. Those were:

- (a) six legal acts in the field of public finances, the so-called six-pack (one of the ECOFIN Council Directive and five regulations of the European Parliament: *COUNCIL DIRECTIVE 2011/85/EU of 8 November 2011 on requirements for budgetary frameworks of the Member States; Regulation (EU) No 1173/2011 of the European Parliament and of the Council of 16 November 2011 on the effective enforcement of budgetary surveillance in the euro area; Regulation (EU) No. 1174/2011 of the European Parliament and of the Council of 16 November 2011 on establishing enforcement measures to correct excessive macroeconomic imbalances in the euro area.; Regulation (EU) No 1175/2011 of the European Parliament and of the Council of 16 November 2011 amending Council Regulation (EC) No 1466/97 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies; Regulation (EU) No. 1176/2011 of the European Parliament and of the Council of 16 November 2011 on the prevention and correction of macroeconomic imbalances; Council Regulation (EU) No 1177/2011 of 8 November 2011 amending Regulation (EC) No 1467/97 on speeding up and clarifying the implementation of the excessive deficit procedure*),
- (b) the European Stability Mechanism (as Annex II to the Euro Plus Pact),

(c) Fiscal Treaty—Treaty on Stability, Coordination and Governance in the Economic and Monetary Union.

A special form of standardization of the new institutional order of the European Union and even greater forms of negation of nation states, in its traditional sense, prerogatives and shape, is to adopt a six-pack, which forms the basis of a new economic government. One can even say that “in the Euro zone there already exists a European economic government—but it should not be confused with an international Euro summit of the fiscal pact, but with supranational EU institutions” (Antpöhler 2013). Its essence is to combat the macroeconomic imbalances and supervision throughout the economic union and within all areas of national economic policy. It is carried out by the approval of the European Commission’s decision in this respect by a qualified majority of the Council. In addition, the provided financial penalties are very high, averaging at 0.1–0.5 % of GDP (see Regulations and directive regarding the six-pack).

Introduction of the six-pack, which de facto took place at closed door and basically with lack of democratic mechanism of choice of individual societies of Member States, became a fact (Antpöhler 2013). Such legal grounds made it possible to consolidate going in the direction of the organizational model of the European Union, understood as a multi-segmented (multilevel) political governance (*multi-level governance*). Conception of such management model for the European Union (but not only) is not new. It has been operating for several years on a large scale in the practical implementation and the scientific literature (Scharpf 2001; Hooghe and Marks 2003). It was officially accepted in 1992 in Maastricht Treaty as a theoretical vision of common Europe managed multilevel, and its authors were L. Hooghe and G. Marks (Hooghe et al. 1996).

Multilevel governance consists of harmonious management of public affairs (governance) not by government but by other supranational structures and socio-economic organizations. In this model the government and its national institutions have become rather coordinators of public action and executor rights. Multisegmentality also results from the multi-level administrative territorial units (NUTS), which have been adopted in the European Union (Regulation (EC) No 1059/2003) and the nation states adapted to the NUTS (Fig. 3.9).

Therefore, the main context of management is focused on wider society, with its vast part governed by a government (Peters and Pierre 2010) within general unit, meaning. Multilevel governance and management model is derived from the concept of promoting neo-liberal federalism, in which the main decision-making processes in economic issues are passed by at least one level higher. It is therefore a vertical separation of political functions from economic ones by either an increase in the mobility of capital (by increasing political and market centralization), or vice versa—through decentralization constraining the potential market policy (Harnes 2006). At the same time, federalism itself may be for the EU Member States both suitable and the best possibility, and on the contrary—a hazard, especially for

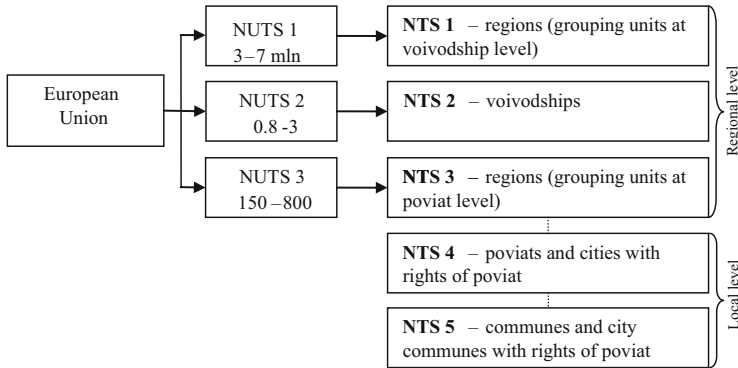


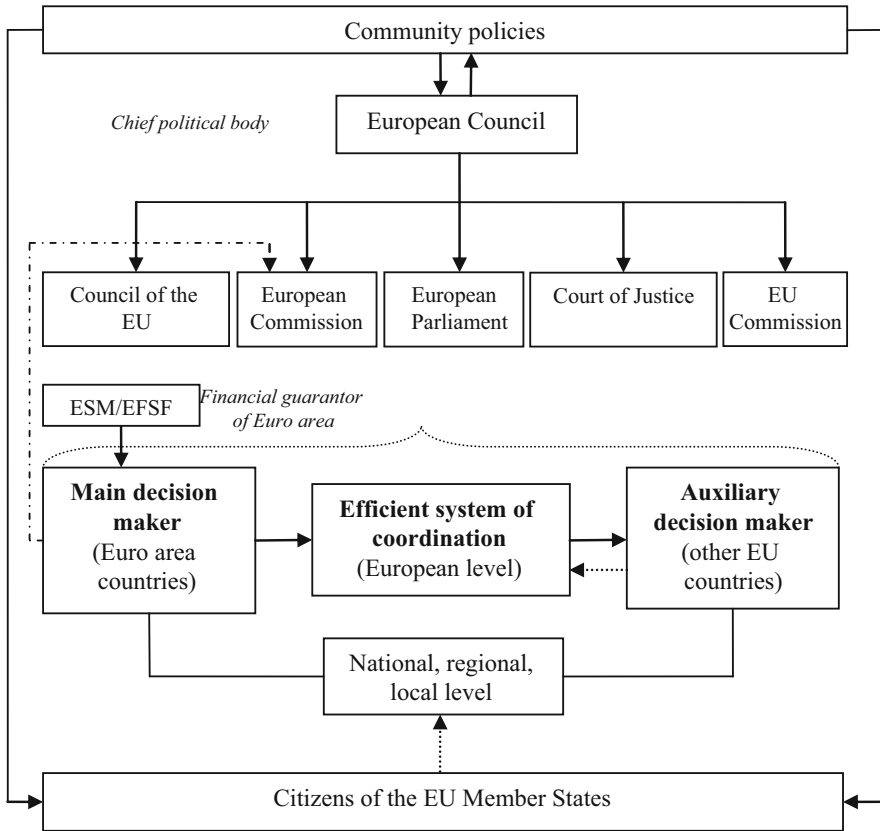
Fig. 3.9 Administrative units of legal and institutional frameworks of EU member states. *Source:* own

smaller states and with small economic potential. It all depends on what basis it will be built, as part of which design concept it will be implemented and controlled.

The idea of multilevel governance is building such management network, which provides effectiveness of cooperation and collaboration under complex system of various levels of authority with similar goals, but different tasks and roles (Wojtaszczyk et al. 2009). In the European Union such model in horizontal approach basically consists of three main levels: the European Union (European level—all member states), the level of the nation-state and regional level. Complementation of the horizontal structure of this model is the local level. So the base, at least theoretical, of this model is participation of citizens of Member States in the decision-making process through their representatives in the institutional sphere in order to develop the best community policies from the point of view of win-win strategy (Fig. 3.10).

It needs to be noticed, that large number of member states on various stages of development directly decides about the possibility of influencing the European system of action coordination. Euro area countries, especially France and Germany, have de facto main vote in decision making and securing financial stability—both within the European Stability Mechanism (ESM), as well as the European Financial Stability Facility (EFSF). Thus, countries outside of this zone with the Community currency are not involved in many decision-making processes, and about some of them they are often informed later. It is thus evident that the European Union is not uniform either in decision making, or structure, and the process of mutual adjustment in the course of the game business is open.

Some countries in the EU having a regional structure (such as Spain, Italy) or federal ones (Austria, Germany) make a deliberate separation of powers in the country, organizing management of each of its components. Decentralization, however,—whether in regional (associated with local government) or federal form (within the state structure component)—leads to a crisis of the unitary model of the state and the glorification of federalism (Baldi 2003).



ESM – European Stability Mechanism
 EFSM – European Financial Stability Facility

Fig. 3.10 General system of multilevel management in the European Union (real approach). *ESM* European Stability Mechanism, *EFSM* European Financial Stability Facility. *Source:* own

Therefore the roles of organisational explanatory model of the European Union reflecting the multi-level or multi-segment management can be formulated:

- (a) Explaining functioning of integration grouping countries capable of further evolutionary development and annexation. This is done in scientific form of interdisciplinary nature, but mostly usual and everyday form.
- (b) Explaining the actual and theoretical conceptual and mental constructs for testing a variety of scientific theories in relation to the real occurring or likely to occur phenomena. This is in particular about theoretical and empirical evaluation of concepts relating to the organization, management and governance, using existing scientific theories and global functional

Table 3.3 Opportunities and threats in multilevel management model in the European Union

Opportunities	Threats
Effectiveness of cooperation and collaboration	Favouring the economically and/or politically strongest state within the game of interest
Possibility of building global organisational and economic structure	Weakening of sovereignty and prerogatives of nation states
Managerial management	Lack of liability and commercialisation of state
Mechanism of community policy coordination (method of open coordination)	Lack of equal access to decision-making process for all interested parties
Consultations and negotiations in decision making process	Qualified majority, which through coalition votes creates winners and losers
Possibility of fuller realisation of national and community goals	Permanent confrontation of member states preferences
Network and flexible organisation	Large number of decision making centres within distribution of competences (often with opposing interests)
Better quality of legislature and execution of law	Through legislative initiative, lobbied in the European Commission, possibility to eliminate companies from the market and imposing subjectively advantageous law in the country
Building social interactions	Imposing community values and political correctness
Modern paradigm of development adjusted to global challenges	Crippled sustainable development

Source: own

solutions, often posed as asymmetric threats that need to be protected from under the new organisation.

- (c) The use of Kant's transcendental argument relating to the empirical knowledge of governance and management through indication of unequivocal phenomena and conditions and the possibility of their occurrence.

Thus, nowadays we can point out opportunities and threats in implementing and using the MLG model in the European Union (Table 3.3).

It is then clearly visible, that despite evident chances of using the multilevel management model, an important problem may be the arising threats resulting specifically from moving the decision-making centre in the state from the national level to international level (which has become a fact). A similar tendency is also observed in the sphere of replacing public interest with private ones with systematic weakening of capabilities of political decision makers. More frequently through various forms of deregulation the state is moved from supervision of the economy, which on the one hand is good, but on the other the state becomes a supervising pseudo-entity under standards and principles worked out by international structures. In such a shape the state attributes become the property of international corporations (Plis 2011).

It can be stated, that from its beginnings, and in particular in the last ten years, the European Union is a place for searching for and confronting various ideas within many opinions, religions or social groups. It can be even stated, that it is a battleground for ideas and new solutions. This is why the current institutional system of the European Union has many centres of authority (Goetschy 2006; Pascaul and Suarez 2007) and in this way it should be analysed, despite apparent unity.

References

- Anderson, K. (2011). Accountability as legitimacy: Global governance, global civil society and the United Nations. *Brooklyn Journal of International Law*, 36(3), 859.
- Antpöhler, C. (2013). Powstanie europejskiego rządu gospodarczego. Sześciopak jako przykład ponadnarodowej skuteczności. *Nowa Europa Przegląd Natoliński*, 3(16), 301–327.
- Baldi, B. (2003). *Stato a territorio: federalism e decenramento nelle democrazie contemporanee* (p. 149). Roma: Laterza.
- Baralexis, S. (2004). Creative accounting in small advancing countries. The Greek case. *Managerial Auditing Journal*, 19(3), 454.
- Bauman, Z. (2006). *In search of politics* (pp. 19–48). Cambridge: Polity Press.
- Bell, M. W. (2008). Towards a definition of virtual worlds. *Journal of Virtual Worlds Research*, 1(1). Accessed June 7, 2014, from <https://journals.tdl.org/jvwr/article/view/283/237>
- Bititci, U., Garengo, P., Dörfler, V., & Nudurupati, S. (2012). Performance management: Challenges for tomorrow. *International Journal of Management Reviews*, 14, 312.
- Borońska, K. (2012). Unia Europejska po Traktacie reformującym – aspekty instytucjonalne i perspektywa polityczna. In E. Ganowicz & A. Lisowska (Eds.), *Współczesne państwo. Idee i rozwiązania instytucjonalne* (p. 173). Toruń: Wydawnictwo Adam Marszałek.
- Botero, G. (1956). *The reason of state*. London: New Heaven.
- Brabham, D. C. (2008). Crowdsourcing as a model for problem solving: An introduction and cases. *Convergence: The International Journal of Research into New Media Technologies*, 14, 75–90.
- BRAC Annual Report. (2011). *40th Year special edition 2012*. Dhaka: BRAC.
- Bresser-Pereira, L. C. (2014). Public managers and the economists. *Public Administration Review*, April.
- Care International. (2010). *Care International Annual Report 2010*. Switzerland: Author.
- Ciekankowski, Z., & Czernowalów, A. (2011). *Wschodni model zarządzania kryzysowego w ekonomii instytucjonalnej* (pp. 26–38). Rzeszów: Bonus Liber Sp. z o.o.
- CNNIC. (2009). *The 23rd statistical survey report on the internet development in China* (p. 41). Beijing: Author.
- Council Directive 2011/85/EU of 8 November 2011 on requirements for budgetary frameworks of the Member States.
- Czapik, S. (2009). Bezpieczeństwo (security) kontra bezpieczeństwo (safety). Odmiennie postrzeganie zagrożeń. In E. Trela-Mazur (Ed.), *Problemy bezpieczeństwa współczesnego świata* (p. 72). Opole: Wydawnictwo Uniwersytetu Opolskiego.
- Deuth, K. W. (1974). *Politics and government: How people decide their fate* (p. 32). Boston: Houghton Mifflin.
- DRC. (2012). *Fact about DRC 2012*. Copenhagen: Danish Refugee Council.
- Drucker, P. (1999). *Spoleczeństwo postkapitalistyczne* (pp. 13–19). Warszawa: WN PWN.
- Eysmont, J. J. (1968). *Informacja a sterowanie w systemach społeczno-gospodarczych*. Centrum Obliczeniowe Komisji Planowania przy Radzie Ministrów, Warszawa.
- Feldman, A. M., & Serrano, R. (2008). *Arrow's impossibility theorem: Two simple single-profile*.

- Fernández-Villaverde, J., Guerrón-Quintana, P., & Rubio-Ramírez, J. F. (2013, May 8). *Estimating dynamic equilibrium models with stochastic volatility* (Working Paper No. 13–19, p. 3). Philadelphia: Federal Reserve Bank of Philadelphia.
- Foucault, M. (2010). *Bezpieczeństwo, terytorium, populacja* (pp. 261–362). Warszawa: WN PWN.
- Gałązka, A. (2012). ngo.pl, portal ngo.pl, Warszawa.
- Głąbicka, K. (2012). *Europejski model socjalny* (pp. 202–204). Radom: Politechnika Radomska.
- Goetschy, J. (2006). Taking stock of social Europe: Is there such a thing as a community social model? In M. Jepsen & A. S. Pascual (Eds.), *Unwrapping the European Social Model*. Bristol: Policy Press.
- Gow, I. J., & Wilson, V. S. (2014). Speaking what truth to whom? The uneasy relationship between practitioner and academic knowledge in public administration. *Canadian Public Administration*, 57(1), 124.
- Griffin, R. W. (2004). *Podstawy zarządzania organizacjami*. Warszawa: PWN.
- Harmes, A. (2006). Neoliberalism and multilevel governance. *Review of International Political Economy*, 13(5), 743.
- Hausner, J. (2012). Ekonomia społeczna państwo. In M. Frączka, J. Hausner, & S. Mazur (Eds.), *Wokół ekonomii społecznej* (p. 111). Kraków: Małopolska Szkoła Administracji Publicznej, Uniwersytet Ekonomiczny w Krakowie.
- Heer, B., & Maussner, A. (2005). *Dynamic general equilibrium modelling. Computational methods and applications*. Berlin: Springer.
- Holyst, R., Poniewierski, A., & Ciach, A. (2003). *Termodynamika dla chemików, fizyków i inżynierów* (p. 241). Warszawa: Instytut Chemii Fizycznej PAN i Szkoła Nauk Ścisłych.
- Hooghe, L., & Marks, G. (2003). Unravelling the central state, but how? Types of multi-level governance. *American Political Science Review*, 97(2), 1–38.
- Hooghe, L., Marks, G., & Blank, K. (1996). European integration from the 1980s: State-centric v. multilevel governance. *Journal of Common Market Studies*, 34, 1–38.
- Hu, J. X. (1994). O niemożliwości projektowania systemów żywych: wnioski z nieudanego eksperymentu krajów socjalistycznych. Projektowanie i systemy. *Zagadnienia metodologiczne nauk praktycznych*, 14, 64–65.
- Hua, G., & Haughton, D. (2009). Virtual worlds adoption: A research framework and empirical study. *Online Information Review*, 33(5), 889–900.
- IRC. (2011). *From harm to home, Annual Report 2011*. New York: International Rescue Committee.
- Iwuski, L. R. (2012). Państwo narodowe – śmierć, szczyt potęgi czy fundamentalna zmiana. In E. Ganowicz & A. Lisowskiej (Eds.), *Współczesne państwo. Idee i rozwiązania instytucjonalne* (praca zbiorowa pod red, pp. 57–58). Toruń: Wydawnictwo Adam Marszałek.
- Izdebski, H. (2007). Elementy teorii państwa. In J. Hausner (Ed.), *Ekonomia społeczna a rozwój* (p. 38). Kraków: Małopolska Szkoła Administracji Publicznej Uniwersytetu Ekonomicznego w Krakowie.
- Izdebski, H., & Kulesza, M. (2004). *Administracja publiczna. Zagadnienia ogólne*, wyd. 3 rozszerzone (pp. 135–140). Warszawa: Liber.
- Jiang, Q. (2014). Internet addiction among young people in China. Internet connectedness, online gaming, and academic performance decrement. *Internet Research*, 24(1), 2–17.
- Kamiński, M. (1994). Twierdzenie Arrowa. Przykład zastosowania metody aksjomatycznej w naukach społecznych. *Studia Socjologiczne*, (3–4), 82.
- Katz, D., & Kahn, R. L. (1979). *Społeczna psychologia organizacji* (p. 64). Warszawa: WN PWN.
- Klimczuk, A. (2011). Ekspersi i narcyzm kulturowy – próba analizy wzajemnych relacji. In J. Sieradzan (Ed.), *Narcyzm* (p. 232). Białystok: Wydawnictwo Uniwersytetu w Białymstoku.
- Koles, B., & Nagy, P. (2014). Individual and professional development in the digital age. Towards conceptual model of virtual world for organizations. *Management Research Review*, 37(3), 295–297.
- Komisja Europejska. (2014). *Komisja podejmuje działania w ramach procedury nadmiernego deficytu 2014* (Notatka, MEMO 14/382). Komisja Europejska, Bruksela, 2 czerwiec.

- Korngold, A. (2012). BRACIs: The largest global anti-poverty organization, and it's secret. *Fast Company* 05.15.
- Kotarbiński, T. (1958). *Traktat o dobrej robocie* (p. 75). Wrocław-Warszawa: Zakład Narodowy im. Ossolińskich.
- Koźmiński, A. K. (2010). Przedsiębiorcy i menadżerowie w procesie modernizacji zarządzania. In W. Morawski (Ed.), *Modernizacja Polski. Struktury, agencje, instytucje* (p. 226). Warszawa: Wydawnictwa Akademickie i Profesjonalne.
- Krawczyk, T. (2012). Rozmiar i siła państwa w ujęciu funkcjonalnym Odniesienia do rozważań na temat teleologicznych aspektów państwowości Michela Foucaulta. In E. Ganowicz & A. Lisowskiej (Eds.), *Współczesne państwo. Idee i rozwiązania instytucjonalne* (praca zbiorowa pod red). Toruń: Wydawnictwo Adam Marszałek.
- Kulesza, W. T. (2010). *Państwo autorytarne* (pp. 6–16). Warszawa: Wydawnictwo KRAM.
- Kurnal, J. (1972). *Twórcy naukowych podstaw organizacji. Wybór pism*. Warszawa: PWE.
- Lastawski, K. (2009). Interesy narodowe współczesnych państw europejskich. In A. Lisowska & A. W. Jabłoński (Eds.), *Wizje dobrego państwa. Państwo w procesach przemian. Teoria i praktyka* (praca zbiorowa pod red, p. 42). Toruń: Wydawnictwo Adam Marszałek.
- Le Chatelier, H. (1926). *Filozofia systemu Taylora* (translation: K. Adamiecki). Warszawa, XII: Instytut Naukowej Organizacji przy Muzeum Przemysłu i Rolnictwa.
- Łętowska, E. (2008). Trudności w przyswajaniu w Polsce praktyki państwa prawa. In J. Kowalski (Ed.), *Państwo prawa. Demokratyczne państwo prawne. Antologia* (pp. 326–327). Warszawa: Oficyna Wydawnicza Wyższej Szkoły Handlu i Prawa im. Ryszarda Łazarskiego.
- Łojewski, S. (2012). *Kierowanie i zarządzanie systemami społecznymi i społeczno-gospodarczymi* (pp. 64–65). Bydgoszcz: Wydawnictwo Mass.
- Łojewski, S. (2008). *Ekonomia zasobów a zrównoważony rozwój*. Woda–Środowisko–Obszary.
- Łoś-Nowak, T. (2009). Państwo ponowoczesne: ile tradycji, ile ponowoczesności. In A. Lisowska & A. W. Jabłoński (Eds.), *Wizje dobrego państwa. Państwo w procesach przemian. Teoria i praktyka* (p. 30). Toruń: Wydawnictwo Adam Marszałek.
- Luhmann, N. (2012). *Systemy społeczne. Zarys ogólnej teorii*. Kraków, XII: Zakład Wydawniczy NOMOS.
- Makina, A. (2011, April). *Médecins Sans Frontières: An organization with a humanitarian mission*. WardheerNews.com, 1–9.
- Markowski, T. (2011). Funkcjonowanie gospodarki przestrzennej – założenia budowy modelu zintegrowanego planowania i zarządzania rozwojem. In T. Markowski & P. Żubr (Eds.), *System planowania przestrzennego i jego rola w strategicznym zarządzaniu rozwojem kraju* (pp. 27–30). Warszawa: Komitet Przestrzennego Zagospodarowania Kraju, PAN.
- Mazur, S. (2011a). Państwo integrujące zasoby. In S. Mazur (Ed.), *Państwo integrujące zasoby. Potencjał rozwojowy a jakość regulacji publicznych*. Kraków: Uniwersytet Ekonomiczny w Krakowie.
- Mazur, S. (2011b). Meandry modernizacji administracji publicznej. In J. Bobera (Ed.), *Planowanie rozwoju instytucjonalnego w samorządach lokalnych* (praca zbiorowa pod red). Kraków: Uniwersytet Ekonomiczny w Krakowie, Małopolska Szkoła Administracji Publicznej.
- McGann, J. G. (2005, August). *Think tanks and policy advice in the US*. Philadelphia: Foreign Policy Research Institute.
- Mergel, I., Bretschneider, S. I., Louis, C., & Smith, J. (2014). *The changes of change. Gov: Adopting private sector business innovations in the federal government*. In 47th IEEE Hawaii International Conference on System Science (p. 2081). IEEE Computer Society.
- Michalak, A. (2007). *Finansowanie inwestycji w teorii i praktyce* (p. 61). Warszawa: WN PWN.
- Montesquieu, C. L. (1957). *O duchu praw* (p. 244). Warszawa: PWN.
- Morawiecki, W. (2012). *Państwo wobec organizacji międzynarodowych* (pp. 36–46). Warszawa-Poznań: Analiza systemów, Polskie Wydawnictwo Prawnicze IURIS.
- Morawski, W. (2011). Fale globalizacji i globalne rządzenie. In W. Kieżun (Ed.), *Krytycznie i twórczo o zarządzaniu. Wybrane zagadnienia*. Warszawa: Oficyna Wolters Kluwer Business.

- Murawska, M. (2008). *Zarządzanie strategiczne niematerialnymi zasobami przedsiębiorstwa* (p. 50). Warszawa: Fundacja Promocji i Akredytacji Kierunków Ekonomicznych.
- Myśliwiec, M. (2009). Wolny Sojusz Europejski – ku redefinicji relacji centrum–peryferia. In J. Knopek (Ed.), *Unia Europejska jako współczesny aktor stosunków międzynarodowych* (pp. 67–69). Toruń: Towarzystwo Naukowe Organizacji i Kierownictwa Dom Organizatora.
- Myśliwiec, M. (2012). *Decentralizacja we współczesnym państwie demokratycznym*. Nowa Politologia, February 21.
- Nicolescu, O., & Nicolescu, C. (2010). Strategic managerial change and organizational innovation. *Review of International Comparative Management*, 11(4), 555.
- Nikodemka, J. (2012). Jak psuje nas Facebook. In J. Nikodemka (Ed.), *Problemy XXI wieku* (pp. 57–58). Warszawa: G+J.
- North, D. C. (1990). *Institutions, Institutional change and economic performance*. Cambridge.
- Nowiak, W. (2011). *Nordycki model welfare state w realiach XXI wieku. Dylematy wyboru i ewolucja systemu w społeczeństwach dobrobytu – wnioski praktyczne* (pp. 87–95). Poznań: Wydawnictwo Naukowe Wydziału Nauk Politycznych i Dziennikarstwa Uniwersytetu im. Adama Mickiewicza w Poznaniu.
- Osiński, J. (2011). Niezbędność państwa w dobie globalizacji oraz jego współczesne modele. In J. Oniszczyk (Ed.), *Współczesne państwo w teorii i praktyce* (praca zbiorowa pod red.). Warszawa: Oficyna Wydawnicza SGH.
- Ostrom, E. (1992). *Crafting institutions for self-governing irrigation systems* (p. 19). San Francisco: ICS Press.
- Owsiak, S. (2012). *Opinia merytoryczna na temat Paktu Euro Plus, Traktatu o stabilności, koordynacji i zarządzaniu gospodarczym w Unii Gospodarczej i Walutowej, Europejskim Mechanizmie Stabilizacyjnym i tzw. sześciopaku*. Zeszyty Prawnicze Biura Analiz Sejmowych, 1(33), 163. Warszawa: Kancelaria Sejmu.
- Oxfam. (2011). *Oxfam Annual Report 2010–2011* (pp. 3–5). Boston: Author.
- Oxford Economics. (2010, February). *Is Greece heading for default?* Oxford: Oxford Economics.
- Partners in Health. (2011). *From innovation to transformation 2011* (Annual Report, pp. 2–33). Boston: Partners in Health.
- Parto, S. (2005). Economic activity and institutions: Taking stock. *Journal of Economic Issues*, 39(1), 39.
- Pascaul, A. S., & Suarez, E. C. (2007). The government of activation policies by EU institutions. *International Journal for Sociology and Social Policy*, 27(9/10), 380.
- PATH. (2011). *Overview: PATH overcomes the world's toughest health challenges – and brings health within reach for all* (Annual Report). Seattle: Author.
- Peters, B. G., & Pierre, J. (2010). Multi-level governance and democracy: A Faustian bargain? In I. Bache & M. Finders (Eds.), *Multi-level governance*, pp. 75–80. New York: Oxford University Press.
- Pietrzak, M. (2008). Demokratyczne państwo prawne. In J. Kowalskie (Ed.), *Państwo prawa. Demokratyczne państwo prawne. Antologia* (pp. 17–21). Warszawa: Oficyna Wydawnicza Wyższej Szkoły Handlu i Prawa im. Ryszarda Łazarskiego.
- Plis, J. (2011). O potrzebie powszechnej deklaracji praw narodów w dobie globalizacji. In S. Sagan (Ed.), *Państwo i prawo w dobie globalizacji* (pp. 238–239). Rzeszów: Wydawnictwo Uniwersytetu Rzeszowskiego.
- Podedworny, H., & Seweryn, A. A. (2010). *Lobbying. Instytucja gospodarki rynkowej* (pp. 9–11). Białystok: Sowa Druk.
- Poggi, G. (2010). *Państwo*. Warszawa: WN PWN.
- Prendergast, R. (2014). Knowledge, innovation and emulation in the evolutionary thought of Bernard Mandeville. *Cambridge Journal of Economics*, 38(1), 105.
- Pytlik, B. (2011). Forma państwa. In J. Oniszczyk (Ed.), *Współczesne państwo w teorii i praktyce*, pp. 98–101. Warszawa: Oficyna Wydawnicza SGH.

- Pyzikowska, A. (2001). *Teoria agenda-setting i jej zastosowanie*. In B. Dobek-Ostrowskiej (Ed.), *Nauka o komunikowaniu*, p. 75. Wydawnictwo Uniwersytetu Wrocławskiego, Wrocław: Podstawowe orientacje teoretyczne.
- Raczkowski, K. (2012). Percepcja bezpieczeństwa ekonomicznego i wyzwania dla zarządzania nim w XXI wieku. In K. Raczkowski (Ed.), *Bezpieczeństwo ekonomiczne, wyzwania dla zarządzania państwem*. Warszawa: Wolters Kluwer business.
- Raczkowski, K. (2013). Gospodarka nieoficjalna w systemie zarządzania państwem. In K. Raczkowski & E. Gołębiowska (Eds.), *Przedsiębiorczość i zarządzanie* (pp. 350–351). Łódź: Społeczna Akademia Nauk.
- Raczkowski, K., & Sienkiewicz-Małyjurek, K. (2013). Bezpieczeństwo w naukach o zarządzaniu. In K. Raczkowski, K. Żukrowska, & M. Żubr (Eds.), *Interdyscyplinarność nauk o bezpieczeństwie*. Warszawa: Difin.
- Raczkowski, K. (2014). Współczesny model tetrarchii zarządzania a bezpieczeństwo ekonomiczne obrotu gospodarczego. In K. Raczkowski (Ed.), *Bezpieczeństwo ekonomiczne obrotu gospodarczego*. Warszawa: Wolters Kluwer Business.
- Rawls, J. (1994). *Teoria sprawiedliwości* (p. 15). Warszawa: WN PWN.
- Regulation (EC) No 1059/2003 of the European Parliament and of the Council of 26 May 2003, on the establishment of a common classification of territorial units for statistics (NUTS), OJ L 154, 21.6.2003
- Regulation (EU) No 1173/2011 of the European Parliament and of the Council of 16 November 2011 on the effective enforcement of budgetary surveillance in the euro area.
- Regulation (EU) No. 1174/2011 of the European Parliament and of the Council of 16 November 2011 on establishing enforcement measures to correct excessive macroeconomic imbalances in the euro area.
- Regulation (EU) No 1175/2011 of the European Parliament and of the Council of 16 November 2011 amending Council Regulation (EC) No 1466/97 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies.
- Regulation (EU) No. 1176/2011 of the European Parliament and of the Council of 16 November 2011 on the prevention and correction of macroeconomic imbalances; Council.
- Regulation (EU) No 1177/2011 of 8 November 2011 amending Regulation (EC) No 1467/97 on speeding up and clarifying the implementation of the excessive deficit procedure).
- Riccucci, N. (2010). *Public administration traditions of inquiry and philosophies of knowledge* (p. 68). Washington: Georgetown University Press.
- Rodrik, D. (2003). What do we learn from country narratives? In D. Rodrik (Ed.), *In search of prosperity Analytic narratives on economic growth* (p. 10). Princeton: Princeton University Press.
- Salm, J. F., Candler, G. G., & Ventriss, C. (2006). The theory of social systems delimitations and the reconceptualization of public administration. *Administrative Theory & Praxis*, 28(4), 253–257.
- Scharpf, F. W. (2001). Notes toward a theory of multilevel governing in Europe. *Scandinavian Political Studies*, 24(1), 233–243.
- Shao, G. (2009). Understanding the appeal of user-generated media: A uses and gratification perspective. *Internet Research*, 19(1), 7–25.
- Simon, H. (1983). *Research in human affairs* (p. 78). Stanford: Stanford University Press.
- Skarga, B. (2009). *Tożsamość i różnica* (p. 13). Kraków: Znak.
- Smith, W. K., & Lewis, M. W. (2011). Toward a theory of paradox: A dynamic equilibrium model of organizing. *Academy of Management Review*, 36(2), 384–394.
- Sobór Watykański II. (1965). *Konstytucja duszpasterska o Kościele w świecie współczesnym*. Watykan: Kaudium et spes, Sobór Watykański II.
- Stankiewicz, W. (2008). Teoria projektowania mechanizmów społecznych – oferta dla praktyki. In *Ekonomika instytucjonalna – materiały pokonferencyjne* (p. 10). Brześć: Alternatywa.
- Stine, W. M. (1923). *The contributions of H. F. E. Lenz to electromagnetism* (p. 111). Philadelphia: Acron Press.

- Stivers, C. (1993). *Gender images in public administration*. Thousand Oaks, CA: Sage.
- Sułkowski, Ł. (2012). Organizacja jako przedmiot badań nauk o zarządzaniu. Marketing we współczesnym przedsiębiorstwie. *Przedsiębiorczość i Zarządzanie*, t. 13, z. 2, Łódź, 10–17.
- Surdej, A. (2006). *Determinaty regulacji administracyjno-prawnych w oddziaływaniu państwa na gospodarkę* (p. 39). Kraków: Wydawnictwo Akademii Ekonomicznej w Krakowie.
- Szastitko, A. (2003). Predmetno-metodologičeskije osobiennosti instyucyjno-ekonomičeskoj teorii. *Waprosy Ekonomiki*, 1.
- Szmulik, B., & Żmigrodzki, M. (2004). *Wprowadzenie do nauki o państwie i polityce* (p. 52). Lublin: Wydawnictwo UMCS.
- The top 100 best NGOs 2012. *Global Journal*, January–February.
- Tooker, J. B. (2007). A discussion of the life of Heinrich Friedrich Emil Lenz. *Electrical Engineering*, 306.
- Torój, A. (2012). *Monitor konwergencji nominalnej w UE 27* (p. 1). Warszawa: Ministerstwo Finansów.
- Treaty on the Functioning of the European Union (Dz U UE nr 2010/C 83/01).
- University of Pennsylvania (2012) *The global go to think tank Report 2011* (Final United Nations University Edition, pp. 26–32). Philadelphia: University of Pennsylvania.
- Ustawa z dnia 23 kwietnia 2003 r. o działalności pożytku publicznego i o wolontariacie (Dz. U z 2003 r. Nr 96, poz. 873).
- Ustawa z dnia 9 maja 1996 r. o wykonywaniu mandatu posła i senatora (Dz. U z 2011 r. Nr 7, poz. 29).
- Villaverde, J. F., & Rubio-Ramirez, J. F. (2004). Comparing dynamic equilibrium models to data: A Bayesian approach. *Journal of Econometrics*, 123, 153–154.
- Vitali, S., Glattfelder, J. B., & Battiston, S. (2011). The network of global corporate control. *PLoS One*, 6(10), 6–7.
- Wandowicz, K. (2012). Idea państwa w encyklikach Jana Pawła II. In E. Ganowicz & A. Lisowska (Eds.), *Współczesne państwo Idee i rozwiązania instytucjonalne* (p. 77). Toruń: Wydawnictwo Adam Marszałek.
- Wilkin, J. (1997). *Efektywność a sprawiedliwość* (p. 28). Warszawa: Wydawnictwo KeyText.
- Williamson, O. E. (1989). *Ekonomiczne instytucje kapitalizmu. Firmy, rynki, relacje kontraktowe* (p. 60). Warszawa: PWN.
- Wojtaszczyk, K. A., Tomaszewski, K., Maryl, K., & Mieńkowska-Norkiene, R. (2009, kwiecień). *Przyszłość relacji instytucjonalnych (Multi-levelgovernance) polityki spójności i polityki energetycznej. Ekspertyza przygotowana dla Ministerstwa Rozwoju Regionalnego* (p. 3). Warszawa: Uniwersytet Warszawski.
- Woźnicki, J. (2012). Nowa dyscyplina – nauki o polityce publicznej, usytuowana w dziedzinie nauk społecznych. *Nauka* (1).
- Wunsch-Vincen, S., & Vickery, G. (2007). *Participative Web: User-created content* (pp. 8–9). Brussels: OECD.
- Zalesko, M. (2014). *Instytucje w procesie rozwoju gospodarczego*. In S. Rudolf (Ed.), *Nowa ekonomia instytucjonalna wobec współczesnych problemów gospodarczych* (p. 480). Kielce: Wyższa Szkoła Ekonomii, Prawa i Nauk Medycznych w Kielcach.
- Zhuang, W., Hsu, M. K., Brewer, K. L., & Xiao, Q. (2013). Paradoxes of social networking sites: An empirical analysis. *Management Research Review*, 36(1), 33–49.

4.1 Managing the Intellectual Capital in Public Organisation

The starting point for this chapter is the assumption, that intellectual capital can be generally defined as “the whole non-material assets of people, enterprises, societies, regions and institutions, which, properly used, can be a source of present and future welfare of the state” (*Raport o kapitale intelektualnym Polski 2008*, p. 6, translated). At the same time it is assumed, that the competitive advantage of any organization to a large extent depends from the general knowledge management and intellectual capital in particular (Cabrita and Vaz 2006). But before the definition of this notion in relation to other approaches is presented, it is justified to present the seventeenth century descriptions of creating some kind of human resources, which through orderly acquisition of knowledge and skills, from today’s point of view can be called the intellectual capital of the time.

Even in Middle Ages any self-respecting noble family understood how essential education is for the proper management of the country. Every male descendant of the noble or baronial family was obliged to go for an educational travel abroad, which was to prepare him for future public activities. Such travel was an extraordinary event for both the traveller and the family, since the travel took couple of years and was mostly of purely academic education, visiting European courts and military camps. Very often the person travelled with organised group of peregrinates, which was less logistically complicated task than a travel of a single person. The noble man organising the abroad trip for his son was burdened with many duties. He had to express formally (in written form) his requirements, recommendations or wishes, which regarded both the son and his tutor (during the travel he supervised the nobleman’s son—usually tutor was a nobleman himself). Appropriate pedagogical and travel instructions served this purpose. The earliest preserved one in Poland comes from 1620 (Jakub Sobieski’s instruction for his brother, Jan Sobieski). The instructions consisted of several parts, where the need to obey the moral and educational rules and regular religious practices was indicated. They included warnings from inappropriate company, reprehensible entertainment, participation

in fights, drunkenness or cash games. The instructions also included detailed guidelines for learning foreign languages, acquiring other necessary skills and competencies (including arithmetic, geometry, rhetoric, dancing, fencing, horse riding). Each instruction also provided a detailed route of educational trip abroad, with an account of not only the states or cities, but also concrete courts to visit. In instructions peregrinates also received a reading list. It is known, that e.g. Hetman Stanisław Jabłonowski in the list of required reading material for his sons and for Stanisław Mateusz Rzewuski listed the Bible, the works of Marcin Kromer, Livy, Bishop Paweł Piasecki, Seneca, Suetonius and Tacitus. The instructions indicated the necessity of regular contact with own country and family home, also through compulsory weekly correspondence. They also included guidelines for tutors, whose task was careful care for the dependant, keeping the peregrinates company during their tasks and in their free time, absolutely informing the father of all doings of the children or meticulous management of the dependant's finances—with maintaining the expenses report (Markiewicz 2011).

Since then not much has changed. Nevertheless, on each stage of social development we need to reach into the pages of history as specific benchmarks, which after a proper adjustment to the present day can be an inspiration for creation of future-oriented methods and forms of management. It is worth to look for hidden values of state or world citizens, which not only can create wealth, but also become a foundation of social welfare (Bontis 2004). “The state's resources are most of all people, citizens, their education level, personal culture, honesty, sense of civic responsibility. Thus education and development of science, that is investing in social capital and stimulating civic initiative through enabling social self-organisation and participation in public debate, must be one of priorities of states, who in a long run want to succeed in international competition” (Kamiński and Stefanowicz 2011, p. 196, translated). But only the education level is not sufficient and the high scholarisation coefficients in the state cannot be a reliable measure of the intellectual capital or level and speed of economic development.

Sweden was the first state, where in 1996 the research on state's intellectual capital was published (Welfare and Security). They covered such areas, as human, market, process and development capitals. Three years later, in 1999, Israel presented the report *A Look to the Future: The Hidden Values of the Desert* prepared in the context of determining the degree of preparation of the country for the challenges of the knowledge-based economy. It took into account the four components of the capital, which in the next report for the state of Israel in 2004 were further specified as:

- (a) human capital (level of education, gender equality, religion, race, personal development, participation in cultural life, social health),
- (b) development capital (R&D expenditures, scientific success—especially in biotechnology, level of foreign investments in the state, number of registered patents, number of new enterprises, entrepreneurship),
- (c) market capital (openness to globalisation, number of international events in the states, size of competitive advantage on international markets),

- (d) process capital (level of education, state telecommunication infrastructure, level of computerisation, management quality, agriculture effectiveness, immigrant absorption capability, legal conditions of entrepreneurship development, environment protection policy) (Węziak-Białowolska 2010).

Today scientists dispute, whether employee should be seen and described from the perspective of resources (human resources management), human capital (human capital management) or intellectual capital (intellectual capital management) (Kujansivu 2009). Such terms, like intellectual capital, non-material and legal values are used interchangeably (De-Silva et al. 2014). On the other hand, the *Ricardis* report of the European Commission (2006) states, that intellectual capital is a key element of future organisation allowing making profits. Moreover, comparative research of Whyte and Zyngier (2014) prove that there is a clear convergence of thinking and perceiving the intellectual capital of a concurrent character (within two streams), but in a different philosophical and epistemological layers.

If we notice, that in recent years the number of governmental agencies, company strategies and scientific papers on creating the knowledge-based economy grows, then discussing the employee through the perspective of intellectual capital seems the most justified. Firstly, it results from the fact, that intellectual capital regards collective knowledge based in organisation staff, which is of top importance, network relations or applied organisational procedures (Kong and Thomson 2009; Bontis 2002). Secondly, intellectual capital from the systemic perspective is a broader term, contains the components of logic of non-material values: intellectual property (with property rights), knowledge in the broadest scope, and what is important, refers to the future (Edvinsson 2013).

As Edvinsson (2013) notices, approach to intellectual capital requires broad interdisciplinary studies in identification of intellectual resources, their care, share, and finally use in the context of the common good at four levels:

- (a) individual (individual level)—to be able to learn what we do not know,
- (b) organisation—enabling use of collective capacity to identify and reach out to the intellectual capital environments,
- (c) society—with the use of social networks to improve the quality of life and increase the talent level,
- (d) global world—through new perspective on values and relations in social innovations and intellectual capital, which enables evolution of social capital and building national welfare—the so-called capitalism 4.0 created through evolutionary transformation of capitalism 1.0 (A. Smith), capitalism 2.0 (M. Keynes) and capitalism 3.0 (M. Friedman).

In public sector, research on intellectual capital is carried out basically in two ways: the first is focused on disclosure of intellectual capital, while the second seeks to identify and measure within the organization (Kamaruddin and Abeysekera 2013). While there is less research in various models of intellectual capital in public sector and incomparably more in private sector (Pretorius and Coetzee 2009).

Among many of them regarding public sector a particular attention draw two models. The first was developed within SICAP project co-financed by Ministry of Science and Technology in Spain and the European Fund of Regional Development. It consists of three components (*La administración pública como agente del conocimiento en la sociedad de la información. Sistema de gestión y desarrollo del capital intelectual* 2004):

- (a) public human capital (knowledge useful for mission of the organization),
- (b) public relational capital (the value of relationship-oriented organizational entities),
- (c) public structural capital (set of knowledge and intangible assets of the organization):
 - public organizational capital (a set of formal and informal knowledge, enabling effective development of organization)
 - public technological capital (technical knowledge, so-called immaterial technical nature in performing internal and external processes),
 - public social capital (loyalty, trust and ethics within the public service).

It should be noted that each of the components of capital is correlated with level of innovation. Human capital ensures success of current innovation, reducing threats. Relational capital allows to perform radical innovations. The structural capital is a prerequisite for proper functioning of evolutionary innovation process, limiting the threats in radical innovations (Dumay et al. 2013).

The second model was developed by Bossi (2003) (Ramirez 2010) and consists of five perspectives (variables): human resources, external relations, internal processes, transparency and quality. Actuality of this model and large possibility of use in public management defined within common standards results from the fact, that it shows both positive and negative aspects, which can occur in management of immaterial values and generate intellectual liability understood as space between theoretical and practical approach to the perfect management model and real economy. This model was used in practice by the National Auditing Office (Tribunal de Cuentas) in Spain for 23 immaterial factors and 80 indicators of intellectual capital (Table 4.1).

Intellectual capital is a production factor and to some extent is always the source of innovation, and thus contributes to economic growth. There are at least two basic approaches, which belong to specific measures. The first one is directed at measuring the intellectual capital input in investments (investment scale measurement—e.g. labour costs, expenditure on research and development) (Orens et al. 2009). The second one is measurement of intellectual capital return at a certain time—expressed as unconsolidated profit per employee (Shakina and Barajas 2012). The majority of previous studies, whose aim was to measure intellectual capital (in material and immaterial approach) tries to reflect operational loss or profit with single-equation non-linear Cobb–Douglas statistical models. It is a mutual

Table 4.1 Intellectual capital model in public sphere

Human capital	Internal processes	External relations	Quality	Transparency
Intellectual assets				
<ul style="list-style-type: none"> – Training – Engage ment – Partici pation – Managerial independence 	<ul style="list-style-type: none"> – Information system swiftness – Innovative ness; 	<ul style="list-style-type: none"> – Good image – Agreements and alliances – Responsi bility for environment 	<ul style="list-style-type: none"> – Citizen’s satisfaction – Benchmarking policy – Quality awards 	<ul style="list-style-type: none"> – Disclosure of reports – Availability Internet data
Intellectual responsibility				
<ul style="list-style-type: none"> – Technical stagnation – Workplace (e.g. office) – Lack of motivation – frequent political changes 	<ul style="list-style-type: none"> – Bureaucracy – Techno logical retardation – Slowness – Stillness, lack of mobility 	<ul style="list-style-type: none"> – Accusations and scandals – Isolation – Environ mental passivity 	<ul style="list-style-type: none"> – Complaint – Operation in a closed system – The lack of Use of quality indicators 	<ul style="list-style-type: none"> – Confidentiality/ secrecy – Difficulty in obtaining information – Lack of use of the Internet – Corruption, fraud

Source: developed on the basis of A. Bossi 2003, *La medición del capital intelectual en el sector público*, PhD research, University of Zaragoza, Zaragoza, p. 209, quoted after: Y. Ramirez 2010, *Intellectual capital models in Spanish public sector*, “Journal of Intellectual Capital”, Vol. 11, No. 2, p. 259

recognition of resources, so-called complementarity of production factors (Shakina and Barajas 2014), and certainly is not perfect. In another classification the measurement can be made through analysis of parts of the capital (e.g. Skandia’s Navigator, Balanced Scorecard) or financial valuation of intellectual capital resources (e.g. MV/BV indicator illustrating market value relative to the book value of the organization).

Finland calculates national capacity of intellectual capital with model proposed by Käpylä et al. (2013). The model consists of four factors: human capital, structural capital, relation capital and social capital. Everything in the system: investment in intellectual capital to allow construction of a national intellectual capital, which contributes to national results (Table 4.2).

The presented model is not, however, resultant in individual data readings to such extent that would allow clear conclusions. It requires trends or other analyses to understand what actually influences the national intellectual capital in the society.

Table 4.2 System for measuring the intellectual capital in Finland

Investment in intellectual capital	National intellectual capital	National results
<ul style="list-style-type: none"> – Total expenditure on research and development – Business expenditure on research and development – The number of R&D personnel in the country per capita – Total public expenditure on education – Student to teacher ratio (primary education) – Student to teacher ratio (secondary education) 	Human capital: <ul style="list-style-type: none"> – High school enrolment – Acquisition of higher education – Skilled workforce – Flexibility and adaptability 	Social development: <ul style="list-style-type: none"> – Employment rate – Healthy life expectancy – Quality of life – Gini coefficient
	Structural capital: <ul style="list-style-type: none"> – Internet users – Computers per capita – Scientific papers – Patent performance – System of values – Transparency – Justice 	Economic development: <ul style="list-style-type: none"> – GDP (PPP) per capita – Overall performance (PPP) – Productivity in services – Adjusted income of households
	Relational capital: <ul style="list-style-type: none"> – Exports of goods – Exports of commercial services – Images abroad – Risk of transfer of R & D facilities 	Green growth: <ul style="list-style-type: none"> – Ecological footprint – Biocapacity – Total material requirement
	Social capital: <ul style="list-style-type: none"> – Social responsibility – Entrepreneurship – Ethical practices – Social cohesion – Transfer of knowledge 	

Source: developed on the basis of J. Käpylä, P. Kujansivu, A. Lönnqvist 2013, *National intellectual capital performance: a strategic approach*, “Journal of Intellectual Capital”, Vol. 13, No. 3, p. 353

4.2 Leadership in Network-Dominated Public Sphere

There are many types of leadership: distributed, shared, collective, collaborative, co-leader and emergent. However, regardless of the term used to describe leadership, it still should not be associated with monopoly and liability of only one person: it is better to refer to a broader sense of leadership and collective engagement in social process (Hosking 1998; Barker 2001).

General classes of definition refer to leadership in several dimensions¹ (Spicker 2012):

¹Description of leadership in definition classes includes views of such authors as: B. Bass; P. Wright; P. Northouse; G. Yukl; P. Hersey, K. Blanchard; R. Smollan; A. Morris,

- (a) leadership as motivation and influence—identified as process of influencing people in the activity, group or organisation in endeavours to achieve intended goals,
- (b) leadership as set of features of the person: charisma, emotional intelligence, perseverance, enthusiasm, warmth, honesty, dedication, creativity, generosity, humility and responsibility—within certain status or situation,
- (c) leadership as management—however, it does not seem that such position could be accepted, namely that management is leadership in literal sense and referring to the same sense. Leadership refers to changes, complex and new problems, risk, future direction in uncertain conditions, when management alone may regard only administration, effectiveness and efficiency, problems or rather tasks of continuous nature. It seems, that for it to be possible to place any equality mark between leadership and marketing, necessary are people, who will be able to use the leader’s features, which will result in effective management,
- (d) leadership as authority system—related to organisation system of individual and collective transfer of function or team’s collective responsibility. In such sense, the leader needs to be able to adapt to various situations within change of behaviour in the given place and time. Leadership in this sense is associated with leader’s relations with members of the group or widely defined society (national and global), which allows building social identity,
- (e) leadership as relationships with subordinates—based on such shaping the subordinates, which allows creating groups of followers of leader’s thought and modifying the whole behaviour of the group. It is the product of a set of relationships and emerging discussions in the company,
- (f) leadership as set of roles—where the leader may be a person, who through own actions as the employee inspires others to act, and earns authority. This way it is possible to set patterns and execute certain results, implementing values or organisational culture style desired in the organisation. The task of leadership in this sense, and in relation to social services, is to achieve intended goals of the groups and network cooperation through use of distribution leadership.

Taking into consideration the fact, that distribution leadership in recent years receives the most attention and interest (apart from shared leadership), is legitimate to give shared leadership distribution framework juxtaposed by Bolden (2011):

C. Brotheridge, J. Urbanski; N. Thomas; W. Bennis; K. Grint; K. Kotter, A. Zaleznik; T. Hafford-Letchfield, K. Leonard, N. Begum, N. Chick; M. Alvesson, S. Sveningsson; H. Mintzberg; D. Day, P. Gronn, E. Salas; K. Boal, R. Hooijberg; M. Hogg; S. Baker; A. Mehra, B. Smith, A. Dixon, B. Robertson, presented in w: P. Spicker, *Leadership: perniciously vague concept*, “International Journal of Public Sector Management” 2012, Vol. 25, No. 1, s. 35–36.

- (a) spontaneous cooperation,
- (b) intuitive working relations,
- (c) institutionalized practice (with the formation of teams to facilitate cooperation),
- (d) planned alignment—as part of allocation of leadership tasks best suited to individuals and teams,
- (e) spontaneous alignment—within unplanned allocations,
- (f) anarchic shift—independent realisation of own goals,
- (g) official distribution—officially conferred,
- (h) pragmatic distribution—distribution of leadership among individuals,
- (i) strategic distribution—introducing competent people to a specific type of leadership in the context of the needs,
- (j) incremental distribution—the gradual acquisition of leadership,
- (k) opportunist distribution—within new here and now challenges
- (l) cultural distribution—as part of natural adoption and division between the members of the group,
- (m) distribution of cooperation,
- (n) collective distribution—in a separate operation and interdependence in leadership,
- (o) coordinated distribution—in context of working together.

Here it is important to delegate rights in all levels and dimensions of management. This increases freedom of performing tasks, enhances confidence to act and think as organizational partners, allowing finding oneself in the workplace more effectively and creatively (Chen et al. 2014).

Thus distribution leadership in public sector should receive special recognition—qualitatively is completely different from information leadership. The latter, directed at leader's inspirational motivation, idealised influence, individual approach or intellectual stimulation (Bass 1985), was and is described as one of the greatest motivators of deliberate actions (Wright et al. 2008). Unfortunately, in empirical research transformation leadership does not find unequivocal justification (Kirkpatrick and Locke 1996; Grant 2012; Bellé 2014). To some degree it contributes to increase in efficiency of work, which means that with use of a selective approach it can also be used in public sector.

Deloitte's report (2010) on leadership in public sector in Great Britain shows, that it should be much better developed at all management levels, taking into account a greater insight into the organization itself, building cognitive skills, using emotional intelligence to motivate subordinates, eliminating barriers preventing the organizational structure to show leadership skills of its individual members see: Leslie and Canwell (2010a, b). For this reason, in public sector organisational myths replaced or supported by current conditions and reality are still alive (Table 4.3).

A surprising summary of male and female leadership was presented by Berg et al. (2012): managers are only humans, who are able to change something, and we should not expect too much from them. And it seems to be the opposite. If someone

Table 4.3 Strengths, myths and reality of leadership in public sector

Durable strengths	Fought myths and their consequences	The practice
Resourceful people	<p>Traditional productive approach is not applicable in public sector, since public sector is:</p> <ul style="list-style-type: none"> • Inflexible in responding to changing priorities—HR departments using the traditional approach to optimization of resources, • A long list of priorities, • Realising too many tasks with own means, • Complicated and ineffective corporate governance and accountability structure, • “Burden”—15 % of staff with performance below average, • Limited by procedures and aversion to risk-taking. 	<ul style="list-style-type: none"> • Lack of responsibility despite its bureaucratic definition; • The degree of outsourcing is still high within a portfolio of projects while own employees are also engaged in those projects (double remuneration for the same job); • Asymmetry of work efficiency and shifting it to the most hard-working individuals; • Staff policy adjusted to the needs of party politics.
Investing in human capital	<p>From the public sector business skills at the level of commercial companies cannot be expected:</p> <ul style="list-style-type: none"> • Acceptance of poor management and results of commercial and outsourced activities, • Negligent approach to outsourced activities in detachment from market reality or own set priorities, • Lack of understanding of own actions in management hierarchy, • Many managers, but too few leaders at all levels of management, • Outstanding individuals engaged in political games and “politics” instead of work, which brings effect, • Prefers complex solutions to simple, standardized and practical ones. 	<ul style="list-style-type: none"> • Inability of application of commercial practices, often accompanied by lack of understanding of what public service is • Considerable fluctuations in the staff and merely apparent treatment of the intellectual capital as the most precious resource; • Promotion is frequently impossible despite fulfilment of formal criteria • Lack of incentives regarding pay flexibility and the conditions of employment for the best employees (which results in individuals leaving the public sector and difficulty in attracting talented ones)
Motivated people	<p>Necessary actions are clear, but the system will not allow them to be realized:</p> <ul style="list-style-type: none"> • Pigeonhole approach to thinking about work and its execution, • Duplication of offices and functions, • Rare resignation from undertaken initiatives –problem of prioritizing, • Aversion to risk-taking, excessive caution, • Exaggerated tendency to spend and rigid budgets, • Parent-child relationship between the State Treasury (Ministry of 	<ul style="list-style-type: none"> • Decisions are often contingent upon procrastination and the necessity to take into consideration the contrasting interests of the state and the market, • Network and interdepartmental cooperation is low; • Difficulty in exercising real leadership; • Motivated individuals are underestimated or overload with time-consuming work marked by low effectiveness—instead of being promoted;

(continued)

Table 4.3 (continued)

Durable strengths	Fought myths and their consequences	The practice
	Finance) and departments and between the central government and the local government, • Submissive attitude and overworked managers	

Source: own, based on: K. Leslie, A. Canwell 2010, Leadership at all levels: Leading public sector organisations in an age of austerity, European Management Journal, Vol. 28, p. 300. See also: *Leadership at all levels. Leading public-sector organisations in an age of austerity*, Deloitte 2010, London, p. 4

has become a manager, then more should be expected from him. If someone is not fit for the role, he should simply resign or be dismissed.

Usually leadership in public management has connotations typical for political relations and is associated with the ability to use power and influence (Yukl 2010). Leaders in public administration may and should draw from all inspiring practices, all kinds of organisations, which have succeeded or are successful. Whereas extent of copying those solutions always has to be individually determined or moderated. In this context it is worth proposing a public organisation leadership Decalogue inspired by and based on Silicon Valley leadership Decalogue (Cagan 2014).

- (a) change the world through changing the state—by inspiring and passion of your team for strong vision of sustainable development,
- (b) know what you cannot know,
- (c) know what your domestic and international opponents cannot know,
- (d) make the core of your competences discovering and skill of practical implementation of new innovative visions, systemic changes in actions,
- (e) create and strengthen purpose and task teams of co-workers (executive level: minister, Secretary of State, Under Secretary of State, along with supplying the institution with human resources and advisory and expert forces, both internal and external),
- (f) focus on results, not system solutions,
- (g) election program and strategic programs must be implemented with consistency from the first day of exercising authority—it builds commitment, sense of public service, and in particular public trust,
- (h) support real cooperation by criticising and draw consequences from apparent and ineffective cooperation,
- (i) search for new ad hoc and final solutions for the situation,
- (j) care for and promote culture of innovation through broad engagement and supporting subordinates and society.

Leadership is not achieved only through the fact of taking the position in given time. Leadership requires ability to listen, making good and wise judgements

under moral compass, inspiring others, and what is most important—persistent pursuit of the goal (Maidique et al. 2014). This means, that the more effective leadership style in a long period is democratic one, as opposed to autocratic, which may increase efficiency, but only for a short time (Bass 2008).

Public sector leader must know that to both global and national stakeholders it does not matter much of how many organisational levels the organisation consist and how the strategy and mission of the organisation are realised. What counts, is which possibilities the organisation has (including state as a whole), how in fact, not declaratively, it reacts to change in social needs and whether it shows ability to innovate (Ulrich and Smallwood 2012).

Top level executive leadership (CEO—Chief Executive Officer) especially in the form of general managers, vice-ministers and Prime Minister should be characterised with six main managerial competences:

- (a) Self-awareness—understanding and knowing oneself. Integrity of presented values, honesty towards oneself, trusting own instinct, answering the questions: who am I and who I am not? What are my strengths and weaknesses?
- (b) Moral compass—being guided by high standards and norms in making decisions: honesty, reliability, sensibility, trust, confidence. Moral compass should also accompany selected co-workers.
- (c) Effective listener—ability to listen is the key ability in developing relationships, solving problems and making decisions.
- (d) Good judgement—without good judgement of decisions, situations, events one cannot be a good leader. A significant role here play own personality, presented values and ability of really listening and drawing conclusions.
- (e) Convincing visionary and communicator—having a vision is not enough, one needs to communicate it properly—on one hand inspiring, on the other—motivating.
- (f) Leading with tenacity—hard, persistent and systematic work, especially in the face of obstacles and failures (Maidique et al. 2014) (where hard work should be associated with consequence of advertised and carried out actions, personal engagement at necessary and desired level and such delegation of decision making privileges, which will ensure efficient realisation of tasks).

Too often the leader is associated with a single leader, one-person hero of individualist approach identified with heroism in times of crisis (Senge 2002). More often leadership can be related to collective learning and acting, the example of which is development of scattered leadership. Still in mid-twentieth century Cecil Gibb wrote, that leadership is a function of a group and its values in achieving the intended goal, and importance should be attributed to the quality of the very group (1947, Gibb 1954a, b, Thorpe et al. 2011). From today's, twenty-first century, perspective it is justified to talk about leadership of global citizen, who acts in global world. Both in the sphere of real national and institutional (especially

governmental) economy it leads to systemic change in society through cooperation with others (Gitsham et al. 2012). Thus evolution of the role of leadership developed in business should be some kind of necessary knowledge in public sphere (Gitsham et al. 2012):

- (a) the need for a different perception of the leaders and the goals they are facing:
 - leaders of each sphere of activity (civil society, business, politics) should cooperate in order to cope with social challenges,
 - a key factor in creating value should be solving social problems as a main activity,
 - knowledge of the details is crucial for understanding of social processes and allows proper response.

- (b) large changes in the industry:
 - the need to recognize the trends and their impact on basic activities,
 - need to create the conditions for automatic emergence of leadership,
 - inspiring and encouraging innovation,
 - use of language and symbolism,
 - influence on organizational culture,
 - creation of appropriate metrics,
 - rewarding positive behaviour in the context of ability to recognize what is positive and what is not,
 - keeping own beliefs, especially in the face of issues affecting personal interests,
 - effective provision of support at any time when necessary.

- (c) leading changes outside own core business:
 - participation in public debate, obtaining information,
 - influencing consumer behaviour change, industries or government policy,
 - engagement in dialogue and the problems of other people to be able to understand them from own point of view,
 - extensive cooperation with many parties (in different groups of views and spheres of belonging).

In the *Worldwide Index of Women* (2013) regarding public sector leaders it is rightfully noticed, that it is extremely important who leads the public sector, since this decides each day about millions of people, their welfare and protection of the most vulnerable. However, surprising may be the attempt of forcing access to higher managerial positions under broad women's empowerment campaign. The

fact, that woman and man have the same social rights is simply a fact, at least in democratic culture and tradition. The main key of selection cannot thus be a parity, which would decide which percentage of managers should be women and men. That would be a nonsense and artificial paralysis of possibility of effective management. Might as well happen that the government or the management of the ministry (or a state-owned company) would be in majority staffed only by women; however, this may not be due to parity, but due to free and objective will of chief manager/leader of the organization (including state). It is extremely important in politics, where we can find more and more worse sort of celebrities without basic competences and skills, who often are not able to properly form a sentence, not mentioning the reliable performance of assigned tasks. Inappropriate, thus deprived from rationality in judgement, choice of the other person results from the fact, that political leaders have been long using sociotechnics and organised strategies facilitating influencing the public (Jacob 2014) to achieve and keep authority.

It needs to be noticed, that in the G20 group representation of female leaders in public sector is the largest in Canada (45 %), Australia (37 %) and Great Britain (35 %) and the lowest in Saudi Arabia (0 %), Japan (2.5 %) and India (7.7 %). At the same time the share of women in ministerial positions is the largest in South Africa (40 %), Germany (33 %) and Canada (27 %) and the lowest in Saudi Arabia (0 %), Turkey (4 %) and India (10 %). Such vast differences between extreme values result from the fact, that in states leading in share of women in managerial positions the legal parities apply, which are not raised despite the declarative approach of further promotion of equality (Worldwide Index of Women 2013). Of course zero share of women in managerial structures in Saudi Arabia results from cultural conditions and generally applied Islamic law, according to which women have never been equally treated. But even in this country things are changing. In 2009 the government appointed the first women in the rank of deputy minister responsible for education of women, and the fact that the public sector employs 30 % of well-educated women (Islam 2014) may give hope for slow, but necessary changes.

4.3 Global Crisis of Public Leadership

Global leadership is basically necessary to introduce and carry out systematic execution of processes in three main areas (Shafik 2013):

- (a) coordination of macroeconomic policy—e.g. through coordinated cooperation of central banks in equal reduction of interest rates or provision of liquidity on financial markets: active cooperation and G20 consensus on fiscal policy; development of unconventional methods of realisation of monetary policy and management of side-effects of public debt accumulated in recent years by various states,
- (b) global financial regulations, which will restore trust in financial markets providing safety and transparency in global system. A special role in this process will have the Financial Stability Council as an international

Table 4.4 Metaphorical illustration of the apparent territorial boundaries in global world

A	B	C	D	E
F	G	H	I	J
K	L	M	N	O
P	Q	R	S	T
U	V	W	X	Y
Z	+n	+n	+n	+n

Source: own, on the basis of: H. Agné 2010, *Why democracy must be global: self-founding and democratic intervention*, “International Theory”, Vol. 2, Issue 3, November, p. 395

- financial market supervisory authority. Other challenges are further fight with unofficial banking, more effective control framework for large banks, strengthening security of the derivatives market and conditions for implementation of full banking union,
- (c) strengthening of regional and global security networks—especially through increase of allocation of Special Drawing Rights (SDR), tripling the size of money resources of the International Monetary Fund and further strengthening the multinational stabilization mechanisms.

Such approach is congruent with the most optimistic scenario, which was developed within three scenarios of global economic management to 2020 by Global Public Policy Institute (Berlin) in cooperation with Princeton University, Brookings Institution, Hertie School of Governance, Fudan University and Shanghai Academy of Social Sciences. The scenario refers to regulated world through increase of interactions in improved financial management, sustainable economic growth based mostly on emerging economies and improvement and strengthening of American and Chinese relationships (by reducing Chinese dollar reserves and correcting global commercial imbalances) (Arnold et al. 2011).

The world requires global leadership, since the state boundaries are more and more theoretical than practical. A good representation here is the alphabetical system showing, that individual states (A, B, C, etc.) are not able to achieve anything or will achieve a little when acting alone—just like it is impossible to make a sentence with only a part of letters of the alphabet (Table 4.4)

Thinking in these categories means, that public leadership needs to be built on the state scene, but mostly through actions on the international scene, making feedback possible. If we assume, that the state from the point of view of organisation can be compared to large corporation, then it is important to search for such leaders for state’s main managerial positions, who would fit into the conception of level 5 leadership proposed by J. C. Collins and J. I. Porras (Fig. 4.1).

First level are skilled executioners contributing to the development of organisation through use of their knowledge and skills. Second level enables team cooperation contributing to general success. Third level contributes to efficient realisation of intended goals through proper organisation and distribution of owned resources. Fourth level belongs to the sphere of results, motivating the subordinates to achieve better results. Fifth level (the so-called fifth level specialist)

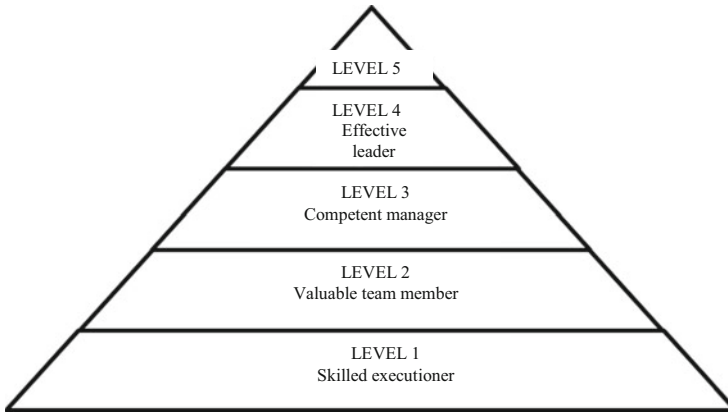


Fig. 4.1 Leadership skills according to J. C. Collins and J. I. Porras. *Source:* J.C. Collins, J.I. Porras 2003, *Od dobrego do wielkiego*, SPM Projekt, Wrocław, p. 35

is able to build socio-economic position of the organisation (including state) in a long term and in a permanent manner. In particular it should concern Prime Minister, but other ministers responsible for key ministries, especially finance, economy and foreign affairs as well. Of course it does not mean that the Prime Minister is the leader of this level by virtue of office. In extreme cases (but not so rare) he may not even be a skilful executioner. This level though is characterised by high competences and skills, and determination to achieve intended goals (which he usually achieves). Nonetheless, shows greater modesty, full responsibility—especially in the absence of achievement of tasks (or their inadequate implementation). The results of his work depend to a large extent from engagement (and skilful delegation of rights), but does not use own charisma to motivate subordinates. Only this level of leadership enables uplifting the organisation from mediocrity to excellence, on condition that the period of leadership allows realisation of established goals (Collins and Porras 2003).

However, today instead of leadership we may observe a global leadership crisis. In the United States, which are still perceived as global economic and military leader, in 1958–2013 public trust for government dwindled from 73 to 19 % (*Public Trust in Government 1958–2013* 2014). In the National Leadership Index developed by Harvard Kennedy School this trend for the USA since second half of 2007 remains much below minimum for the state. As many as 69 % of Americans admit that they are experiencing the leadership crisis in the country and 70 % notices that without better leaders than the present ones the United States will lose as a nation. The Congress of USA, financial markets (Wall Street) and media are perceived as the sectors of activity, whose leaders enjoy the least social trust. At the same time the 66 % of respondents see parliamentary elections as the best form of aid in increasing the effectiveness of American leadership (*National Leadership Index*

Table 4.5 Official revenue of political leaders in selected states in 2013

No.	State	Performed function	Annual salary (USD)
1.	Singapore	Prime Minister	1,500,000
2.	Kenya	Prime Minister	427,886
3.	United States	President	400,000
4.	Germany	Chancellor	388,600
5.	Russia	President	175,678
6.	Poland	Prime Minister	80,516 ^a
7.	Turkey	Prime Minister	73,500
8.	Slovenia	Prime Minister	48,240
9.	Belarus	President	33,873
10.	Afghanistan	President	6300

^aData for 2012

Source: own, on the basis of: M. Werman, *Salaries of Heads-of-State Around the World*, <http://www.pri.org/stories/2013-04-04/salaries-heads-state-around-world>; Salary, <http://www.paywizard.org/main/salary/vip-check/world-leaders-salaries>; financial statement of Prime Minister Donald Tusk of 26.03.2013

2012. *A national study of confidence in leadership* 2012) by taking formal attributes from one and allocating them in another group of representatives.

Also in the European Union a similar downward trend is observed. By the end of 2013 as many as 73 % of Europeans declared lack of trust in own governments and 70 %—lack of trust in national parliaments. The downward trend in trust in the European Union as a whole. In 2004 the level of trust was 50 % and in 2013—only 31 % (*Public Opinion in the European Union 2013*). It can even be talked about the global decrease in trust in governments of individual states and their politicians. It results from a general political cynicism, mutual distrust and finally crisis of governance, which directly worsens the abilities of institutional management (Cheung 2013). Research of Van de Walle and Jilke (2014) proved, that lower trust in the government is an expression of political reluctance associated with preference for reducing expenditure and conviction that the government is not able to invest wisely and tries to stimulate the economy.

In such situation one should ask: what is happening, that the support systematically dwindles? People in public sector are after all motivated by cadence safety of performing their function, carrier, possibility of development or pension system (Perry and Hondelghem 2008). On the other hand, the material motivators reflected in national salary systems vary. Their significant disproportions on executive positions usually (but not always) reflect the top boundaries of income in public sector of the state (apart from State Treasury)—Table 4.5.

As we can see, income of President of Afghanistan is disproportionate to salary of President of Russia, who, however, in official salary statistics is far behind Prime Minister of Singapore, but it is he (President of Russia) who is considered one of the richest people in the world (Bershidsky 2013).

Material motivation in public organisations cannot be too low, since responsibility of the state boss can hardly be compared to responsibility of a manager, even

of the largest corporation. In the first case it is much higher. Expectations and call for public service should be a standard, but should not be done at the expense of the very low salary inadequate to tasks. Firstly, it at once excludes a group of people due to their disproportionately more favourable financial situation in the private sector. Secondly, for some it is a challenge and search for possibilities of not always legal increase of agreed salary. Thirdly, as Siltala (2013) claims, the altruist service to others may be expected from moral masochists, with conviction that infinitely more should be expected for less and less.

It is legitimate to present here the selected examples of political leadership crisis (Table 4.6) where lack of action or inappropriate reactions to the crisis situation will lead (or have led) to reduction of authority potential. They proved limited capabilities of influencing the real course of events, thus reducing the strained authority and consequently delegitimising it to some extent.

One of a few states in the world, which confirmed and maintained political leadership in recent years is certainly Japan. The former Prime Minister Naoto Kan together with democratic party proved that in the face of the greatest catastrophe in post-war Japan, which was the Fukushima nuclear power plant accident in 2011, and passed the test of leadership. Accepted in this process and strongly criticised micromanagement protected the country from much worse catastrophe. At the same time the example proves, that the general lack of information and provision of false and speculative information in media communicates can be a source of large distortions in actual recounting the events and unjust internal and international criticism (Parker 2014). It is much easier for the leaders to realise tasks, if they are convinced about advantageous influence of transferred information on the whole state through positive influence on public opinion (Combs and Holladay 2014). However, it is not about distorting the course of events according to point of view of the authority, but about journalists communicating reliable information about what the situation is instead of what someone thinks it is.

Leadership, political in particular, requires trust. Lack of it undermines or even destroys relationships among the members of a given society, impeding or preventing development and common achievement of intended goals of organisation or state or integrative grouping of states. Also the order of global economic management, understood as a set of formal and informal principles regulating processes of global economy and relations of authorities and then coordination, monitoring and execution of those principles, is changing (Drezner 2014).

It needs to be remembered, that our leadership always regards people and specific events, in the face of which someone may be called a leader and someone does not deserve such definition. Lack of leadership or insufficient leadership at the level of nation states will always inspire to create another, competitive business or criminal leadership focused on other priorities than common good.

Table 4.6 Selected examples of political leadership crisis in the world

No.	State/ territory	Crisis/event	Description
1.	World	Lack of global leadership	Voluntary withdrawal of the US from the function of a global leader; currently both China and Europe are not prepared for and interested in performing such a function, which contributes to global multi-polarity and growth of the role of actors other than the democratic states.
2.	Europe	2008+ crisis; notorious conflicts of interest of the EU states	2008+ crisis revealed, that the EU institutions act as façade; lack of mechanisms and political will to create a real European leadership within geopolitical thinking; illusiveness of sanctions in the case of Russian separatist armed attack on Ukraine.
3.	Africa	Complete lack of liability	Lack of progressive people of the government; degree of corruption among its representatives leads to permanent asymmetry and actions in what can be achieved and what is actually being achieved and pronounced as a success.
4.	China	Lack of internal trust	The greatest gap in trust between government and government officers (47 %) ^a ; internal struggles among communist party fractions for political and economic influences.
5.	Russia	Complex of former grandeur; superficiality of leadership	Constant Russian endeavours for gaining power status; common corruption, disinformation of the society, crime among authorities, military attack on Ukraine; attempt to restore former balance of powers e.g. through military and political support for Syria.
6.	India	Lack of team cooperation in government; conflict of interests	Subjective use of authority for own, particular interests by various groups; government representatives lack talent and proper skills.
7.	Poland	Lack of ability to use national human capital	Creating internal enemy; party leadership instead of global one; lack of long-term perspective of collective cooperation for achieving position of leader in Central and Eastern Europe and due economic position in EU.

^aSee: Edelman Trust Barometer 2013

Source: own

4.4 Information and Disinformation: Key Tools of State Management

Information has always been a valuable and searched for good. Under this notion from the semantic content perspective Floridi (2011) understands “well-formed, sensible and truthful data”. In such reference, the citizens need information regardless of whether they represent households, enterprises or state institutional system. Information allows hearing arguments called by various parties to the public debate, defines their readability and compliance with the truth (at least apparent). It allows to develop own judgement, inspire to make a decision and in consequence—action (van de Pass 2014).

Starting from eighteenth century, many states started to appoint official statistic systems, which were the source of some information for both the rulers and the people. Even then it was understood what force stems from information. In Poland the Great Sejm (Four-Year Sejm 1788–1792) appointed the Enumeration Commission, whose task was to provide demographic and financial information (public, private) about the society. The goal of it all was to reform the state in effective instead of accidental manner. Then the first Census of population and housing in Europe was conducted—after the demographic census in the United States it was second in the world. As soon as Poland regained its independence after 123 years (1918), the Central Statistical Office (CSO) was established, who was one of the best organizations of this kind in the world (CSO formal appointment took place a few months prior to regaining independence, i.e. on 13 July 1918). Not many remember, but in the genealogical tree of international statisticians it is the Pole, Jerzy Spława-Nejman (1894–1981), who is considered world’s best statistician (*Rola informacji w funkcjonowaniu państwa* 2012). In a number of works on set theory and probability calculus he focused on hypotheses verification methods and introduced the concept of the confidence interval (basic interval estimation tool) in science (*Statistics in Transitions* 2012).

People responsible for public management must gain, process and use information, both for current activities focused in performing assigned tasks, and for effective leading. This is done by converting data into information, and information into knowledge.

Data is a fundamental component in decision-making and planning process. However, to transform data into useful information, one needs to understand which works have to be done and which range of data to be used. Establishing heritage of data and assessment of their timeliness and quality are critical and complex part of the process. As a result managers of any, not only public, organisation must cope with four basic challenges in terms of data:

- (a) quality of data—in terms of their usefulness in certain use. From the manager’s perspective the skill of good data management must result from analytical and organisational perspective. One should understand the nature of data, be able to identify factors influencing its quality, and estimate costs associated with obtaining or maintaining them.

- (b) data standards, which increase transparency, value and usefulness of government information. The data should be standardised so their use in various data wholesale and IT systems was compatible. The more scattered systems, which are not able to cooperate, the more barriers in all access processes, analysis and use of data.
- (c) Meta data, which allows data aggregation creating “data about data” or “information about information”. It is thanks to metadata, where we can find all data and information referring to source, explanation, that one can effectively find necessary data or information.
- (d) context of data—possibility of creating information and contextual knowledge. Certain data can be effectively used only when data user or manager knows their context—what they serve or can serve. This way created and used contextual knowledge is mostly generated through years of practice and experience in the given thematic area (Dawes 2008).

Thus “the technical and organisational progress in information management and communication should be perceived not only as the rationalisation factor and increase of efficiency of functioning of organisation and stimulator of changes in organisational culture conducive to the development of knowledge and innovation” (Borowiecki and Czekaj 2012, p. 287, translated).

It needs to be remembered that the data does not include pretence to truth, while information should (De George 2003). Inaccurate information does not have to be inaccurate on purpose. It may result from many objective factors, and in the opinion of information holder may be intentionally accurate. At the other hand, disinformation includes element of intention, is inaccurate as a result of desire of purposeful confusion of another user (Walsh 2010). In the literature of subject one may encounter approaches differentiating semantic content value, which were accidentally damaged and become false information from those, which are to be damaged on purpose—disinformation (Fallis 2011).

More frequently, though, in various channels of mass media we may observe phenomena of individual and integrated disinformation, whose goal is to confuse recipients according to the principle of “words cannot have any connection with the operation (...). Words are one thing and actions another. Good words are a mask hiding bad deeds” (*The Communist Conspiracy: Strategy and Tactics of World Communism* 1956).

It seems that such art of disinformation, developed particularly intensively throughout decades in the Soviet Union, was properly described in *Wielka Encyklopedia Sowiecka*, where this term is defined as “distribution of false data by radio and press to mislead public opinion” (Golicyn 2007, translated). As a part of development of other ICT, distributing such data takes place especially via the Internet and television. Disinformation is an expression of the adoption of a program, the canon of conduct, which aims “to replace the consciousness, and above all in the subconsciousness of the targeted population, a certain content, recognized by the misinforming authority to be inappropriate, with others that it considers to be right” (Volkoff 1991, p. 8, translated).

A. Golitsyn (2009) states, that at least six strategies are used as public opinion motivation tools to support communist system:

- (a) the first strategy—related to operation in developed industrial states and directed at propaganda actions to create communist-oriented socialist Europe,
- (b) second strategy—related to unity of operations in developing countries (Latin America, Asia, Africa) through support of supporting national liberation movements and reducing the influence of Western countries,
- (c) third strategy—related to the change in public awareness of the military potential of the USSR,
- (d) fourth strategy—engaged in undermining and reducing non-Communist countries ideological resistance to the Soviet Union; calculated anti-Soviet ratio,
- (e) fifth strategy—so-called disinformation programme, which consists in calculating the Sino-Soviet split,
- (f) sixth strategy—the most significant; directed at creating a semblance of democracy in the context of the political and economic consolidation of the former Eastern bloc countries.

A special disinformation pattern used today in many democratic states is “Façade and Strength” created for the former totalitarian rule in every communist system. This pattern says, that if the authority is in crisis, is weak, the management is separated and compromised, a logical disinformation pattern is hiding the very fact of crisis and its size, drawing attention to other problems and presenting the situation in the country and abroad as positively as possible (Golitsyn, *New Lies for Old*). Information that may harm the authority, are significantly detracted or ignored, and the beneficial information exaggerated. The real problems are usually not discussed in the mass media, and if so, then very briefly. Propaganda of lies itself becomes a political form of governing. Official statistics are hidden or adjusted to current needs of media communicates, according to methodology, which does not even try to be reliable. All weaknesses of the government, also those of pathological nature, are meticulously covered or presented as successes or strong sides (Golicyn 2007).

In disinformation social tension discharge mechanisms proposed by Geertz (2005) are used, which consist of:

- (a) cathartic mechanism—where comes to creation of public enemies, transferring all liability for crisis situations on them, including the alleged weakening of the functioning of government and political system,
- (b) moral mechanism—of attempt of notorious denial of the existence of a society and the creation of an alternate reality,
- (c) solidarity mechanism—of integration of society around certain ideology, whose aim is to create social bonds. It can be combined with cathartic mechanism, where the enemy is idealised and presented in the they-we line,

- (d) advocate mechanism—whose aim is solving conflicts and reaching agreement. It is based on earlier escalation of tensions and extortion of activities by influencing public opinion.

In order to improve credibility of disinformation processes, special and standard operations are carried out:

- (a) set up interviews—in the press, radio, television, social media—deliberately chosen interlocutors are invited to create the topic. The authority of the interlocutor, affiliated with a scientific title or rank, and the fact that he is known for exactly that—is to create the image of a person as the authority, person as a nation's conscience, person as a social advisor. In a word, it is about purposeful introduction of changes in attitudes and personalities of the recipients, who have the chance to get to know the communicate. It can be compared to managerial culture based on produced gurus, who are read, listened to and watched, because they do not require reflectivity, use simple, but approachable language, introduce infectious ideas and distract from important issues (Sułkowski 2011),
- (b) purposeful creation of fake problems—and then solving them (false efficiency of actions), at the same time distracting from important issues,
- (c) combining truth with a lie—to present convenient version of the events, where a part of information is objective (sometimes majority), but only a part is not compliant with the set of facts (is false according to logical value),
- (d) neutralisation of threat tactic—namely neutralising not yet published information compliant with the set of facts (true) which is to be released (e.g. special services have prior information about the event; the publication of a book or article in response to another book or article that appeared or is forthcoming in the near future) (see Rankin 2009),
- (e) influence on the individual—there are formal and informal attempts of persuasive (rarely coercive) influence on various environments in the society (e.g. students, entrepreneurs, scientists, journalists). The aim of such actions is to prevent spreading of criticism for government's actions or voicing opinions undermining other, established over the years. An example of such actions on mass scale i.e. in the US is torpedoing any people or information researching the Intelligent Design theory (Gewin 2005),
- (f) Isolation and marginalisation of individuals and social groups, who criticise the government. Its manifestation is the practices of blocking the information flow, mobbing the employee in the workplace—most often focused on psychological torment, which aims to eliminate the person from the team of co-workers.

It can be pointed out, that the aim of disinformation is such use of certain tactics causing in the recipient the effect of ignorance of choice—both through using and

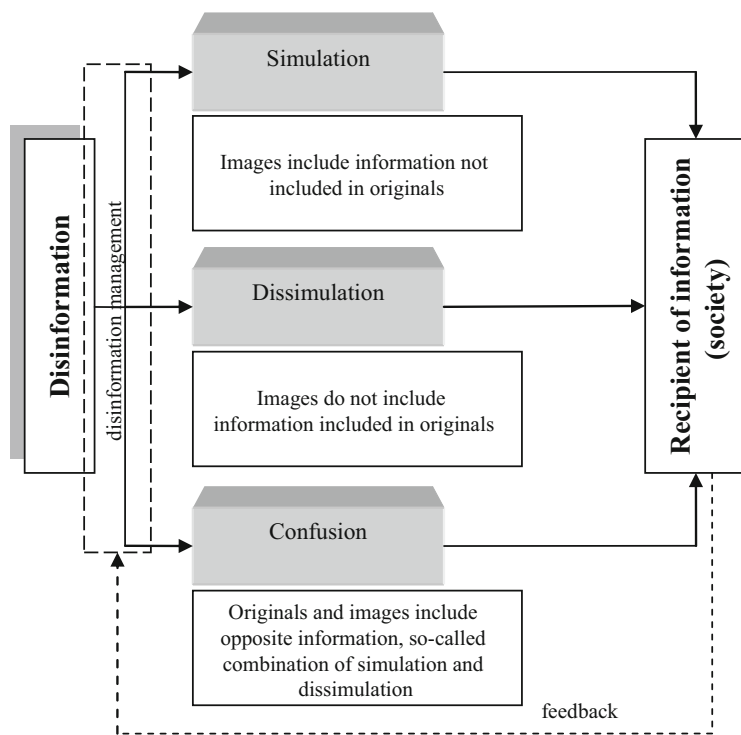


Fig. 4.2 Basic communication processes of misinforming recipient in state governance. *Source:* own on the basis of: M. Mazur 1967, *Informacja—dezinformacja—pseudoinformacja*, “Argumenty”, R. 11, nr 22 (468), p. 1, 6–7

spreading the false information (disinformation), conscious limitation of access to information (censorship) and sponsoring and presenting true information selected for the interests of the manipulating person or group. The last tactic of this kind is to cause the information overload, which causes the recipient to lose interest in own evaluation and interpretation of given phenomena and relies on the evaluation proposed by manipulating lobby (Goodin 1980).

In general, three disinformation processes can be distinguished, which include simulation, dissimulation and confusion (Fig. 4.2)

It became significant, that in twenty-first century state media has drastically changed its status when it comes to supporting or destroying authority. From the so-called fourth authority they are becoming the first one. Media create, promote or destroy politicians or lobby. R. Kapuściński rightly noticed, that previous social discontent illustrated by assault on the parliament, turned into an assault on the capture of the mass media: “the subject of attack is not the palace, but a TV building. It proves best, where the reign of souls has moved, which emphasises, that who owns television rules the state light and sound, image and movement,

magic of those elements combined—this is the kingdom, where a person lives more enslaved than in feudal times” (1997, pp. 57–58, translated).

People or organisations (including state ones) under the process of disinformation instead of looking for disinformation patterns or quarantine the sources, very often focus mainly on overthrowing a given piece of information (Mack et al. 2007). We need to remember, that manipulating the information has always been the main element of decision-making processes (Demetis 2009). It has created economic turnover, social relations, motivation and leadership processes, and in the time of constant development of technology and mass media will be more sophisticated and more difficult to identify the sources.

References

- Agné, H. (2010). Why democracy must be global: Self-founding and democratic intervention. *International Theory*, 2(3), 381–409.
- Arnold, K. M., Breul, R., Lou, Y., Mylavarapu, S., von Roda, A. G., & Sibal, D. R. (2011). *Facing the challenges. Three scenarios for global economic governance in 2020*. Berlin: Global Public Policy Institute.
- Barker, R. (2001). The nature of leadership. *Human Relations*, 54, 469–494.
- Bass, B. M. (1985). *Leadership and performance beyond expectations*. New York, NY: Free Press.
- Bass, B. M. (2008). *Bass handbook of leadership: Theory, research, and managerial applications* (p. 445). New York, NY: Free Press.
- Bellé, N. (2014). Leading to make a difference: A field experiment on the performance effects of transformational leadership, perceived social impact, and public service motivation. *Journal of Public Administration Research and Theory*, 24(1), 109–136.
- Berg, E., Barry, J., & Chandler, J. (2012). Changing leadership and gender in public sector organization. *British Journal of Management, British Academy of Management*, 23, 412.
- Bershidsky, L. (2013, September 17). Vladimir Putin, the richest man on earth. *Bloomberg View*.
- Bolden, R. (2011). Distributed leadership in organizations: A review of theory and research. *International Journal of Management Reviews*, 13(3), 251–269.
- Bontis, N. (2002). Managing organizational knowledge by diagnosing intellectual capital: Framing and advancing the state of the field. In C. W. Choo & N. Bontis (Eds.), *The strategic management of intellectual capital and organizational knowledge (Issue 1)* (Vol. 5, pp. 13–39). Oxford: Oxford University Press.
- Bontis, N. (2004). National Intellectual Capital Index. A United Nations initiative for the Arab region. *Journal of Intellectual Capital*, 5(1), 13–39.
- Borowiecki, R., & Czekaj, J. (2012). Uwagi końcowe. In *Zarządzanie informacją i komunikacja w organizacjach gospodarczych i instytucjach sektora publicznego* (p. 287). Toruń: Towarzystwo Naukowe Organizacji i Kierownictwa, Dom Organizatora.
- Bossi, A. (2003). *La medición del capital intelectual en el sector público*. Ph.D. research, University of Zaragoza, Zaragoza, p. 212.
- Cabrita, M., & Vaz, J. (2006). Intellectual capital and value creation: evidence from the Portuguese banking industry. *Electronic Journal of Knowledge Management*, 4(1), 11–20.
- Cagan, M. (2014). Leadership lessons from Silicon Valley. *Leader to Leader*, 71, 19–24.
- Chen, C. C., Zhang, A. Y., & Wang, H. (2014). Enhancing the effects of power sharing on psychological empowerment: The roles of management control and power distance orientation. *Management and Organizational Review*, 10(1), 137.
- Cheung, A. B. L. (2013). Public governance reform in Hong Kong: Rebuilding trust and governability. *International Journal of Public Sector Management*, 26(5), 433.
- Collins, J. C., & Porras, J. I. (2003). *Od dobrego do wielkiego*. Wrocław: SPM Projekt.

- Combs, W. T., & Holladay, S. J. (2014). How public react to crisis communication efforts. *Journal of Communication Management, 18*(1), 40.
- Dawes, S. S. (2008). Introduction to digital government. Research in public policy and management. In H. Chen, L. Brandt, V. Gregg, R. Traunmuller, S. Dawesa, E. Hovy, A. Macintosh, & C. A. Larson (Eds.), *Digital government. E-government research, Case studies, and implementation* (pp. 116–118). New York, NY: Springer.
- De George, R. T. (2003). *The ethics of information technology and business*. Oxford: Blackwell.
- Demetis, D. S. (2009). Data growth, the new order of information manipulation and consequences for the AML/ATF domains. *Journal of Money Laundering Control, 12*(4), 354.
- De-Silva, T. A., Stratford, M., & Clark, M. (2014). Intellectual capital reporting: A longitudinal study of New Zealand companies. *Journal of Intellectual Capital, 15*(1), 158.
- Drezner, D. W. (2014). The system worked: Global economic governance during the great recession. *World Politics, 66*, 123.
- Dumay, J., Rooney, J., & Marini, L. (2013). An intellectual capital-based differentiation theory of innovation practice. *Journal of Intellectual Capital, 14*(4), 626.
- Edvinsson, L. (2013). IC21: Reflections from 21 years of IC practice and theory. *Journal of Intellectual Capital, 14*(1), 165–171.
- Fallis, D. (2011). Floridi on disinformation. *Ethics & Politics, 13*(2), 204.
- Floridi, L. (2011). *The philosophy of information* (p. 80). Oxford: Oxford University Press.
- Geertz, C. (2005). *Interpretacja kultur. Wybrane eseje* (pp. 236–237). Kraków: Wydawnictwo Uniwersytetu Jagiellońskiego.
- Gewin, V. (2005). Scientists attacks Bush over intelligent design. *Nature, 436*(70–72), 761–762.
- Gibb, C. A. (1954a). Leadership. In G. Lindzey (Ed.), *Handbook of social psychology* (Vol. 2). Reading, MA: Addison-Wesley.
- Gibb, C. A. (1954b). Leadership. In G. Lindzey (Ed.), *Handbook of social psychology* (Vol. 2, p. 844). Reading, MA: Addison-Wesley.
- Gitsham, M., Wackrill, J., Baxter, G., & Pegg, M. (2012). *Leadership in a rapidly changing world. How business leaders are reframing success* (pp. 2–27). Hertfordshire: Ashridge Business School.
- Golicyn, A. (2007). *Nowe kłamstwa w miejsce starych* (pp. 5–23). Warszawa: Biblioteka Służby Kontrwywiadu Wojskowego.
- Golitsyn, A. (2009). *New lies for old, 1*(12), 263–265.
- Goodin, R. E. (1980). *Manipulatory politics* (pp. 38–39). London: Yale University Press.
- Grant, A. M. (2012). Leading with meaning: Beneficiary contract, prosocial impact, and the performance effects of transformational leadership. *Academy of Management Journal, 55*, 458–476.
- Hosking, D. M. (1998). Organising, leadership and skillful process. *Journal of Management Studies, 25*, 147–166.
- Islam, S. I. (2014). Saudi women: Opportunities and challenges in science and technology. *Education Journal, 3*(2), 71–78.
- Jacob, R. L. (2014). The contested politics of public value. *Public Administration Review, 74*, 480.
- Kamaruddin, K., & Abeysekera, I. (2013). Literature review. In K. Kamaruddin & I. Abeysekera (Eds.), *Intellectual capital and public sector performance, Studies in managerial and financial accounting* (Vol. 27). Bingley: Emerald Group Publishing.
- Kamiński, A. Z., & Stefanowicz, J. A. (2011). Wydolność strategiczna państwa: Polska w XXI wieku. In J. Kleer, A. P. Wierzbicki, Z. Strzelecki, & L. Kuźnicki (Eds.), *Wizja przyszłości Polski. Studia i analizy, t. 1, Społeczeństwo i państwo* (p. 196). Warszawa: PAN, Komitet Prognoz Polska 2000 Plus.
- Kapuściński, R. (1997). *Lapidaria* (pp. 57–58). Warszawa: Czytelnik.
- Käpylä, J., Kujansivu, P., & Lönnqvist, A. (2013). National intellectual capital performance: a strategic approach. *Journal of Intellectual Capital, 13*(3), 350.

- Kirkpatrick, S. A., & Locke, E. A. (1996). Direct and indirect effects of three core charismatic leadership components on performance and attitudes. *Journal of Applied Psychology*, 81, 36–51.
- Kong, E., & Thomson, S. B. (2009). An intellectual capital perspective of human resource strategies and practices. *Knowledge Management Research and Practice*, 7(4), 359.
- Kujansivu, P. (2009). Is there something wrong with intellectual capital management models? *Knowledge Management Research and Practice*, 7(4), 300–307.
- Leadership at all levels. Leading public sector organisations in an age of austerity. (2010). (pp. 1–5). London: Deloitte.
- Leslie, K., & Canwell, A. (2010a). Leadership at all levels: Leading public sector organisations in an age of austerity. *European Management Journal*, 28, 297–305.
- Leslie, K., & Canwell, A. (2010b). Leadership at all levels: Leading public sector organizations in an age of austerity. *European Management Journal*, 28, 300.
- Mack, G. A., Eick, S. G., & Clark, M. A. (2007). *Models of trust and disinformation in the open press from model-driven linguistic pattern analysis*, Aerospace Conference, IEEE, p. 4.
- Maidique, M. A., Atamanik, C., & Perez, R. B. (2014). The six competencies of a CEO. *Leader to Leader*, 71, 31–36.
- Markiewicz, A. (2011). Instrukcja Hetmana Stanisława Jabłonowskiego dla synów Jana Stanisława i Aleksandra Jana z 1682r. In I. M. Dacka-Górzyńska & A. Karpiński (Eds.), *Spoteczeństwo staropolskie* (Vol. 3, pp. 39–46). Warszawa: Wydawnictwo DIG.
- Mazur, M. (1967). *Informacja—dezinformacja—pseudoinformacja*, “Argumenty”, R. 11, nr 22 (468), 1–7.
- National Leadership Index 2012. *A national study of confidence in leadership* (2012), Harvard Kennedy School, Center for Public Leadership, Harvard, pp. 1–9.
- Orens, R., Aerts, W., & Lybaert, N. (2009). Intellectual capital disclosure, cost of finance and firm value. *Management Decision*, 47(10), 1536–1554.
- Parker, C. B. (2014, June 25). *Japan’s political leadership helped save country from worst-case Fukushima disaster, Stanford researcher says*. Stanford Report.
- Perry, J., & Hondeghem, A. (2008). *Motivation in public management: The call of public service*. Oxford: Oxford University Press.
- Pretorius, A., & Coetzee, P. (2009). Perceptions on complexity of decisions involved in choosing intellectual capital assessment methods. *Electronic Journal of Knowledge Management*, 7(5), 615–626.
- Public Opinion in the European Union. (2013). European Commission, Standard Eurobarometr 80, Autumn, 5.
- Public Trust in Government 1958–2013 (2014). Pew Research Center, Washington, D.C.
- Ramirez, Y. (2010). Intellectual capital models in Spanish public sector. *Journal of Intellectual Capital*, 11(2), 259.
- Rankin, N. (2009). *Churchill’s wizards: The British genius for deception 1914–1945*. London: Faber & Faber.
- Raport o kapitale intelektualnym Polski. (2008). Zespół Doradców Strategicznych Prezesa Rady Ministrów, Warszawa, p. 6.
- Ricardis: Reporting intellectual capital to augment research, development and innovation in SMEs. (2006). European Commission, Brussels, p. 10.
- Rola informacji w funkcjonowaniu państwa. Rozmowa z prezesem Głównego Urzędu Statystycznego prof. Józefem Oleńskim. (2012). “Realia i Co Dalej”, nr 1 (27), 10.
- Senge, P. (2002). *Classic work: the leader’s new work—building learning organizations*, In D. Morey, M. T. Maybury, B. M. Thuraisingham, et al. (Eds.), *Knowledge management: classical and contemporary works* (p. 22). MIT Press, Cambridge.
- Shafik, N. (2013, December 5). *Smart governance: Solutions for today’s global economy*. Oxford: International Monetary Fund.

- Shakina, E., & Barajas, A. (2012). The relationship between intellectual capital quality and corporate performance: An empirical study of Russian and European companies. *Economic Annals*, 57(192), 79–98.
- Shakina, E., & Barajas, A. (2014). Value creation through intellectual capital in developed European markets. *Journal of Economic Studies*, 41(2), 273.
- Siltala, J. (2013). New Public Management, The evidence-based worst practice? *Administration & Society*, 45(4), 484.
- Sistema de gestión y desarrollo del capital intelectual (2004). Edited by E. Bueno, Proyecto SICAP, Centro de Investigación sobre la Sociedad del Conocimiento (CIC), Madrid, p. 129.
- Spicker, P. (2012). Leadership: perniciously vague concept. *International Journal of Public Sector Management*, 25(1), 35–36.
- Statistics in Transition. (2012, March). *An International Journal of the Polish Statistical Association*, 13(1), 169–178.
- Sułkowski, Ł. (2011). Krytyczna wizja kultury organizacyjnej. *Problemy Zarządzania*, 9, nr 4 (34), 14–15.
- The Communist Conspiracy: Strategy and Tactics of World Communism*. (1956). pt. 1, Section E, 84 Congress, 2nd Session, House Report 2244, 29 May 1956, US Government Printing Office, Washington, p. 1.
- Thorpe, R., Gold, J., & Lawler, J. (2011). Locating Distributed Leadership. *International Journal of Management Reviews*, 13, 239–250.
- Ulrich, D., & Smallwood, N. (2012). What is leadership? *Advances in Global Leadership*, 7, 15.
- van de Pass, J. (2014). A framework for public information services in the twenty-first century. *New Library World*, 114(1/2), 67–79.
- Van de Walle, S., & Jilke, S. (2014). Savings in public services after the crisis: A Multilevel analysis of public preferences in the EU27. *International Review of Administrative Sciences*, 22.
- Volkoff, V. (1991). *Dezinformacja. Oręż wojny* (p. 8). Warszawa: Delikon.
- Walsh, J. (2010). Librarians and controlling disinformation: Is multi-literacy instruction the answer? *Library Review*, 59(7), 499.
- Węziak-Białowolska, D. (2010). *Model kapitału intelektualnego regionu. Koncepcja pomiaru i jej zastosowanie* (p. 30). Warszawa: Oficyna Wydawnicza SGH.
- Whyte, M., & Zyngier, S. (2014). Applied intellectual capital management. Experiences from an Australian public sector trial of the Danish Intellectual Capital Statement. *Journal of Intellectual Capital*, 15(2), 231–242.
- Worldwide Index of Woman as Public Sector Leaders. Opening doors for women working in government* (2013), EY, New York, pp. 5–10.
- Wright, B. E., Moynihan, D. P., & Pandey, S. K. (2008). Pulling the levers: Transformational leadership, public service motivation, and mission valence. *Public Administration Review*, 72, 206–215.
- Yukl, G. (2010). *Leadership in organizations*. Upper Saddle River, NJ: Pearson.

5.1 Efficiency and Effectiveness in Control Process

Before control as management function is described, it is necessary to present basic notions, which are the essence of control, and regard mostly, but not only, effectiveness and efficiency. Here we need to notice, that due to specificity of operation of public sector it is not possible to make full measurements, especially in effectiveness of input, and single measures are not able to completely measure public organisation (Frączkiewicz-Wronka 2010b) or the whole institutional sphere of the state. Understanding these dependencies, their changes in time and relationships with stakeholders under public choice theory always have to be taken into consideration in this process.

Efficiency has always accompanied humanity. In Ancient Greece it referred to Aristotle's theory of causality: final, efficient, material and formal causes (Schipper 1998). On the other hand, Xenophon presented two variants of multiplying family wealth, which we today call static efficiency (managing available resources and avoiding losses) and dynamic efficiency (multiplying wealth through trade, speculations, thus creative entrepreneurship). Through the mechanical physics and the main trends in the economy in the twentieth century, efficiency mainly took the form of reductionist statistical treatment of the overall efficiency and erroneous assumption, that all the resources or technologies are static. The expression of such erroneous approach is i.e. criterion of Pareto's allocative effectiveness, assuming perfect competition, achievement of which is impossible due to constant disturbances in the market and general information asymmetry in trade. That is why discussing efficiency in dynamic sense, which corresponds to coordination, creative entrepreneurship and ability to develop, should be overriding, since it enables increased efficiency at micro-, mezzo- and macroorganisational level (de Soto 2010). Dynamic efficiency developed in parallel in the evolutionary economics, which assumes constant search for balance and better adaptation of the community or types of organizations to innovative actions (Głapiński 2012). Dynamic efficiency requires using rare resources in a given unit of time and between periods

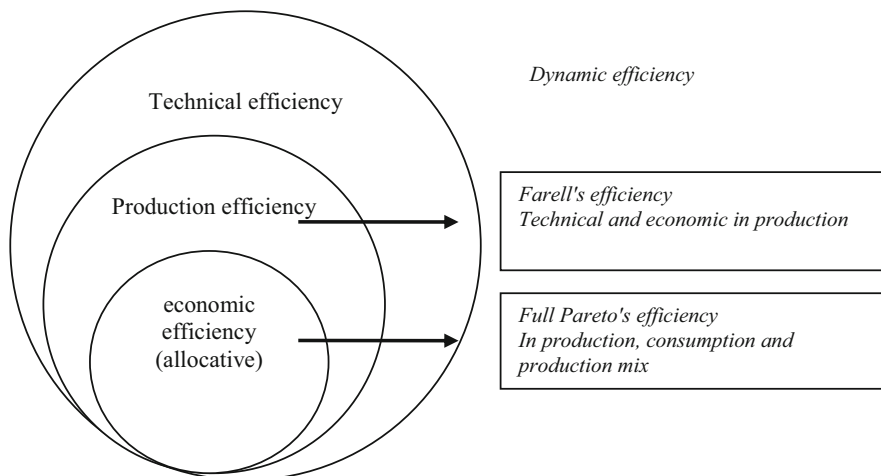


Fig. 5.1 Dependency among technical, production and allocative effectiveness. *Source:* G. Kozuń-Cieślak 2013, *Efektywność—rozważania nad istotą i typologią*, “Studia i Prace”, vol. 16, p. 23

combines technical and allocative (economic) efficiency, striving to satisfy growing and changing needs. Whereas the technical efficiency (technologically most efficient use of resources) requires the biggest possible level of production and is a necessary condition for achieving economic efficiency. Dependencies among technical, production and allocative efficiency was skillfully presented on a diagram by Venna G. Kozuń-Cieślak (Fig. 5.1).

Efficiency is a key element of development of a person and organisation through self-realisation and society’s capability of survival (Drucker 1995). It can be discussed in typically economic (presented partially above) and organisational approach. In economic approach it is identified with lack of waste (Samuelson and Nordhaus 1995) and always requires estimation of advantages (or provision of effects—cost efficiency) to confirm they are bigger than costs. “Effective actions require that net profit of taking them—namely profit after deducting costs—was positive and biggest possible” (Żylicz 2006, p. 10, translated).

Efficiency in organisational sense consists of at least seven dimensions, namely material (sales, market, global production), economic (labour productivity, fixed assets, added production, productivity per employee), systemic (innovativeness, value of investment, R&D expenditure, number of employees upgrading their skills), political (the structure of grants, subsidies, taxes, wages and working conditions in comparison with other organizations), political (consolidation/violation of socio-economic system, degrees of implementation of political interests), cultural (cultural innovativeness, compliance of organization norms with cultural ones), behavioural (staff fluctuation, sense of security, interpersonal relationships) (Bielski 1997).

Efficiency can also be measured within such ranges of meaning, as (Holstein-Beck 1997):

- (a) functionality (R. Beckhard's humanist approach)
- (b) communicativeness (D. J. Lawless's personality approach),
- (c) competence (M. Weber's organisational and bureaucratic approach)
- (d) morality (K. Obuchowski's behavioral approach)
- (e) proficiency (T. Kotarbiński's praxeological approach)
- (f) performance (H. Emerson's technical and economic approach).

Through efficiency criterion the efficiency of organisation is tested within the so-called 3E, namely efficiency—at the level of realisation of established goals, economy—in actions that can be called profitable in relation to costs, and ethics—providing actions congruent with a system of norms (axiological system) (Gasparski 2004).

Efficiency identified with public sector (governmental and local government institutions) relates to set of economic relations in the form of financial flows among all participants of legally designated tasks, accuracy of selection of these relationships in distribution and exchange of goods and services (Sochacka-Krysiak 2009).

Effectiveness on the other hand should lead to the outcome set as a goal, facilitating or making its achievement possible—in full or partial sense (Kotarbiński 1958) with connection to the policy of the organisation (Zheng et al. 2010). In general sense it regards the quality, production, sales, creating added value, cost reduction and innovation.

Effectiveness requires craftsmanship and capacity to give shape to different political environments. Manager effective in public management is the one, who shapes reality instead of being shaped by it. Can quickly re-orient established goals and priorities, if the course of events requires it. Can influence people in such a way, that they act in a desired direction. Finally, he needs to have the most accurate and the latest information about ongoing events from the point of view of list of priorities, which means that he should have competent co-workers, who will deal with the analysis of information, creating a ready-made conclusions—as a starting point for discussion and decision-making. From the most effective managers in public sphere it should be expected, that they will act cautiously due to consequences of their actions, but will not fall into inertia. They must be able to assess, when taking risk is profitable and when necessary. Especially important in effectiveness is accepting flexibility of actions (in broad borders) as some natural form of action and the fact, that conflict is one of natural forms of achieving goals. Public sphere managers cannot be afraid of in their (and even other people's) opinion artificially established restrictions and barriers, since each prepared or protected risk increases individual value, and in particular organisational one (Cohen 1993).

Does being effective mean formulating tasks with insufficient levels of difficulty in planning process and achieving these tasks within realisation of goals? Certainly not. Thus effectiveness requires self-awareness, adopting appropriate plans and measures of their implementation based on sensible analysis, systematic analysis

of trends and operational feasibility control, and finally measuring the degree of achieving the goal.

5.2 Control as Management Function

Control in management from the point of view of enterprises is seen as the occasion for cost analysis, optimisation of actions and increase of market competitiveness. In public administration it should provide legality and legal correctness, economicality, performance or effectiveness. Political will should mean endeavours to evaluate administrative results, which would be compared among public organisations, since it enables efficiency measurement (Battistelli and Ricotta 2005). “Control is such regulation of organisation’s actions, which makes the intended element of organisation’s result remain in acceptable limits. Without the regulation organisation would not be able to evaluate the results from the perspective of adopted goals” (Griffin 2004, pp. 654–655, translated).

Control assumes necessity of use of certain instruments and mechanisms by controller for the controlled subject to influence his decisions and behaviours, and to achieve the controlling subject’s goal (Verhoest et al. 2009). However, control, and public sector in particular, chronically suffers from deficit of scientific research in management, in relation to themselves instead of other private organisations (Mahoney et al. 2009).

Actually three separate periods can be distinguished (Hewege 2012), when the notion of control as a management function was being shaped. The first period, the so-called era of classic management developed mostly by M. Weber and F. W. Taylor, where control was identified as bureaucratic rules and regulations and tasks control within schedules and standards (e.g. K. Adamiecki). The second period, the so-called era of modern control, dominated with accounting and its articulation expressed in 1965 by R. Anthony as a process, where manager’s role is to guarantee that owned resources are used effectively and efficiently within the organisation goals (Anthony 1965). It is in this theory where the special profit, costs and revenue centres and responsibility centres were used. Promoted were budgeting, programming and other analysis tools, which became foundation for shaping the managerial control developed much later in practical phase. The third period, the so-called post-accounting, started by R. Kaplan, and proposition of Balanced Scorecard in four perspectives of control: finances, client, internal processes, infrastructure and development (which enabled elimination of mistakes resulting from focus on previously practised accounting control only). This trend in control is currently being developed within i.e. behavioural (and research of organisational culture), patriarchal (personal, informal, centralised and top-down) control, control of actions (processes), control through group norms or strategic and interactive control (Hewege 2012).

Control is the last function of traditionally understood management, where it is checked, whether what has been planned was also realised. Basically, in functional approach it is the process consisting of three stages: establishing actual state, comparing controlled area/controlled organisation with a model and developing

conclusions and recommendations for further activity of the controlled subject (Kuc 2008). In management approach, control is focused (at least theoretically) on achieving the intended goals and results.

Management control can be identified with definition sense of managerial control proposed by R. J. Mockler (1994a, b), that is taking up systematic actions (including corrective ones) for monitoring the efficiency of the entity. It is a “systematic action to determine norms of efficiency in goal planning, to design systems of information feedbacks, compare actual results with established norms, check, whether there are any deviations, and measure their significance, and take up any actions necessary to guarantee the most efficient and effective use of organisation’s resources to achieve goals (. . .)” (Mockler 1994a, b, p. 2, translated).

In the approach proposed by J.A.F. Stoner, R.E. Freeman, D.R. Gilbert, managerial control as a synonym to management control is seen as “process ensuring the actual actions are consistent with planned ones (. . .). Control facilitates checking the effectiveness of planning, organisational and leading actions by managers. A basic part of the control process is taking corrective actions according to needs” (Stoner et al. 2001, p. 538, translated).

The main goal of control is to provide (Art. 68. *Ustawa z dnia 27 sierpnia 2009 r. o finansach publicznych*):

- (a) compliance with laws and procedures,
- (b) efficiency and effectiveness of actions,
- (c) the reliability of prepared reports,
- (d) conservation of resources at the disposal of the organization,
- (e) efficiency and effectiveness of information flow,
- (f) respect for and promotion of the principles of ethical behaviour,
- (g) risk management.

Control as an effective function of management should meet ten basic criteria, which include:

- (a) accuracy (use of accurate data in the control process),
- (b) being up-to-date (conditioned by the speed of information flow and the possibility of introducing corrective actions),
- (c) objectivity and rationality (by eliminating the subjective judgements and misunderstandings)
- (d) focus on strategic points of control (without things of small importance from the point of view of the whole),
- (e) economic realism (economic cost-benefit ratio),
- (f) coordination (especially in the smooth process of information),
- (g) flexibility (which allows to react quickly),
- (h) normativity and operability (which will be based on the scalable parameters and practical possibilities of implementation of corrective actions),
- (i) acceptance by the members of the controlled organization (acceptance by all employees in the objectives and adopted organizational culture) (Mockler 1994a, b; Pietrzak 2010).

Table 5.1 Basic differences among managerial control, internal audit and internal control

Managerial control	Internal audit	Internal control
Controllor-controlled relationship: win-win or win-lose	Auditor-audited relationship: win-win	Controllor-controlled relationship: win-win
Direction: achieving management goals of the organisation through realisation of functions	Direction: determination of causes of adverse events	Direction: responding to adverse events
Focus on: ensuring realisation of goals and tasks in accordance with the law, efficiently, cost-effectively and in a timely manner	Focus on: efficiency, effectiveness, performance	Focus on: analysing compliance of internal and common regulations
Ex ante actions, ex-post actions;	Ex ante actions, indication of risks	Ex-post actions, indication of mistakes
Central element: risk management and checks	Central element: collective knowledge	Central element: rules and procedures
Conditioned by effectiveness: information and communication	Conditioned by effectiveness: consulting	Conditioned by effectiveness: analysis of the facts
Future-oriented	Future-oriented	Future-oriented
May: enhance management efficiency or be reporting fiction impeding management	May: propose remedies and indicate good practices	As a rule, requests for penalty
Prevailing belief: uselessness and lack of efficacy due to the lack of real adjustments to integration of planning and control	Prevailing belief: usefulness and selective effectiveness	Prevailing belief: usefulness focused on realisation of political or lobby order

Source: own on the basis of: M. Dobruk 2009, *Relacje audytorów wewnętrznych i kontrolerów wewnętrznych*, prezentacja POLCAAT, V Jesienne Seminarium—Skuteczny Audyt, Warszawa 17.11.2009; *Ustawa z dnia 27 sierpnia 2009 r. o finansach publicznych* (DzU z 2009 r. Nr 157, poz. 1240)

Management control is based on international COSCO (Committee of Sponsoring Organizations of the Treadway Commission) standards regarding integrated control and risk management in the enterprise, INTOSAI (International Organization of Supreme Audit Institutions) guidelines on internal control standards in the public sector in force since 2004, and the Revised Internal Control Standards for effective management, adopted by the European Commission in 2007.

Managerial control covers the widest range of meaning as opposed to internal control or audit (Table 5.1), but together with audit fits into the concept of public management called *new public management* (Gołębiowski and Russel 2013). Manager of each organisational unit cannot say he manages, if he has no control. Thus its normative clarification and imposition of execution is more standardisation of management, than introduction of new managerial tools. The exercise of the real, and not merely statistical management control requires additional labour, that can significantly improve the quality of management. The condition of the process is

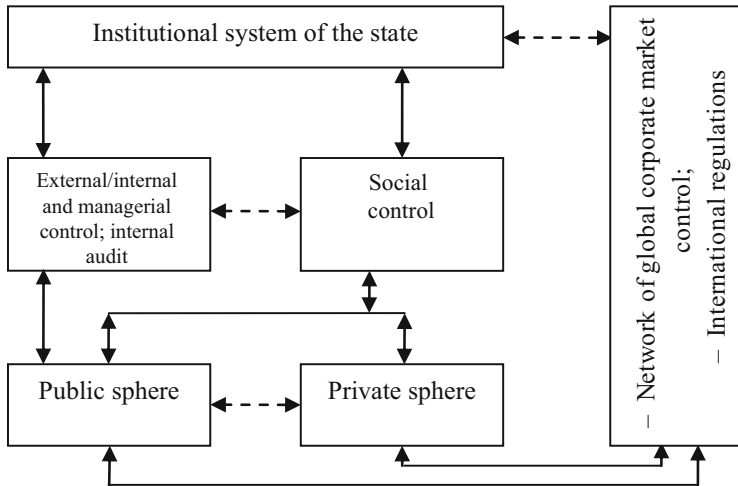


Fig. 5.2 Control system in public management. *Source:* own

objective approach to articulate the arising reservations, especially in the context of risk management.

Due to the fact, that in individual states sometimes very different levels, organisational frameworks, and terminology of control from the point of view of public management have been accepted, the presented control system is illustrated by a general model (Fig. 5.2).

The presented system consists of three planes of control, which more or less influence each other:

- (a) Social control (an important role plays social participation, that is voluntary participation in public life in civil society (Hausner 1999). The task of social control is such cooperation, which decides about the degree of subordination to the norms and values of individual units within the state. Society usually is more interested in social control, when it is civil and/or when asymmetry of actions occurs between fulfilling tributary obligations by the citizen and inadequate access or lack thereof to public services and space. The citizenship is the level of social capital, which can be identified as “set of informal values and norms, which group members have and which facilitate cooperation. If members of the group expect honest actions from others, on which they can count, they need to trust each other. Trust is like oil, which improves functioning of every group and organisation” (Fukuyama 2000, p. 24, translated). The task of social control is also influencing the government’s policy in such a way, that increases social usefulness, which can be generated by appropriate allocation of public resources.

- (b) Managerial control and/or external/internal control and/or internal audit (each of those types of control can be combined or used individually). Control is a manifestation of willingness to cooperate and punish those, who violate that cooperation (Gintis et al. 2003). It consists of determination of key indexes of performance of the organisation, defining indexes of decision limits, monitoring employees' key performance and result indexes, and analysis of received results; adjusts actions to possibilities of realising the intended goals (Schultz 2013). Especially useful element in the process control, especially from the point of view of its highest bodies in each country, are INTOSAI guidelines (The International Organisation of Supreme Audit Institutions). They relate to the principles of control (in terms of the proper operation of the controlled entity) and control of the tasks—planning, conduct and reporting of the results. A special and universal function in this sense plays control of tasks, which is not restricted with formalities characteristic for e.g. audit and allows controllers' creative approach to all kinds of actions in public organisation. It is understood as “independent examination of the efficiency and effectiveness of programs and projects, public institutions, carried out with due regard to economy and intended to improve them” (*Standardy i wytyczne kontroli wykonywania zadań na podstawie standardów kontroli INTOSAI i praktyki*, ISSAI 3000 2009, p. 10, translated). In the control process the controller should unconditionally keep basic rules of control: honesty and integrity, independence and objectivity, confidentiality and professional judgement. Recognized more clearly, they indicate the objective truth, subjectivity, adversarial (participation of the manager of the controlled entity in the audit process) and writing associated with a fixed form of control (*Standardy kontroli w administracji rządowej* 2012).
- (c) Control of network of global market corporations and international regulations (published in 2011 research of Vitali et al. (2011) from Swiss Federal Institute of technology in Zurich prove, that there exists a global structure of corporate control, where financial industry is dominant. Important in the process of maintaining restricted, or even full, control in the given area of state functioning are additional two factors: first, related to institutional system of imposing legal framework setting the possibilities of actions in the area (e.g. within integrative grouping of states or international agreements). The second one is public-private partnership, which can be proved extremely efficient in realising the goals of public and private sectors, since it stands out with the possibility of direct relations, transfer of values, taking shared risks and achieving results (Rivenbark 2010). However, it entails several threats, which through level of corruption and misuses or improper distribution of risk among public and private entities can lead both to temporal and permanent acquisition of wealth on public one.

The task of control in public management should also be objective check and public communicate on the degree of party structure at each level of management and in each organisational entities. Party structure very often entails the necessity or even coercion in the context of compensation of mutual benefits, the provision of positions in government, local government or state-owned companies. Usually, it causes significant reduction of competence background, which results in deliberate or unskillful reduction of effectiveness.

An interesting solution in the issue of public management is reference to Chinese intellectual thought in terms of its control. It includes five basic imperatives of steering, such as (Staniszki 2006):

- (a) the art of metaregulation—regulating self-regulation and compensation of those tendencies, which cannot be stopped or can be hardly influenced.
- (b) keeping proportions between engagement and withdrawal—to what extent the state should be interfering and to what extent it should allow free market actions,
- (c) art of lack of action (procrastination)—only in situation, where additional actions in the social system would be disadvantageous (due to e.g. lack of understanding and stability of system after introduced changes),
- (d) use of chaos—from the perspective of opportunity, not threat,
- (e) new art of ritual—which strives to limit variability and harmonises state in the conditions of commonly present globalisation,
- (f) avoiding actions of authority, which are focused on status demonstration—in accordance with rules for adjusting authority to the people, and thus to obtain even greater legitimacy and opportunities to improve efficiency.

Control of management in democratic states is something completely different from the one in the beginning of twentieth century. People responsible for governance and management in public sphere have to know how to influence processes, realise goals and use real instead of apparent equality before the law. On the other hand, citizens under unification can be the greatest and often only mechanism of control of authority, which in many states represents more and more the interests of certain groups, than actually deals with the most important issues from the point of view of its citizens, but within dynamic effectiveness and efficiency.

5.3 Main Indexes of Global Control of Competitiveness, Entrepreneurship and Development

At the moment there are many indexes, which more or less objectively measure the economy. These should include:

- (a) World Economy Forum's Global Competitiveness Index—GCI. It includes over 100 different indexes in 148 world economies within 12 competitiveness pillars (Table 5.2),

Table 5.2 Pillars of the global competitiveness index

Pillar No.	Pillar name	Description
Basic requirements subindex—specific factors driving the economy		
1.	Institutions	Create legal and administrative framework for creating welfare by individuals, enterprises and governmental agencies. The quality of both public and private institutions is key factor for the given state.
2.	Infrastructure	Is key factor in efficient functioning of economy, makes access to services and economic measures possible
3.	Macroeconomic environment	Emphasises the fact, that overly indebted state cannot effectively provide services and economy cannot permanently develop without microeconomic stability.
4.	Health and primary education	Competitiveness and productivity of state depends from healthy work force. Education similarly—increases efficiency of individual employees.
Subindex increasing performance—increase of performance drives economy		
5.	Higher education and training	As the basis of constant improvement, increasing competences, qualifications and in consequence adjusting to needs of production of services system.
6.	Efficiency of market of goods	To a large extent depends from lack of excessive interference in market actions and demand conditions in the market.
7.	Labour market efficiency	Associated mainly with its flexibility and ability of transferring employees among sectors of economy and attractiveness of labour market to skilled people.
8.	Efficiency of financial market	As sources of support of economy development, financing investment projects within healthy risk assessment. It requires credibility of both banking and the entire financial sector.
9.	Technological preparation	On the basis of the use of technology (especially ICT) in the economy evaluation of the efficiency and productivity of economy is possible.
10.	Market size	Associated with market performance—where the scale effect can be used. Economic growth can be strongly associated with trade, especially in states with smaller internal market.
Subindex of innovativeness and knowledge—economic growth driven with innovations		
11.	Business advancement level	Especially in quality of state's business networks and quality of operations and strategies of individual companies.
12.	Innovations	Formed on the basis of general knowledge, especially development of new technologies. Constant improvement of R&D expenditures is important, which will be the key to sustainable growth in future.

Source: K. Schwab 2013, *The Global Competitiveness Report 2013–2013*, World Economic Forum, Geneva, pp. 4–9

- (b) The Bertelsmann Stiftung's Transformation Index—BTI regards the quality of democracy and economic transformation (Status Index) and political management in the process of transformation (Management Index). In 2014

it covered 129 developing states and states in phase of transformation (Bertelsmann 2014).

- (c) The Index of Economic Freedom—IEF—shared report of Heritage Foundation and “The Wall Street Journal”. It covers 186 states and 99 % of world’s population. Analyses degree of law obedience, range of authority coercion, markets’ openness and performance regulators (Miller et al. 2014),
- (d) ranking of friendliness of tax systems (Paying Taxes—PT) conducted under the World Bank’s *Doing Business* project. Compares tax systems of 189 world economies enabling monitoring of tax reforms, strengthening discussion between government and business in the degree of business taxation and mutual advantages (Paying Taxes 2014),
- (e) World Competitiveness Yearbook—WCY analyses how nations and enterprises achieve higher welfare through appropriate management of their own competences. Believed to be one of the most accurate in the world and covers 60 states (World Competitive Yearbook 2014),

Corruption Perceptions Index—CPI (Corruption Perceptions Index 2014) should also be added here, which can show to which degree the state’s authority is focused at tolerating committing acts prohibited by law, and to which degree it accepts illegal activities as a subjective form of processes of governance and management control. The research covers 177 states and its results can be particularly helpful in external assessment of economic turnover, which should be applied in the state.

World Economic Forum prepares each year The Competitiveness Index according to Michael Porter’s methodology. Competitiveness of this index depends from performance of the nation in using own human, natural and financial (capital) resources. In this sense competitiveness is understood as a game of positive sum, which raises the bar for performance (Porter 2006).

In the index for 2013–2014 148 states were grouped according to three levels of development and two transition states between levels:

- (a) first level—where 38 states are classified (according to development factor),
- (b) transition level—between level 1 and 2, where 20 states are classified,
- (c) second level—31 states (according to efficiency factor)
- (d) transition level—between level 2 and 3, with 22 states, including Poland,
- (e) third level—37 state economies (according to innovativeness factor) (Schwab 2013).

In 2013–2014 the top ten states in competitiveness ranking (in order) were: Switzerland, Singapore, Finland, Germany, the United States, Sweden, Hong Kong (formerly Special Administrative Region of China), the Netherlands, Japan and the United Kingdom. Poland in relation to 2013 fell three positions down, taking 42nd place (between Malta and Bahrain) (Schwab 2013).

Another indicator that can be indirectly applied to measure the management in the country is the Global Entrepreneurship and Development Index—GEDI. It includes qualitative and quantitative measures of 79 world's most important states. It contextually refers to entrepreneurial attitudes—ATT), entrepreneurial action—ACT) and entrepreneurial aspirations—AST) (Acs and Szerb 2012). The index enlists 14 entrepreneurship pillars, which include:

(a) pillar of entrepreneurship

- perceptions of opportunities,
- initial skills (which allow carrying business, the skills are closely associated with education as a way out of poverty),
- lack of fear of failure (people cannot be afraid of risk of undertaking business activity),
- network cooperation (businessman's personal knowledge about principles and possibilities of use of the Internet for business purposes).
- cultural support (how businessmen see possibility of career in private sector; in which percentage in the state there is corruption, which destroys entrepreneurship and makes its legal operation impossible),

(b) pillar of action:

- initial chances (which can be lowered by legal restrictions),
- high technology sector (what is in the country and to which degree is prepared to absorb and use new technologies),
- human resources quality (particularly important in highly innovative enterprises, which need most of all educated and experienced employees.
- competition (in the branch, sector or market, which enables or blocks ways of entering the market and sets particular competitive requirements for its participants),

(c) pillar of aspirations:

- product innovations (which play key role in every economy resulting in the acquisition or licensing of both products and complete lines),
- high growth (which means ability of the company to employ at least 10 people and increase employment by at least 50 % in subsequent five years),
- internationalisation (internationalisation of activity, which is an important and sometimes main growth factor; internationalisation may mean exporting),
- risk capital (both informal investments, as well as medium- and long-term investment capital—the ability to obtain) (Acs and Szerb 2012).

In Global Entrepreneurship and Development Index it was indicated, that in 2012 the leading states included (in order): United States, Sweden, Australia, Iceland, Denmark (which in 2011 was the leader), Canada, Switzerland, Belgium, Norway, the Netherlands and Taiwan (Poland among the 79 countries was on 31st position) (Acs and Szerb 2012). The essence of the index is indication of weak and strong sides of entrepreneurship in the economy of the state.

5.4 Diagnosing Efficiency of State as Organisation

Policy of acquiring power and keeping it through the whole period of governance make political parties pay too little attention to actual problems in strategic development of state. There are many reasons for that: reluctance to act, lack of ideas and knowledge, continuous political disputes, which involve both the authority and the means of political struggle and the use of two-valued logic, which deceives voters, and only pretends action. Very often accompanied by outsider media, the communicate is that everything is good, the state is developing in the desired direction and the adopted strategy is being realised. Immediately appears the question of who knows about it. Next we should ask, whether in following periods of governance by the party or coalition some strategy will be realised or discarded as politically inconvenient, despite lack of objective merits preventing its implementation. Thus sought should be stimuli and multilaterally acceptable techniques and methods for the assessment of the state as the interpretation of the construction of the future strategy and change. One of such concepts is 7S model developed by McKinsey company for defining characteristic features of organisation and change management (Elkin 2010). In other words, it is a Model of Organisation Efficiency Diagnosis, which focuses on intangible factors, since material values are built on their foundations. The model with its symbolism (7S) is based on such organisation factors as: strategy, shared values, skills, style, staff, system and structure. Due to the fact, that state as organisation undergoes constant, and in addition unpredictable and dynamic changes, this concept can be implemented (after changes to the main model) in a given country. It consists of seven factors, like in original McKinsey's 7S model, but supplemented with sense important to the specificity of the organisation, which the state is (Fig. 5.3):

- (a) State strategy—where directions of actions and state goals enabling achievement of permanent competitive advantage will be defined. The goals include i.e.: maintaining existence of the state, the realization of the common good, guaranteeing participation in the distribution of public goods or rights under the Constitution. Nevertheless, the goals of the state depend from people governing in the given moment—who may change, accept, modify or add new goal. Strategy is fundamental and most important in the whole model—on condition that it is properly formulated and realised by the subsequent governments.

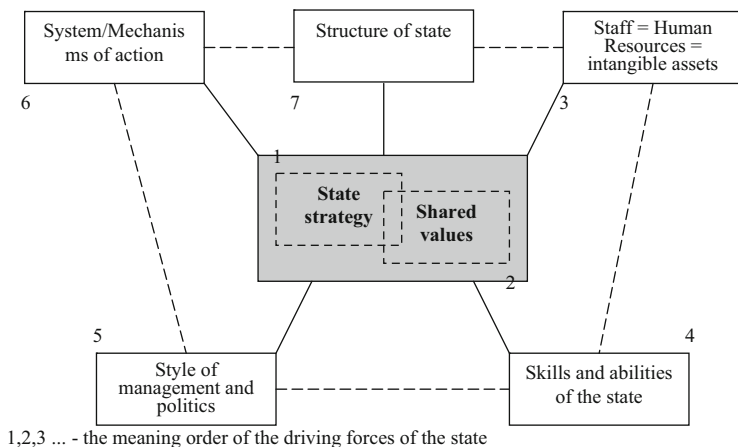


Fig. 5.3 Modified and supplemented McKinsey's 7S model for the state—characteristics of the organization. *Source:* own on the basis of McKinsey's 7S model See: P.M. Elkin 2010, *Planowanie i strategie biznesowe*, Wolters Kluwer, Warszawa, p. 105

- (b) Shared values—uniformly understood reason of state as superior interests of the state of national identity, sovereignty, independence, guaranteeing security and ensuring development. These are the general opinions on appropriate and desired things for all citizens (or at least their majority). Shared values for the European Union Member States are based on respect for dignity of human being and human rights (including national minorities), democracy, freedom, idea of state ruled by law and equality. At the same time, community values presuppose that the society of the country (all Member States) will be based on non-discrimination, pluralism, tolerance, solidarity, justice, and equality between women and men (Act 2 of treaty on the EU –consolidated text with changes).
- (c) Skills—synonymous to sum of abilities the whole state (state apparatus) has as an organisation. The skills refer both to diagnosing own resources and their subsequent use in actual state management processes. They consist of i.e. ability to constructively solve problems, strategic thinking, efficient actions and ability to analyse facts.
- (d) Style—regards the way of realisation of policy and state management by non-material capital—people. Style may promote procrastination or on the contrary—innovation and steady progress.
- (e) Staff—who very often is an Achilles heel of state and in extreme cases leads to pathology in operation of a given country. Staff is the human resources, who should be identified with intellectual capital involved in social service. Staff has to be able to act here and now and be prepared for future challenges. In this case important is not quantity, but quality of the resources, which include outsiders (both political anti-employees and

highly talented people) and team members directly influencing made and realised decisions.

- (f) Structure—as element of organised and functional unity of the state adjusted to present and able to respond to requirements of the future. Structure regards both institutional system of organising whole actions of the state and system of social relations in the state. Especially the first one should be clear, flexible, efficient and functional, since it directly affects the dynamic processes of state's social hierarchy.
- (g) Systems—as teams of independent and interrelated elements realising superior functions in both formal and informal approach. It regards in particular open systems, where people (biological organisms) function, as well as systems used by them, that is half-open—like computers, or closed—like energy machines (able to process mechanical energy into other kinds of energy and the other way round). From the point of view of the state, systems in particular regard the systemic mechanisms, i.e. communication and information flow, and systemic state budget management (as key ones).

Consistently using assumptions of 7S model for the organization, one can propose a flexibly changed and adjusted questionnaire measuring efficiency of elements of the state as organisation. It needs to be noted that the Likert's scale the author used (which is the original form of the 7S model) is merely exemplary and individual (Table 5.3).

Such questionnaire can be one of the elements of evaluation of efficiency of state as organisation (playing at the same time the control function). Diagnosis of actual state facilitates the process of adjustment to constant changes, especially determining which direction should be followed and which elements require priority intervention. Visualisation of the obtained opinions in the form of counting the points facilitates the process of summing up and diagnosis of results, which in the table present only unitary evaluation (Table 5.4), and only under representative sample may be a proper reference point.

The last element of the process of state efficiency analysis is indicating, which of the seven factors on the list are the attributes and which weaknesses requiring improvement, what changes should be required in each factor in the list, and which ranges of actions should be implemented to achieve the intended result (with consideration of potential obstacles) (Elkin 2010).

In the presented case of diagnosis of organisation, which Poland is, the efficiency index of 51.7 % was received. Of course we need to emphasise once again, that it is a unitary result and not developed as a result of wider quantitative research. Nevertheless, it is a starting point for wider analyses in this area, especially in general use of the method of state efficiency and contributes to indicating dysfunctions resulting from incoherence of given factor areas (7S).

It needs to be added, that state needs to achieve internal coherence in each of the 7 factors of evaluations (tangible elements + soft elements). It means that changes and improvements cannot be implemented selectively, e.g. in the least

Table 5.3 Check-list of the factors underlying the analysis of the state to implement the strategy (the comments and evaluation on the example of Poland)

List of factors in individual areas	I strongly disagree	I somewhat disagree	Lack of opinion	I somewhat agree	I strongly agree	Comments
Strategy						
Long-term strategy and specific strategies have been identified.	–	–	–	4	–	At the moment (2010–2013) strategies in Poland are actualised or discarded.
Long-term strategies have been communicated to everyone in the state	–	2	–	–	–	It should be clearly determined, that what we will be doing/are doing results from the state's strategy of action.
Vision and directions of state development are commonly known.	1	–	–	–	–	Strong emphasis on informing the whole society about "what we are going to achieve".
The Council of Ministers deals with long-, medium- and short-term issues.	–	–	–	4	–	According to public opinion long-term issues are ignored or poorly managed (similarly current issues).
Shared values						
The level of political neutrality among state employees is high.	1	–	–	–	–	The state was almost completely party-structured and is dependent on the political and social systems.
Work for the common good is believed in.	1	–	–	–	–	Divalent intentionality in the name of the implementation of the particular interests is dominant.
There is a belief in the possibility of internal and interdepartmental cooperation.	–	–	–	4	–	There is always the question of the effectiveness of such cooperation and internal inertia of state organs.
State employees care for continuous development.	–	–	–	4	–	In the name of adding qualifications to CV, development is recommended, if staff qualifications do not grow too much.

State employees understand what the reason of state is.	-	2	-	-	-	-	It seems that a large part of the state apparatus employees would not be able to determine, i.e. that it is about sovereignty and economic position of the country.
Staff/human resources of state							
State employees are valued and treated with respect.	1	-	-	-	-	-	Only privileged people can count on appreciation of pseudo-achievements, which sometimes are deserved
Employees' competencies and skills are well understood and properly used.	1	-	-	-	-	-	People with knowledge and efficient ones are not appreciated. Too often promoted are mediocre but loyal people (at least seemingly loyal).
Highly qualified staff is employed.	-	-	-	-	-	5	Such cases also happen.
Employee's strengths are being used.	-	-	-	-	4	-	They often do the most of the work, also instead of political employees.
Used are talented and highly skilled people.	-	2	-	-	-	-	The degree of use is clearly insufficient, despite the resources.
Skills							
Skills are congruent with goals achieved by the state.	-	2	-	-	-	-	Setting different goals and their performance evaluation is in many cases divergent with the assessment of public opinion on this issue.
Gaps in skills are identified and filled.	-	-	-	-	4	-	This is done, however, with the political and social key.
Skills evolve with the changing requirements of the state and the future.	-	-	-	-	4	-	Due to the fact, that there is lack of clear progress in application of skills for common good, it is hard to talk about real evaluation.
Skills are subject to a process of sharing and transferring in the state.	-	2	-	-	-	-	Only occasionally. Party wars and tit for tats often exclude such possibilities.

(continued)

Table 5.3 (continued)

	I strongly disagree	I somewhat disagree	Lack of opinion	I somewhat agree	I strongly agree	Comments
List of factors in individual areas	–	2	–	–	–	Innovation is very often seen as threat to positions and work places in state apparatus.
Style of management and politics	–	2	–	–	–	Manager approach appears mostly on paper, but in practice it is used very incidentally.
Employees are inspired to innovative actions and delegation of privileges.	–	–	–	4	–	Mainly within the awards—which will be finally given to all. Their most valuable awards are generally not given to the people who should get them.
Management in public sector is based on manager approach.	–	2	–	–	–	In general, the aim of policy is to maintain power and satisfy selected needs of a particular social group.
Individual and group achievements are rewarded.	–	–	–	–	–	Even though there are functional and managerial controls or Supreme Audit Office, usually their findings do not entail any consequences.
The policy aims to improve management efficiency.	–	2	–	–	–	They exist and not always on paper.
Management results are subject to an objective assessment, on which consequences are drawn.	1	–	–	–	–	Formally yes, but contribution of outstanding tributes is often impossible and control—“creative”.
System/Mechanisms of action						
Forecasting and planning processes are effective.	–	2	–	–	–	
Expenses and state budget income are subject to control and contributions.	–	–	3	–	–	

Tax law and fiscal institutions system is effective and tax payer-friendly.	-	2	-	-	-	-	-	Tax law is inconsistent for the fiscal administration and tax institutions are too often enemy to own tax payers.
Judicial authority is efficient and effective.	1	-	-	-	-	-	-	Despite independence, this kind of authority is judged to be unfair, ineffective and not fully independent.
There exist effective systems for the emergence and development of the legislative authority.	-	2	-	-	-	-	-	Consideration should be given to the opportunity to change the electoral law and the introduction of e.g. national lists—but for new candidates for deputies with high qualifications.
There exist fast and effective mechanisms for communication and exchange of information between employees.	-	-	-	-	4	-	-	The problem lies in the transfer of information.
Mechanisms of anti-nepotism and corruption are sufficient.	-	2	-	-	-	-	-	Numerous affairs disclosed from time to time show the pathological decomposition of state, which is rarely subject to criminalization.
Structure of state								
Employment is at an optimum level.	-	2	-	-	-	-	-	There is overstaffing.
Resources are organized in accordance with the priorities of the business and the reason of state and the common good.	1	-	-	-	-	-	-	Resources are organized according to the given and individual political need.
Duties and responsibilities are clearly defined.	-	-	-	-	-	-	5	However, nothing ever results out of it.
State structure is flexible and quickly reacts to the needs of citizens and global challenges.	-	2	-	-	-	-	-	Rather dominate bureaucratic paralysis and ineffective formalism.

(continued)

Table 5.3 (continued)

List of factors in individual areas	I strongly disagree	I somewhat disagree	Lack of opinion	I somewhat agree	I strongly agree	Comments
Organizational structure is horizontal, not ministerial and departmental.	–	–	–	4	–	Prevail ministeriality and segmented, narrow approach—despite the supreme executive authority.
Responsibility and authority are properly connected.	–	–	–	4	–	Sometimes there is a lack of governmental authority to effectively carry out the tasks.

Source: own on the basis of amended and supplemented control areas of Kinsey's 7S model

Table 5.4 Resulting characteristics of efficiency of the state (Poland)

No.	List of factors	Result	Max. points	Effectiveness %
1	Strategy*	11	20	55
2	Shared values	12	25	48
3	Staff/human resources	13	25	52
4	Skills	12	20	60
5	Style of management and politics	11	25	44
6	System/Mechanisms of action	16	35	45.7
7	Structure of state*	18	30	60
Total		93	180	51.7 %.

*The so-called tangible elements of state

Source: own

percentage-efficient factors (management and politics style, systems/mechanisms of actions or personnel/human resources), but in all at the same time.

5.5 Management Capability Index

Another method of management control in the state of complex character can be the Management Capability Index—MCI created in 2003 by New Zealand Management Institute. Its purpose is to provide economic growth and permanent performance through measurements of leadership and competences in key areas of management. So far, apart from New Zealand, the MCI standards have been adopted by such states like Australia, India, Malaysia and Singapore. Other states, united in the Asian Association of Management Organization, i.e. China, Cambodia, Hong Kong, Sri Lanka, Nepal, Macau (Special Administrative Region of China), Pakistan, Mauritius, Mongolia, the Philippines and Qatar are seriously considering or preparing for the adoption of such standards.

Index authors, including the government of New Zealand, rightly emphasise, that ability to manage is the main factor of success of every economy, increases performance and organisational productivity. The index enables both insight in actual trends and possibilities in management and reflects control in relation to single manager and the whole organisation. It is based on managerial staff's self-assessment in the organisation regarding ten key factors of management (Table 5.5) (New Zealand Management Capability Index 2013).

As it can be seen, the achieved outcomes and comparative results, as well as vision and strategic leadership are two basic pillars of management capacity, covering 40 % of total assessment. The index is constructed in such a way, that universal and general descriptions for each category of reference allows to ascribe and adjust the organisation to the index regardless of e.g. vision, innovation, leadership or results created by the organisation. They allow to determine in details which product or service is produced and offered by the organisation, while it can be any product and any service specified in the profile of activity. It is a rare

Table 5.5 Management Capability Index for public and private organisations

No.	Category	Significance (%)
1.	<p>Vision and strategic leadership</p> <p>Characteristic feature is to take into account the needs of society as a whole, global thinking and understanding of the processes and global markets:</p> <p>(a) Management expresses a clear and inspiring vision.</p> <p>(b) Management supports and promotes the creation of a vision by employees.</p> <p>(c) Vision and goals of the organization support managerial decision making.</p> <p>(d) Management is preceded by a planning-oriented development of the organization and meets the needs of all stakeholders.</p> <p>(e) Management takes into account the global vision and thinking.</p>	15
2.	<p>Leadership of achieving results</p> <p>Orientation towards results and continuous improvement in the conditions of permanent change and risks:</p> <p>(a) strong organizational focus on performance,</p> <p>(b) leadership skills and attitudes to achieve the ambitious goals,</p> <p>(c) management based on risk-taking (instead of its avoidance),</p> <p>(d) consistency in the implementation of the goals of productivity and growth,</p> <p>(e) consistency in better organizational operation than competition or comparable organization.</p>	10
3.	<p>Employee leadership</p> <p>Oriented at continuous process of workforce management, spotting organizational talent and creating their development in the context of a dynamic organizational structure:</p> <p>(a) continuously attracting employees, their retention in the company, developing and motivating,</p> <p>(b) human resource planning—as organisation’s integrated annual planning process,</p> <p>(c) providing better position of a leader as a model to follow,</p> <p>(d) involving employees in decision-making (<i>empowerment</i>),</p> <p>(e) a culture of employee values eliminating structural and hierarchical barriers.</p>	10
4.	<p>Financial management</p> <p>Focused mostly on increase of profitability ensuring best organisational results:</p> <p>(a) support of growth and constant performance,</p> <p>(b) consistency of management in achieving or transcending the established goals,</p> <p>(c) effective management based on financial planning, accounting and financial reporting, cash flow and cooperation with financial institutions,</p> <p>(d) of advanced accountability and financial department employees,</p> <p>(e) providing efficient internal control through supervision, internal audit and hierarchy.</p>	10
5.	<p>Organisation potential</p> <p>Focus on building the culture of innovation and development—both the individual worker and the entire organization:</p> <p>(a) building capacity for continuous improvement of the organization</p>	5

(continued)

Table 5.5 (continued)

No.	Category	Significance (%)
	towards a culture of innovation and research, (b) pushing the limits of the organization for the effective leadership and management, (c) efficiently balancing work of strong effective teams made up of independent people, (d) effective use of best practices, (e) strong commitment to the process of individual and organizational learning.	
6.	Use and implementation of technology and knowledge Focus on increase of performance of the organization through the use of process of data and information flow for knowledge management: (a) use of information technology for knowledge management, (b) understanding of the impact of technology on work performance, (c) understanding of the values and application of knowledge in the organization, (d) effective management of information and knowledge, (e) the practice of knowledge management and learning culture.	5
7.	External relations Both the construction and the maintenance of existing relationships with various stakeholders: (a) developing and maintaining networks and extent of the impact of organization stakeholders, (b) building a positive external image with all stakeholders, (c) positive external image built on the basis of communication and social responsibilities, (d) the practice of corporate social responsibility.	5
8.	Innovations—in products and services Building value of the organization on continuous innovation: (a) creating climate of innovation in products and services by the management and employees, (b) recognition of innovation as part of the organizational culture, (c) common recognition and acceptance that innovation is a new dimension of organizational performance, (d) building new value for external customers and shareholders on the basis of innovation, (e) use of innovation to increase market development.	10
9.	Integrity and corporate order Ethical and procedural and standard consistency in decisions. Building and maintaining the credibility of the presented values: (a) understanding of the ethical principles in decision-making, (b) with ethical rules and procedures for decision-making on organizational issues, (c) compliance with legislation, guidelines and internal rules of organizations, (d) promotion of ethical behaviour of general directors and employees, based on a code of good conduct and integrity, (e) honesty and practical behaviour as a basis for good organization and long-term profitability.	5

(continued)

Table 5.5 (continued)

No.	Category	Significance (%)
10.	Outcomes and comparative results Applying monitoring and control of the performance results of the organization. The results are considered to be the most important measure of the ability of management.	25
Total:		100

Source: New Zealand Management Capability Index 2013, New Zealand Institute of Management, Wellington, February 2013, p. 5–25.

example of universal and proper use of single approach to measure complex management capacity in the state.

From the point of view of public management and more unambiguous division of index into private, public and state-owned organisations, the base of industrial activity taking into account production and logistics, accepted in the management capability index is highly insufficient. Also division on the basis of the number of employees does not conform to normative standards developed in e.g. the European Union (Zalecenie Komisji z dnia 6 maja 2003r. dotyczące definicji przedsiębiorstw mikro, małych i średnich, DzU UE L 124) making the adoption of the definition of a company depend both from a different number of employees, as well as the relationship of the number of net income and balance sheet total. Thus the above described management capacity index should be treated as the possibility of national, supranational and even global measurement, under condition of adequate adjustment to national and international standards. Only within the determined divisions we may propose certain levels in relation to public institutions: governmental, local government or legal and administrative entities, which would be subject to evaluation.

References

- Acs, Z. J., & Szerb, L. (2012). *Global entrepreneurship & development index* (pp. 10–169). Cheltenham: Edward Elgar.
- Anthony, R. N. (1965). *Planning and control systems: A framework for analysis*. Boston, MA: Harvard University Division of Research, Graduate School of Business Administration.
- Battistelli, F., & Ricotta, G. (2005). The rhetoric of management control in Italian cities: Constructing new meanings of public action. *Administration & Society*, 36(6), 671–672.
- Bertelsmann, S. (Ed.). (2014). *Transformation index BTI 2014*. Gütersloh: Verlag Bertelsmann Stiftung.
- Bielski, M. (1997). *Organizacje. Istota, struktury, procesy* (pp. 116–117). Łódź: Wydawnictwo Uniwersytetu Łódzkiego.
- Cohen, S.A. (1993, Autumn). Defining and measuring effectiveness in public management. *Public Productivity & Management Review*, 17(1), 48–49.
- Corruption Perceptions Index 2014, Transparency International, Berlin, pp. 1–8.
- de Soto, J.H. (2010, March 2). *Cztery lata efektywności dynamicznej*. Wrocław: Fundacja Instytut Ludwika von Misesa.

- Drucker, P. (1995). *Menedżer skuteczny* (p. 25). Kraków: Akademia Ekonomiczna.
- Elkin, P. M. (2010). *Planowanie i strategię biznesowe*. Warszawa: WoltersKluwer.
- Frączkiewicz-Wronka A. (2010b). *Pomiar efektywności organizacji jako obszar konwergencji metod, narzędzi i instrumentów zarządzania między sektorami biznesowym a publicznym*. Organizacja i Zarządzanie, nr 4(12), Politechnika Śląska, Gliwice, p. 14.
- Fukuyama, F. (2000). *Wielki wstrząs* (p. 24). Warszawa: Politeja.
- Gasparski, W. (2004). *Wykłady z etyki biznesu*. Warszawa: Wydawnictwo WSPiZ.
- Gintis, H., Bowles, S., Boyd, R., & Fehr, E. (2003). Explaining altruistic behavior in humans. *Evaluation and Human Behavior*, 24(3), 153–172.
- Glapiński, A. (2012). *Meandry historii ekonomii* (pp. 284–285). Warszawa: Oficyna Wydawnicza SGH.
- Gołębiowski, G., & Russel, P. (2013). Audyt i kontrola w koncepcji new public management—rozwiązania organizacyjne w administracji rządowej. *Kontrola Państwowa*. R.58, nr2 (349), marzec–kwiecień, Warszawa, 23.
- Griffin, R. W. (2004). *Podstawy zarządzania organizacjami* (pp. 654–655). Warszawa: WN PWN.
- Hausner, J. (1999). *Komunikacja i partycypacja społeczna* (p. 49). Kraków: MASP.
- Hewege, C.R. (2012). *A critique of the mainstream management control theory and the way forward*. SAGE Open, October–December, 5.
- Holstein-Beck, M. (1997). *Być albo nie być menadżerem*. Warszawa: Indor Book.
- Kotabiński, T. (1958). *Traktat o dobrej robocie, Zakład Narodowy im* (p. 131). Wrocław-Warszawa: Ossolińskich.
- Kozuń-Cieślak, G. (2013). *Efektywność—rozważania nad istotą i typologią*, “Kwartalnik” Kolegium Ekonomiczno-Społecznego, Studia i Prace, nr16, Oficyna Wydawnicza SGH, Warszawa, 23.
- Kuc, B. R. (2008). *Kontrola—kontroling—audyt: podobieństwa i różnice* (p. 11). Warszawa: Wydawnictwo PTM.
- Mahoney, J. T., McGahan, A. M., & Pitelis, C. N. (2009). The interdependence of private and public interests. *Organization Science*, 20, 1034–1052.
- Miller, T., Kim, B., Holmes, K.R., Roberts, J.M., Riley, B., & Olson, R. (2014). *Index of Economic Freedom 2014*. The Heritage Foundation, The Wall Street Journal, Washington, DC, p. 1.
- Mockler, R. J. (1994a). *The management control process* (p. 2). Englewood Cliffs, NJ: Prentice-Hall.
- Mockler, R. J. (1994b). *The management control process* (p. 179). Englewood Cliffs, NJ: Prentice-Hall.
- New Zealand Management Capability Index 2013. (2013, February) New Zealand Institute of Management, Wellington, pp. 1–5.
- Paying Taxes 2014. (2014). PWC, The World Bank, London, Washington, DC, p. 7.
- Pietrzak, I. P. (2010). *Planowanie strategiczne w nowoczesnej firmie* (pp. 356–357). Warszawa: Oficyna a WoltersKluwer business.
- Porter, M.E. (2006, November 14). *The competitiveness index: Where America stands*. Washington, DC: Council on Competitiveness, p. 3.
- Rivenbark, W. (2010). *Promote economic development with public-private partnerships, InFocus 42.1* (p. 7). Washington, DC: ICMA Press.
- Samuelson, P. A., & Nordhaus, W. D. (1995). *Ekonomia, t. 1* (p. 185). Warszawa: WN PWN.
- Schipper, F. (1998). *Rethinking Efficiency*, referat zaprezentowany na XX Światowym Kongresie Filozofii w Bostonie, 10–15 sierpnia.
- Schultz, J. R. (2013). *Four-cornered leadership. A framework for making decision* (p. 195). Boca Raton, FL: Productivity Press.
- Schwab, K. (2013). *The global competitiveness report 2013–2013* (pp. 11–15). Geneva: World Economic Forum.
- Sochacka-Krysiak, H. (2009). Niektóre problem efektywności w gospodarce finansowej samorządu terytorialnego. In S. Wietesek & M. Wypych (Eds.), *W poszukiwaniu efektywności finansów publicznych* (p. 192). Łódź: Wydawnictwo Uniwersytetu Łódzkiego.

- Standardy i wytyczne kontroli wykonywania zadań na podstawie standardów kontroli INTOSAI i praktyki. (2009). ISSAI 3000, Najwyższa Izba Kontroli, Warszawa.
- Standardy kontroli w administracji rządowej. (2012). Kancelaria Prezesa Rady Ministrów, Warszawa, 12 grudnia.
- Staniszki, J. (2006). *O władzy i bezsilności* (pp. 35–39). Kraków: Wydawnictwo Literackie.
- Stoner, J. A. F., Freeman, R. E., & Gilbert, D. R. (2001). *Kierowanie* (p. 538). Warszawa: PWE.
- Verhoest, K., Roness, P. G., Verschuere, B., Rubecksen, K., & MacCarthaigh, M. (2009). *Autonomy and control of state agencies: comparing states and agencies* (p. 24). New York, NY: Pelgrave.
- Vitali, S., Glattfelder, J.B., & Battiston, S. (2011, October 26). The network of global corporate control. *PLoS ONE*, 6(10), 6–7.
- World Competitive Yearbook 2014. (2014). IMD, Lausanne, p. 489.
- Zalecenie Komisji z dnia 6 maja. (2003). r. dotyczące definicji przedsiębiorstw mikro, małych i średnich, Dz. Urz. UE L 124 of 20.05.2003, 36.
- Zheng, W., Yang, B., & McLean, G. (2010). Linking organizational culture, structure, strategy, and organizational effectiveness: Mediating role of knowledge management. *Journal of Business Research*, 63(7), 763–771.
- Żylicz, T. (2006). *Skuteczność a efektywność*, “Aura”, nr 10.

Assuming this office of Prime Minister (Deputy Prime Minister, minister) I do solemnly swear to be faithful to the provisions of the Constitution and other laws of the Republic of Poland, and that the good of the Homeland and the prosperity of its citizens shall forever remain my supreme obligation (So help me, God.)
Art. 151 of Constitution of the Republic of Poland

6.1 Synthetic Characteristic of Empirical Research

The aim of this chapter is the empirical verification of realisation of public management from the point of view of deliberate selection of 12 Polish Prime Ministers, who subsequently exercised the office from 24 August 1989 to 16 November 2007 (100 %)—Table 6.1.

Despite the repeated invitations and arrangements, the Prime Minister Donald Tusk, who governed between 2007 and 2014, did not take part in the interview-based research.

Quantitative statistical research in relation to economic growth, unemployment, inflation and public debt were calculated for the period of 1989–2014 on the basis of International Monetary Fund's GFS (Government Finance Statistics) corresponding to the range of classification of the whole public financial sector in Poland.

Due to the fact, that individual Prime Ministers have governed in different periods of socio-economic transformation, it is necessary to present the main juxtapositions of state's economic parameters. Those parameters by numeric/percentage representations on the one hand indicate successes, failures, possibilities and threats, on the other hand clearly reflect economic development juxtaposed with GDP synthetic indicator, which was made through the whole transformation period of political transformation with various indicators of inflation, unemployment and public debt (Table 6.2, Figs. 6.1 and 6.2, Table 6.3, Fig. 6.3). This means,

Table 6.1 Characteristics of interviewed Prime Ministers

No.	Name	Year of birth	Period of governance	Age at time of taking the office
1.	Tadeusz Mazowiecki	1927	24.08.1989–4.01.1991	62
2.	Jan Krzysztof Bielecki	1951	4.01.1991–6.12.1991	40
3.	Jan Olszewski	1930	6.12.1991–5.06.1992	61
4.	Waldemar Pawlak	1959	5.06.1992–10.07.1992 26.10.1993–7.03.1995	33
5.	Hanna Suchocka	1946	10.07.1992–25.10.1993	46
6.	Józef Oleksy	1946	7.03.1995–7.02.1996	49
7.	Włodzimierz Cimoszewicz	1950	7.02.1996–31.10.1997	46
8.	Jerzy Buzek	1940	31.10.1997–19.10.2001	57
9.	Leszek Miller	1946	19.10.2001–2.05.2004	55
10.	Marek Belka	1952	2.05.2004–11.06.2004 11.06.2004–31.10.2005	52
11.	Kazimierz Marcinkiewicz	1959	31.10.2005–14.07.2006	46
12.	Jarosław Kaczyński	1949	14.07.2006–16.11.2007	57
13.	Donald Tusk	1957	16.11.2007–22.09.2014	50 ^a

^aWithout interview

Source: own

that the economic growth has been achieved with various mechanisms and tools of influencing the economy, which affected the economic turnover and its participants.

A limitation to the research is purposeful abandonment of the detailed analysis of the sources of growth for the synthetic approach to the GDP indicator. The research does not include either statistical restructuring analysis of state expenditure, tax system or economic turnover development in free market economy. Firstly, it results from the fact that the main aim of the research is not the analysis of the whole shape of economic activity, but indicating the main trends accompanying the transformation process in the process of public management. Secondly, the key and priceless element of the research are direct interviews with heads of subsequent governing teams in Poland. They allow a step-by-step investigation of ways of thinking, planning and decision-making dilemmas and other key problems associated with the executive authority and to help understand the practical dimension of public management.

Table 6.2 Selected economic indicators for Poland in the years 1989–2014

Name of Polish Prime Minister	Prime Minister's period of governance (days)	GDP (per capita)				Unemployment				Inflation			
		GDP for governance period (million \$) ^a	Average daily GDP for governance period (million \$) ^b	Lowest GDP growth (%)	Highest GDP growth (%)	Change at the end of governance period (%)	Lowest during governance period (%)	Highest during governance period (%)	Change at the end of governance period (%)	Lowest during governance period (%)	Highest during governance period (%)	Change at the end of governance period (%)	
Tadeusz Mazowiecki	496	307,051	619	-3.71	7.73	0.01	0	11.80	11.80	11.80	70.30	585.80	-180.80
Jan Krzysztof Bielecki	336	197,819	591	-3.71	-3.71	0.00	11.80	11.80	11.80	0.00	70.30	70.30	0.00
Jan Olszewski	181	111,310	612	-3.71	4.45	4.26	11.80	13.60	13.60	1.80	43.00	70.30	-27.30
Waldemar Pawlak	35	21,529	615	4.45	4.45	0.00	13.60	13.60	13.60	0.00	43.00	43.00	0.00
Hanna Suchocka	472	297,690	642	4.45	6.59	6.18	13.60	16.40	16.40	2.80	35.30	43.00	-7.70
Waldemar Pawlak	495	345,962	707	6.59	8.95	14.58	11.40	16.40	16.40	-3.05	27.80	35.30	-7.50
Józef Oleksy	336	250,920	774	8.26	8.95	7.63	12.36	13.35	13.35	1.00	19.90	27.80	-7.90
Włodzimierz Cimoszewicz	631	547,738	868	8.26	8.98	8.24	11.26	12.36	12.36	1.10	14.90	19.90	-5.00
Jerzy Buzek	1445	1,202,275	832	3.49	8.98	19.44	10.59	18.26	18.26	7.01	5.50	14.90	-9.40
Leszek Miller	923	1,040,478	1127	3.09	8.10	15.39	18.26	19.94	19.94	0.71	0.80	5.50	-2.00
Marek Belka	546	754,002	1381	6.81	8.10	6.38	17.75	18.97	18.97	-1.23	2.10	3.50	-1.40
Kazimierz Marcinkiewicz	255	389,521	1528	6.81	9.88	8.81	13.84	17.75	17.75	-3.91	1.00	2.10	-1.10

(continued)

Table 6.2 (continued)

Name of Polish Prime Minister	Prime Minister's period of governance (days)	GDP (per capita)			Unemployment			Inflation				
		GDP for governance period (million \$) ^a	Average daily GDP for governance period (million \$) ^b	Lowest GDP growth (%)	Highest GDP growth (%)	Change at the end of governance period (%)	Lowest during governance period (%)	Highest during governance period (%)	Change at the end of governance period (%)	Lowest during governance period (%)	Highest during governance period (%)	Change at the end of governance period (%)
Jarosław Kaczyński	489	812,241	1661	9.66	9.88	8.99	9.60	13.84	-4.24	1.00	2.50	-1.50
Donald Tusk^c	2488	5,179,549	2076	2.51	9.88	27.42	7.12	10.97	1.37	0.90	4.30	-1.10

^aGDP calculated for the actual number of days as Prime Minister of Poland on the basis of annual GDP

^bDaily GDP calculated on the basis of the actual number of days as Prime Minister of Poland and the GDP calculated for the period of government

^cData for the table from the following sources contain data current to 2013 and from January 1st 2014 are forecasts

Source: own, on the basis of: International Monetary Fund, World Economic Outlook Database, April 2013, Paryż 2013, http://www.imf.org/external/pubs/ft/wco/2013/01/weodata/weorept.aspx?sy=1989&ey=2015&scsm=1&ssd=1&sort=country&ds=.&br=1&pr1.x=69&pr1.y=5&c=964&s=NGDP_R%2CNGDP%2CNGDPRPC%2CNGDPPC%2CLUR%2CLP&grp=0&a=#notes (Date of access 29.03.2014), Główny Urząd Statystyczny, Roczne wskaźniki cen towarów i usług konsumpcyjnych w latach 1950–2013, Warszawa 2014, http://www.stat.gov.pl/gus/5840_1634_PLK_HTML.htm, (date of access 29.03.2014), Kancelaria Premiera, Okresy rządów premierów III RP, Warszawa 2014, <https://www.premier.gov.pl/ludzie.html#poprzedni-premierzy> (date of access: 29.03.2014)

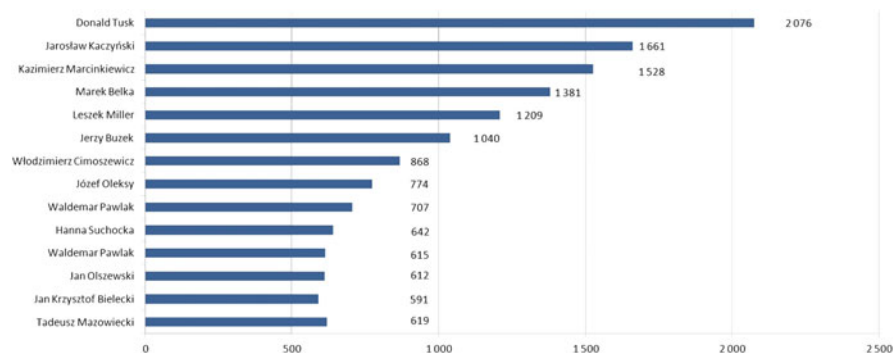


Fig. 6.1 Daily GDP in million \$ for each Prime Ministers of Poland. *Source:* own on the basis of IMF data, World Economic Outlook Database, April 2013, Paris 2013, http://www.imf.org/external/pubs/ft/weo/2013/01/weodata/weorept.aspx?sy=1989&ey=2015&scsm=1&ssd=1&sort=country&ds=.&br=1&pr1.x=69&pr1.y=5&c=964&s=NGDP_R%2CNGDP%2CNGDPRP%2CNGDPPC%2CLUR%2CLP&grp=0&a=#notes (Date of access 29.03.2014)

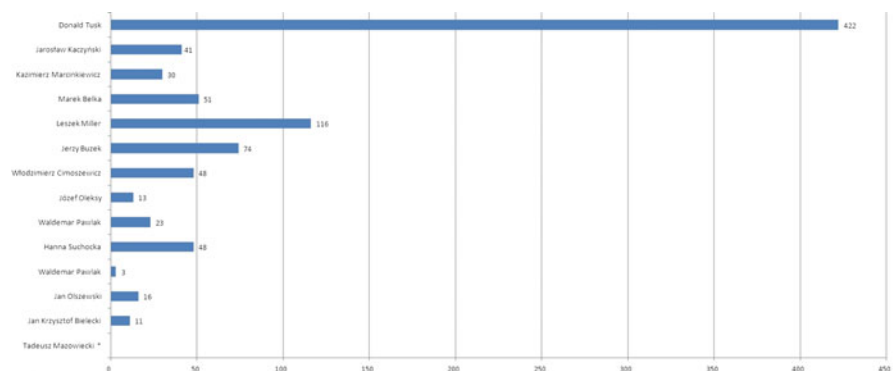


Fig. 6.2 The growth of public debt during the governments of Prime Ministers in Poland (billions PLN). *Source:* own, on the basis of: Kancelaria Premiera, Okresy rządów premierów, op. cit.; GUS, Roczne wskaźniki cen towarów, op. cit.; International Monetary Fund, World Economic Outlook, op. cit

The analysis of Pearson correlation between GDP, inflation, unemployment confirmed a negative value (-0.399) between GDP and inflation at the level of bilateral significance level of 0.05. In addition, there is a Pearson correlation of (-0.468) between inflation and unemployment of bilateral significance at the level 0.05 (Fig. 6.2), which indicates that the decline in inflation contributed to the growth and effectively eliminated the economic instability.

Table 6.3 Pearson correlations between GDP, inflation, unemployment in annual terms for the years 1989–2014 (forecast for GDP, unemployment for the years 2013–2014, inflation for 2014)

		GDP	Unemployment	Inflation
GDP	Correlation coefficient	1.000	-0.109	-0.399 ^a
	Significance (bilateral)		0.596	0.043
Unemployment	Correlation coefficient	-0.109	1.000	-0.468 ^a
	Significance (bilateral)	0.596		0.016
Inflation	Correlation coefficient	-0.399 ^a	-0.468 ^a	1.000
	Significance (bilateral)	0.043	0.016	

^aCorrelation is significant at the level of 0.05 (bilateral)

Source: own on the basis of: Kancelaria Premiera, *Okresy rządów premierów*, op. cit.; GUS, *Roczne wskaźniki cen towarów*, op. cit.; International Monetary Fund, *World Economic Outlook*, op. cit

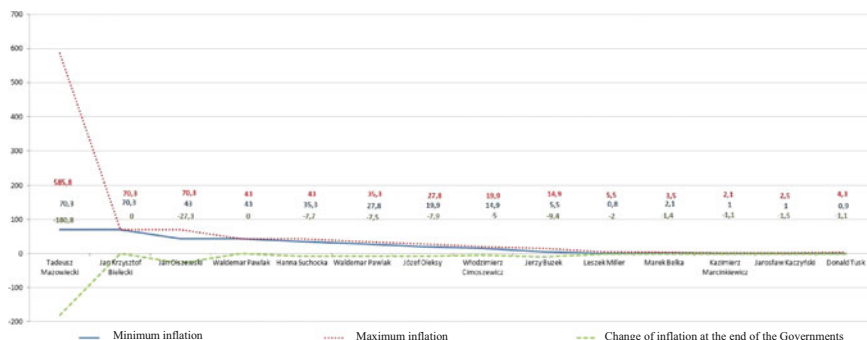


Fig. 6.3 The percentage change in the inflation rate during the governments of Prime Ministers of the Republic of Poland. Source: own, on the basis of: Główny Urząd Statystyczny, *Roczne wskaźniki cen towarów i usług konsumpcyjnych w latach 1950–2013*, Warszawa 2014, http://www.stat.gov.pl/gus/5840_1634_PLK_HTML.htm, (Date of access 29.03.2014)

At the beginning of political transformation there was hyperinflation, which only in the period of governance of J. Buzek (1997–2001) was reduced to single-digit value, and in recent years (2004–2015) remains crawling (5 % per year)—Fig. 6.3.

Only introduction of statistical grounds reflecting the role of state in economy, especially in neutralisation of negative outcomes of market functioning and decisions made in consequence of certain events, allows to present the qualitative research through synthetic responses of Prime Ministers on public management. They were made on the basis of the accepted methodology reflecting state through the perspective of institutions being its framework (Table 6.4).

This summary should be analysed together with the interviews (Sects. 6.2.1–6.2.12). In majority of cases understanding of the context depends from the necessity of learning about not only the response of selected respondent to the

Table 6.4 Determination of the main perception of the Prime Ministers of the Republic of Poland in the years 1989–2007 in the field of management of the state

No.	Prime Minister	State as organisation	Planning	Organisation	Managing	Social	Prime Minister's authority
1.	Tadeusz Mazowiecki	<ul style="list-style-type: none"> – Serves citizens – Strong – Able to act 	<ul style="list-style-type: none"> – Coordination and managerial function of Prime Minister – Strategic planning – Joint and several liabilities of the Council of Ministers 	<ul style="list-style-type: none"> – Structures of state – Balance of executive authority – Cutting bureaucracy – Stopping distorting the institution – Strengthening of the civil service 	<ul style="list-style-type: none"> – Challenge – Carrying out constitutional changes – Self-motivation 	<ul style="list-style-type: none"> – Ensuring achievement of goals – Overcoming resistance to action – Reward for good work 	<ul style="list-style-type: none"> – Strong position of Prime Minister – The primacy of national interest – Above party – Government to govern – Influence of public opinion on the governing process – Media disturb the work of Prime Minister
2.	Jan Krzysztof Bielecki	<ul style="list-style-type: none"> – Built by citizens – Free market 	<ul style="list-style-type: none"> – Common goals – Iron discipline – Unrealistic tasks – Planning like crisis management – Systematic adjustment plans 	<ul style="list-style-type: none"> – Delegating responsibility to local governments – The creation of market economy institutions – Creation of offices 	<ul style="list-style-type: none"> – Ability to communicate – Learning management institutions – Overcoming problems 	<ul style="list-style-type: none"> – Monitoring rate of transformation – Assessment of legal system – Supervision of work 	<ul style="list-style-type: none"> – Cooperation with President – Compromise in appointing Ministers – Chancellor's model is good
3.	Jan Olszewski	<ul style="list-style-type: none"> – The story of his history – Opportunity to build a state from 	<ul style="list-style-type: none"> – Development of solutions in a small group 	<ul style="list-style-type: none"> – Management of state assets – Reduction of state 	<ul style="list-style-type: none"> – Financial and economic management 	<ul style="list-style-type: none"> – A necessary condition to check the status of the state and the degree of 	<ul style="list-style-type: none"> – Large authority of Prime Minister – Making responsible

(continued)

Table 6.4 (continued)

No.	Prime Minister	State as organisation	Planning	Organisation	Managing	Social	Prime Minister's authority
4.	Waldemar Pawlak	<ul style="list-style-type: none"> the perspective of generations – State is responsibility – State basis or lack thereof is the educational system 	<ul style="list-style-type: none"> Development of guidelines for projects – Planning like crisis management 	<ul style="list-style-type: none"> administration – Preparing state for development challenges – Creating legal regulations 	<ul style="list-style-type: none"> – The need to reconcile political interests – Prompt decision making – Chronic lack of time – Resignation from less important goals 	<ul style="list-style-type: none"> tasks implementation – To stop wild action 	<ul style="list-style-type: none"> decisions – Bad law impedes governance
		<ul style="list-style-type: none"> Using the subsidiarity principles – State as subsidiarity organising global order – Organisational community 	<ul style="list-style-type: none"> Directional character of strategy – Decisions to be consulted with professionals – The basis should be economic progress and decline in unemployment – Decisions depend on circumstances 	<ul style="list-style-type: none"> Use of the best practices – Reluctance of institutions to modernize – Political promotion of positive evolution – Reluctance to changes in administration – The possibility of creating a socio-economic system 	<ul style="list-style-type: none"> – Skills of communication and knowledge management – Leading others – Coordination at a high level of generality – No time for details – Implementation of quality – Social dialogue 	<ul style="list-style-type: none"> Ability to change the general trends in the country – Checking the applicability of the Pareto principle – Preparation for unexpected scenarios 	<ul style="list-style-type: none"> – Insufficient authority – Chancellor's model of Prime Minister's authority – Limited ability to manage
5.	Hanna Suchocka	<ul style="list-style-type: none"> Form of organisation of society 	<ul style="list-style-type: none"> Setting strategic goals 	<ul style="list-style-type: none"> Change or assessment of the existing state 	<ul style="list-style-type: none"> – The need to seek agreement 	<ul style="list-style-type: none"> Monitoring and evaluation of the 	<ul style="list-style-type: none"> – Power depends on political structures

		<ul style="list-style-type: none"> – Inevitability of supranational communities – Globalisation processes will not change the essence of the state – Owns identity and traditions 	<ul style="list-style-type: none"> – The creation of market economy – Assignment of objectives of sub-targets – Search for a compromise – Dilemmas associated with decision-making 	<ul style="list-style-type: none"> – Reduction of government – Proper functioning of local government – Stable administrative structures 	<ul style="list-style-type: none"> – The need to make concessions – Motivating discouraged people – Making unpopular decisions – Public opinion poll 	<ul style="list-style-type: none"> – reforms and introduced changes 	<ul style="list-style-type: none"> – Chancellor's model of government – Lack of mechanisms to ensure continuity of authority during political crisis – Taking into account the voice of society
6.	Józef Oleksy	<ul style="list-style-type: none"> – Form of organisation of society – Protection against external threats – State is institutions – Owns instrument of coercion 	<ul style="list-style-type: none"> – Is necessary, particularly at the strategic dimension – Requires expert support – Lack of planning is improvisation 	<ul style="list-style-type: none"> – Deregulation of the state – Increasing local government tasks – Delegating official tasks outside – Cutting bureaucracy – Creating a citizen-friendly state 	<ul style="list-style-type: none"> – Breaking heaviness government apparatus – Exchange of personnel – Elimination of party structure of authority – Overcoming the inertia of the state apparatus 	<ul style="list-style-type: none"> – Checking the degree of realization of the goals – To reduce the share of foreign capital in the privatization process 	<ul style="list-style-type: none"> – High power – Consultative responsibilities make it difficult to govern – Party staff selection weakens management
7.	Włodzimierz Cimoszewicz	<ul style="list-style-type: none"> – Lack of universal definition of state – Need to build a common economy 	<ul style="list-style-type: none"> – The main role of the Prime Minister in making decisions – Early conflict intervention 	<ul style="list-style-type: none"> – Development of functional structure of the state – Reorganization of the necessary structures 	<ul style="list-style-type: none"> – Elimination of party structure of authority – Apolitical Prime Minister – Motivating members of the 	<ul style="list-style-type: none"> – Opportunity to clarify the difficult issues – Measure of economic growth – Verification of 	<ul style="list-style-type: none"> – Very high authority – Taking into account the voice of society – Exposed to strong lobbying

(continued)

Table 6.4 (continued)

No.	Prime Minister	State as organisation	Planning	Organisation	Managing government to act	Social effectiveness of planned activities	Prime Minister's authority
8.	Jerzy Buzek	<ul style="list-style-type: none"> – EU countries do not return to the nation-state model – Europe is not making its potential 	<ul style="list-style-type: none"> – Saving and good use of time – Requires a broad public consultation 	<ul style="list-style-type: none"> – Based on civil service – Apolitication of civil service staff – Cannot impede actions 	<ul style="list-style-type: none"> – Common achievement of previously planned goals – Politicization of staffing – Motivating people – Responsibility for future 	<ul style="list-style-type: none"> – Checking the degree of implementation of all planned tasks and goals – Requires less expenditures with good human resources 	<ul style="list-style-type: none"> – Strong enough authority – Prime Minister consultation with President – Coalition consultation
9.	Leszek Miller	<ul style="list-style-type: none"> – Global society organization open to the world 	<ul style="list-style-type: none"> – State management plan – Development of projects by consensus – Decisions that require 	<ul style="list-style-type: none"> – Decentralization of state functions – Strategic decisions at the central level – Strengthen the authorities of local government 	<ul style="list-style-type: none"> – Development of competences – The most important is human factor – Need for explaining what 	<ul style="list-style-type: none"> – Checking the degree of implementation of all planned tasks and goals – Evaluation of human factor 	<ul style="list-style-type: none"> – High power – Limitation of the role of president – Taking into account the voice of society – Not taking into account all the

10.	Marek Belka	<ul style="list-style-type: none"> – Mismatch of the state and market actions – Limited sovereignty of the state in economic matters – Poor self-organization of Polish society 	<ul style="list-style-type: none"> – Matching people to jobs – Review and definition of changes – Abandonment of a decision taken at risk 	<ul style="list-style-type: none"> – Improving the functionality of the office – Ensuring the efficiency of actions – Crisis situation is able to assess the degree of organization of the state 	<ul style="list-style-type: none"> – Creating institutional cooperation – Strengthening the civil service – Continuity of state action – Use of fiscal conservatism 	<ul style="list-style-type: none"> – Influence on the outcomes of actions – Checking the degree of implementation of all planned tasks and goals – In the case of coalition—control is made difficult 	<ul style="list-style-type: none"> – Opinions – Too large parliamentary interference in the change of government bills – High power – Basic task of government is administration – President should be counterbalance to the Prime Minister
11.	Kazimierz Marcinkiewicz	<ul style="list-style-type: none"> – Form of organisation of society – Tripartite division of authority – Proper operation 	<ul style="list-style-type: none"> – Preparation of activities – The ability to achieve goals – Improvement of social security – Working out compromises 	<ul style="list-style-type: none"> – Large number and dispersal of non-governmental organizations – Need to consolidate government – Need for the designation of institutions coordinating actions 	<ul style="list-style-type: none"> – Elimination of bureaucracy and the reluctance of officials to change 	<ul style="list-style-type: none"> – Checking the degree of implementation of all planned tasks and goals 	<ul style="list-style-type: none"> – Full authority of Prime Minister – Close cooperation of Prime Minister and President – Lack or Prime Minister's intellectual base – More difficult possibility of regrouping tasks

(continued)

Table 6.4 (continued)

No.	Prime Minister	State as organisation	Planning	Organisation	Managing	Social	Prime Minister's authority
12.	Jarosław Kaczyński	<ul style="list-style-type: none"> - Form of organisation of society - The strongest entity - Authority over citizens - The main role of the transaction policy - Widespread legitimacy and value - Focus on the common good 	<ul style="list-style-type: none"> - Overview of the tasks and goals of ministries - Developed vision and governance plan - Prepared way of decision-making - Consultation and consensus 	<ul style="list-style-type: none"> - Competitively proper separation of authorities - Need to strengthen the authority of Prime Minister (expert support) - Demanding policy - Acceleration and change of the legislative process - Need to change the electoral law 	<ul style="list-style-type: none"> - Need to work under pressure of the media - Mobilization of all ministers and deputy ministers of the government to work - Realization of real rather than fictitious strategy - Uniformity of policy 	<ul style="list-style-type: none"> - Checking the degree of implementation of all assigned tasks and goals - The need for an assessment based on the facts, not the media - Enables the effective elimination of irregularities and pathology 	<ul style="list-style-type: none"> - Large authority of Prime Minister - Parliament support of Prime Minister and cooperation with President - Long governance period of presidential authority instead of Prime Minister's authority

Source: own

question, but also the necessity of comparing it to corresponding responses of other respondents and even all the responses to the questions.

It was stated, that further conclusions, which could have presented the analysis of focus in various management functions, will not necessarily reflect canon of meaning in the context of the terms associated with even greater standardization of basic concepts.

6.2 Prime Ministers About Managing the State

6.2.1 Tadeusz Mazowiecki

How Do You Understand the Notion of the State as a Form of Organisation of Society?

Polish state in 1989 was completely different than today. The program for us regarded the political system transformation, which covered three large fields. It was democratisation of state, economic transformation and reorientation of foreign policy. Taking the Office in the Council of Ministers I was aware of the fact, that in all of those fields we had to act assertively but carefully. I did not have orientation in which areas the state is strong and in which weak, because what it was strong in was about to be completely reformed. It was meant to be the state for citizens, not state above the citizens. On the other hand, I believed that after so many years of non-sovereign state the existence of strong state and state able to act is very important.

I said already in my first exposé in the Parliament, that I wanted to create a government capable of acting. Previous attempts proved, that Solidarity needed to have their voice and only then, when they started assuming responsibility, the government would be able to act. At the same time in the existing geopolitical situation all political forces represented in the Parliament had to be mobilised. One may say, that in relation to the state it was changing the essence of that state and at the same time providing it with capability to act. Those two things had to be reconciled.

How Did You Realise the Function of Planning in State Management in Practice?

The basic part of the plan I was going to realise was of course the government programme included in my exposé. Planning, planning intentions were presented to the Parliament and society in my subsequent public speeches when I was the Prime Minister.

I believed that ministers should be responsible in decision making, feel self-responsibility. I assumed, that I would not interfere with their actions, but of course I kept coordinating and managerial function. I think, that counting on ministers' constitutional responsibility was a good form of governing.

Council of Ministers meetings took place, where I gave each member a vast possibility to speak. I was criticised that the Council of Ministers meetings took

too long. But it was a special time and Council of Ministers meetings had to play a special role. Most of all, they had to integrate us around the goals in front of us. They had to make us realise that the government as a whole was responsible for its plans and governance. In normal conditions the meetings should be shorter, more efficient. But let me repeat—it was a special time.

Of course planning function was supported with various organs of Council of Ministers, like Economic Committee led by Leszek Balcerowicz, who carried out the reform of economy. That Committee had a bit of tendency to alienate, but decisions it prepared were accepted during Council of Ministers. An important element of this breakthrough period was to restore international relations, that is why my contacts with Minister of Foreign Affairs, Krzysztof Skubiszewski, were particularly frequent. A lot was going on then in the foreign policy. We had to be very active in foreign policy issues and so we were. Reforming the changes in character of the state required also my close cooperation with Minister of Internal Affairs, Krzysztof Kozłowski.

I can say, that basically all of our decisions were in some way difficult; in particular closing the budget and budget changes, new economic Acts, political issues—very difficult from the very start.

I remember that such problem was the issue of refugees from East Germany to Poland. Under agreement between governments of Polish People's Republic and East Germany we were obliged to send them back. However, we knew what they would have been threatened with and from the start we have made a decision not to do it. It was necessary to adopt a resolution of the Council of Ministers, which indicated that above international agreements between Poland and East Germany there were human rights pacts signed by Poland. Council of Ministers made such decision.

Another great decision-making problem was the local government reform. Our assumption was that both reformed new government administration and local government administration formed from the scratch would not become controversial from the very beginning, but cooperated. It all had to be prepared.

There were lots and lots of such general problems and dilemmas. In economic sphere, from the beginning we changed the detailed planning from the previous system to strategic one.

How Do You Evaluate State Organisation Capabilities in Practice?

I think, that the actual structure of the state is good. I used to be a member of Constitution Commission, which adopted the principles of division of authority and competences. I have to say, that I do not agree with criticism, that *Polish Constitution* causes conflict between President and Prime Minister. Democratic system benefited and benefits from maintaining a balance in executive authority. It all depends from people. If people do not want to cooperate, then no constitutional principle would solve it.

But I notice something, that I call spontaneous growth of bureaucracy. Therefore, new structures, committees and other state agencies are formed or existing ones expanded. It happened in other states, the same happens here, too. It is particularly

visible on the example of various institutions and the departments responsible for internal security. There are a lot of these. One should do something with them, unify them. The problem is also the fact, that some institutions fully passed the test, e.g. Constitutional Tribunal, and others have been chronically politically deformed, like National Broadcasting Council. Here I am dissatisfied. However, I do not blame here the shape of institutions, but the specificity of political life, where not all of the constitutional principles are fully obeyed.

Which Elements Do You See as the Most Difficult in State Management Process?

In general, governing a state by Prime Minister is a difficult task. It is his great role, which cannot be seen only in some formal framework. It depends from authority, ideas, assertiveness, motivating skills, which the Prime Minister as a leader has.

In my day, the function of Prime Minister was strengthened historically—with the need of changes. Today this function is also strengthened by law. I think, that a great problem is also reconciling the social expectations with what the government is realising—or not—in practice.

We have also had ministers from Polish United Worker's Party. Many difficulties, or even deliberate disloyal actions toward the government occurred, like destroying files in Ministry of Internal Affairs. It was happening without my knowledge or agreement. When I learned about it, I forbade such practices, but as we know, it has lasted for some time.

The majority of my government was self-motivated to act and infected others with it. It was about a great change in political system. It motivated people even from previous apparatus of state service, who understood, that the state should be transformed. Those, who did not understand it, were dismissed. Motivation was really very deep. It was not about motivation to win the election, but motivation to change Poland. And this motivation was really visible.

Today Prime Minister needs to see both. He must act in such a way to realise ideological goals and at the same time to win the next election. It is a normal situation.

How Can You Evaluate the Degree of Realisation of Own Planned Actions in Relation to Actually Undertaken Actions?

Actions taken by my government were huge in all fields. I think, that the degree of realisation of those changes was really big. They regarded not some aspects, but the whole state. There was not a department, where changes were not necessary. They took place everywhere. In science, education—at least in the scope of changes in teaching of modern history. We had to learn at least to support culture under free market economy already in construction. It was necessary to change the enterprises directors and then privatise those enterprises. For that purpose a special department for ownership transformations was appointed.

We felt the resistance of managers of various organisation units and directors of state enterprises, who believed, that they have survived many reforms, so they would survive those too. Maybe, if they had set out earlier to the transformations,

they would have had been less painful. The reform of local government was certainly a success.

In my governance the voivodship's were subject to me, even though the director of Council of Ministers Office in fact dealt with it. Several times I organised a conference with voivodes. I think, that it was some kind of management tool, that the Prime Minister could use. Most of all it was necessary to make changes also at the level of voivodships, which was accomplished.

We have also established the National School of Public Administration and counted largely on building a truly professional civil service. The fact, that throughout 20 something years the civil service was so much tampered with and it is not implemented, fixed and protected in sufficiently large scope, I see as a serious and big drawback. We then were doing it with a vision of the future.

What Kind of Power and Management Capabilities Does the Prime Minister Have in Practice?

In Poland the position of Prime Minister was strengthened and thus we went more in the direction of the chancellor model. However, President comes from the general election, so his position is more stable than of president elected in typical chancellor model (like e.g. in Germany). I think that those authorities of Prime Minister are sufficient and good. This is our well-established way and in my opinion there is no need to make changes in this area. The problem is not in the very model of executive power, but in the political life. It needs to be understood, that the spirit of the *Constitution* requires supremacy of state interest over party interest. This should be pursued and respected. The balance that the *Constitution* provides is nothing wrong. Everywhere around Poland, where countries have been liberating from communism and presidential governance has been introduced—the oligarch system was formed to a large extent.

I think that strengthening the role of financial markets in recent times certainly requires reflection on how the government can maintain certain control or influence on them and to what extent it must reckon them. It is the government, who has to govern, and the public opinion needs to have influence on those processes—it is very important. Government in democratic system needs to reckon with public opinion and it cannot be done only once in a blue moon. However, current mediatisation of politics, where important is not what is really important, but what can be really publicised, poses new challenges before the governors. It is not good, when one tends to acquire popularity at the expense of decisions, which are necessary for development and common good.

6.2.2 Jan Krzysztof Bielecki

How Do You Understand the Notion of the State as a Form of Organisation of Society?

I always believed, that the task of each citizen should be building the state, but not in some idealist way. The state was different when I took the office and it is

completely different today. Then the state overwhelmed the citizen, oppressed and enslaved in every sphere, and we wanted the free-market values. In that time nothing was easy and everyone had to bear the social costs of doing capitalism. Today we already have it, but we often lack liability in this organisation of society and perception of the state itself.

How Did You Realise the Function of Planning in State Management in Practice?

It seems, that when I was the Prime Minister in Poland we had a special situation, that cannot be compared to today's one. At the level of strategic management of the government we had common goals. Therefore, despite of the formal difficulties, management could be implemented with informal structures. In theory, if any minister would have insisted and said that we had a constitutional liability there and something could not have been done, he could have been right. Here, however we have had such strong discipline. That was not classic coalition government in the sense of modern politics. It was an author's team appointed by the Prime Minister. Therefore, the Prime Minister's authority was much greater, and if the Prime Minister did not like something, then the weakest link was replaced. Thanks to lack of problems at the government level—in the sense of lack of coalition—the political system imperfections could have been fixed by direct management of teams of people. An important role in this process played committees, in particular the Economic Committee of Council of Ministers (KERM—Komitet Ekonomiczny Rady Ministrów), where very different views collided. Later it was accompanied by Social Committee of Council of Ministers.

Planning was more difficult, since we worked under incredible imbalance and incredible volatility (changeability) of the whole process, for the first 2 or 3 years of these reforms basically fighting for survival and success of social model adopted in Poland. Even if something was planned, it later turned out that this planning was not congruent with reality. It was a kind of crisis situation management—as we could call it by the book. At the same time we had very clearly established goal to achieve. All plans, including those made by external analysts, e.g. from International Monetary Fund, whose representatives were constantly visiting Poland within analysis missions, were quite comprehensive, but inaccurate. They continuously did not work and were systematically subject to adjustments.

In planning the goals were set, but no one knew the path to achieve them. As far as one can proceed with management process of e.g. restructurisation, then it can be based on models and other case studies. Here models of some transformation from authoritarian mode to democratic capitalism could have been found only in South America. It was an experiment conducted with the society, one can say a managerial experiment, which ended with a great success for Poland.

How did those planning units develop over time? From Planning Commission we went to Central Planning Office (CPO), which was founded during Tadeusz Mazowiecki's governance. In our times this CPO was still functioning, but later Jan Olszewski liquidated it. Anyway, at the moment we have no such thing. It is very

interesting, how without strategic unit—the planning one—one can function at the government level. We are trying to restore it in the second period of governance.¹

How Do You Evaluate State Organisation Capabilities in Practice?

When I was the Prime Minister, the whole state was under great reconstruction related to the state decentralisation process, where, among other things, competences were returned to local governments. Unfortunately, often this competence transfer to local governments was done without money for its realisation. Such were the times. At the same time, in this first period institutions of market economy and offices, and rules of operation were formed. Thus, when e.g. the Antitrust Office was created, the antitrust law and all the associated practice were created at the same time. And so one after another the institutions of capital market were created, the Securities Commission and Stock Exchange were established—as a very important institution of capital market development. Poland was being born like a phoenix from the ashes. After 50 years the basic institution of capitalist economy in Poland were restored and created. A symbol of it was the first hand-rang bell on Stock Exchange in April.

It can be declared, that the state is capitalist, but capitalist capitalism consists in the fact that there are not only private property and freedom of pricing, but there must be institutions of market economy.

Which Elements Do You See as the Most Difficult in State Management Process?

The most difficult process in managing the state was the ability to communicate. It was something that no one knew and what we all were learning. We received numerous comments on government's bad information policy. Tadeusz Mazowiecki was hearing it constantly, then me, and as we know in that time the media did not exist at all. Here it was not only necessary to build internal and external communications procedures, but also to learn them. It was learning from the scratch. I would even say, that from level –10. It resulted from the fact, that the person in conspiracy has learned not to talk and here he had to talk too much.

At the same time the local government administration, which was also learning everything from the scratch, was being formed. It was a gigantic process of learning the new institutions, new rules of division of authority. Voivode had to learn that he is the governor of the state in the region, and not advocate for the region. Voivodes had difficulties to learn it, especially at the beginning.

Managing the state in times when I was the Prime Minister was not easy. Besides, in the Parliament I made a statement in which I declared that effective methods of governing Poland are exhausted. It was related to the discussion on the second vote of no confidence for our government. I then, as a part of a parliamentary game, made my resignation, which was rejected. This difficulty was related to

¹Talking about the second period of the government of Civic Platform and the Polish Peasant Party for years 2011–2015.

the paralysis resulting from the Round Table system, non-democratic representation in Parliament and at the same time discussion on the main state organs, functioning of the Council of Ministers, possibility of issuing vote of no confidence for government everyday—it sufficed to collect several dozens of signatures. Because of it all, at one moment governance was paralysed, which was a result of false understanding of civil liberties. Each ministry was also fortified with own Acts, which resulted in government consisting of 20 silos instead of being a unity. One can say that referring to the management theory in such approach is impossible. Management is impossible by definition in such matrix organisation.

How Can You Evaluate the Degree of Realisation of Own Planned Actions in Relation to Actually Undertaken Actions?

I believe that Polish success is unprecedented and only now the literature on this topic will be written. One can say, that the reality surpassed all expectations. In particular the expectations of foreign observers, institutions analysing situation in Poland (the European Community, the European Community Commission, the IMF and the World Bank). No one expected, that Poland, which was bankrupt, would be back on its feet and balance its economy.

Many issues regarding the rate of ownership transformation did not work out. At first, privatisation was not working out, later it was accelerated. Then we had the jurisdiction, which was not able to transform in such a way, that was expected. There is no functioning market economy without efficient jurisdiction, efficiently functioning legal system. We still have problems with that. When looking at entrepreneurship problems, it is clearly visible, that many of them result from improperly functioning legal system in Poland, with issues with bankruptcy, possibility of prompt settlement of disputes within commercial law. It is all a large deviation from some average norms in Western world.

What Kind of Power and Management Capabilities Does the Prime Minister Have in Practice?

The range of power of the Prime Minister underwent a large change throughout the last 20 years. It was different in the semi-presidential system like we had before adoption of the *Constitution*. Later, the authority began to change more in the direction of Chancellor system. In my day the key issue was being trusted by the President, who was able to directly influence the assignment of the so-called tough ministers—not like at the moment, when his role is brought to only accepting ministers. Then the President could have decided who the minister of national defense or foreign affairs was. Those were the so-called presidential departments. Harmony between Small and Great Chamber was much more important than after political transformation. In that period numerous tensions between president Lech Wałęsa and each government occurred. I was an exception here. We were not in conflict.

6.2.3 Jan Olszewski

How Do You Understand the Notion of the State as a Form of Organisation of Society?

State is perceived by people through the perspective of generations. I belong to the generation of Union of Polish Youth in Stalin period. It is the experience that has affected that generation. National Army generation was destroyed, completely neutralised with means of administration.

Then October 1956 had an impact on the society and its relation to the state. People drew consequences and agreed to use them.² Later, after a year, it was turning out that one was here and the other one there. Careers of Jerzy Urban or Anna Bratkowska are a completely different issue. It was obvious, that these are people, whom we could not count on. But later, some time from the end of 60s a third generation appeared—generation of Solidarity. And that was a capital that was wasted. These were the people, who seriously treated their involvement in issues of state and on whom one could count. If so would have happened, the Solidarity generation would have been used properly, we would have had a completely different state.

Extremely valuable, I'd even say leading, role in the sense of the state plays the education system. In my opinion, the biggest achievement of the Second Polish Republic was Polish school, which was rebuilt. In one variant I can say I am a pupil of this school, since this system survived until 1949 and only in Stalinist period was destroyed. It was decently done school and positively shaped a man towards the state.

I have always seen the state very responsibly. Neither did I ever believe, that I had proper competencies to govern the state (. . .). In 1991 I found myself in a special situation. The Council of Seniors on Jarosław Kaczyński's request, but without even consulting it with me, decided, that I should be the candidate for Prime Minister. I was informed about it by the phone. Then I went to Lech Wałęsa to ask how he felt about me in this area. He (Wałęsa) has told me: "I will do anything to prevent your candidature". He said, that in his opinion Krzysztof Bielecki should remain at his previous function (the Prime Minister). At the same time Wałęsa proposed I took the position of Deputy Prime Minister. I responded, that I am not interested in it, since I have never volunteered for this function and was elected as a result of adopted resolution (. . .). I reckoned, that in the situation Poland was (state, economy) at that time, namely December 1991, the Prime Minister should be an expert, economist—and I did not know about economy and did not aspire to. At the same time, I presented such President's opinion (negative towards myself) in the

²In October 1956 there was the so-called Gomułka's Thaw or Polish October, which was associated with a partial condemnation of Stalinism, change of communist internal policy with the change of power. Reforms were announced (so-called Gomułka's reforms), e.g. a large number of prisoners were pardoned, academic staff dismissed during the Stalinist period returned to work, the Stalinogród city changed back to the previous name Katowice, part of Stalin's repressive apparatus was judged, jamming foreign radio broadcasts in Polish was abandoned.

Parliament. I believed, that the ministers should have known, when voting for me, that the President was against this government. After long discussions I have been informed that I was the only candidate, on whose election parliamentary majority agreed (and in that time there were over 20 party groupings in the Parliament).³ There was risk, that the first independent Parliament,⁴ elected in democratic election would not be able to form the government.

In the second vote my mandate as the Prime Minister was renewed. I decided, that in such situation I could not decline, although I was aware of huge economic difficulties of the state. At the same time I have publicly declared, that I saw such state (when I was the Prime Minister) as temporary.

From the perspective of time, I believe, that one should constantly learn about the state by drawing conclusions from the history. When we forget about this lesson, we never know in which organisations we will have to live.

How Did You Realise the Function of Planning in State Management in Practice?

Making decisions, or rather developing solutions, took place in a small team—only a few people. It was called the government presidium, but there was no formal presidium then. Actually Minister of Finances and president of National Polish Bank together with me were the core of this body and the other people participated after invitation—depending on the needs.

It was also difficult to plan with taking into consideration the decision-making possibilities, if two centres of executive authority did not exchange information efficiently. I remember, that while preparing to my visit in the USA, I heard that President Wałęsa during his visit in Germany talked about NATO-bis and EEC-bis. No one, including then Minister of Foreign Affairs Krzysztof Skubiszewski, who was present during that speech, knew what was behind that concept. I personally went to Wałęsa and after an over 2 h long conversation I got nothing, no information. What was I supposed to say if they asked me about it in the United States? Only that Polish government was not discussing such concept.

Since I am talking about planning, I would like to shed some light on a very important situation. We had completely no control over Russian bases in Poland. We did not know what was happening. To this day I do not know if it was a provocation or misunderstanding. In January 1992 I was woken up by then State Security Bureau deputy, who said that there has been a very urgent matter. He informed me about reports, that in several Russian bases in Poland high alert has been ordered—but it was not known due to what situation. I then asked about opinion regarding forces and measures we had at our disposition in case of necessity to intervene in case of attack. I learned that we were completely helpless.

³29 election committees received seats to the Parliament (where 11 committees received 1 mandate each).

⁴First completely independent parliamentary election after World War II took place on 27.10.1991.

Advantage and operational freedom of Russian army was unquestionable. It turned out, that the alarm was fake, but that history made me realise how important, necessary and urgent the evacuation of Russian soldiers from the area of those bases and overtaking those bases by Poland were.

A week before signing the agreement packet between Poland and Russia on the conditions of evacuation of Russian army from Poland⁵ I learned, that that protocol included Polish consent to form supranational companies in Poland in the area of the existing Russian bases. This stipulation was against government's position and the whole protocol has already been initialled by Polish party. Polish Ambassador in Russia has done it on behalf of Polish government. But on whose order? Minister of Foreign Affairs, who then was in Egypt with the President, declared after his return, that he has not known anything about that and it had been done without his knowledge and consent. I then asked President Lech Wałęsa to discuss the issue of signing the protocol in a very narrow team: me, the President, Speaker of Parliament, Speaker of the Senate and Minister of Foreign Affairs. I did not agree to participation of fr. Krzysztof Cebula and Minister Mieczysław Wachowski (although both men were present in the first meeting on that issue from President's side). I think there were three such meetings. At the moment when I bid farewell to Polish delegation flying to Moscow headed by President, and personally reminded, that Polish government did not agree to create supranational companies in the area of Russian bases in Poland, the president's office issued opposite opinion to the media. President's spokesman Andrzej Drzycimski was at the same time interviewed by press next door. He said, that the government did not oppose to the possibility of forming such companies. He added, that there were no such protests, at least in the written form. Then during a closed Council of Ministers meeting we adopted a Resolution, where we expressed the lack of consent for forming supranational companies in the area of Russian bases in Poland. Encoded message was sent the same night to President Wałęsa in writing. It was government's competence and President could not sign such protocol without government's consent. And in fact President Wałęsa did not sign the protocol in that situation. But right after his come back from Moscow he declared, that he would request for dismissal of the government, because he did not see the possibility of further cooperation with me (...).

How Do You Evaluate State Organisation Capabilities in Practice?

We were on the beginning of our path to rebuild the whole state. Personally, I was aware, that the changes might have been selective, but had to refer to everything.

⁵ It is about agreement between Republic of Poland (RP) and Russian Federation (RF) on evacuating Russian Federation army from territory of Poland, protocol between Polish and Russian government on regulating the property, financial and other issues related to evacuating RF army from Polish territory, agreement between RP government and RF government on regulating the transport issues related to evacuating RF army from Polish territory, agreement between RP and RF on transit through RP territory of RF army evacuated from German Federal Republic.

My attention as the Prime Minister was focused on three problems. First issue was privatisation of state wealth, its use. Second issue was reconstruction of state administration—among other things the division of central and field authority, reduction of state apparatus (. . .). Personally, I do not believe poviats are playing any special role at the moment, apart from the fact that they provide political parties with a number of job positions. A separate case is the issue of communes, which should have got created permanent financial foundations of existence and development so that they could have acted independently. Accomplishment of this task required creating legal regulations, which would have actually sanctioned some legal and organisational order. At that time 2/3 not 3/4 of resolutions had to be repeated. That issue had to be ready in Autumn 1992, but as we know, there was no time for that.⁶

And finally the third issue, the most important one, was the status of Poland in the world: aspirations to be a NATO member and in further perspective membership in the European Economic Community. I can say, that in that time these were the priorities of the state organisation.

Which Elements Do You See as the Most Difficult in State Management Process?

Already at the first meeting of new government under my leadership (on the first day after Christmas 1991) it turned out that the prepared provisional budget for the following year did not allow normal functioning of the state. For example, in majority of resorts only employees' payments were secured, but there was no money for anything else (telephones, fuel, office equipment, electricity, etc.). The presented provisional budget, despite the obligation of consultation with trade unions, was not subject to this procedure. It lacked the basic statement, namely: what was the state budget deficit for 1991. Then deputy minister of finances stated, that it was no less than 30 billion of then Polish zlotys and no more than 60 billion (where both versions are probable).

Today no one talks about it or wants to remember it, but it was then when IMF, which was a guarantor of credit support, suspended contacts with Polish government—still during the governance of Krzysztof Bielecki. A direct reason for such decision was worsening and obscure state of Polish economy and the fact, that Leszek Balcerowicz decided to print more money. No one was able to tell how much money went into circulation.

I am very grateful to those, who in that period helped me solve that situation. Completing and keeping the office in condition of so many groups of interest and social disorganisation was very difficult. Then Minister of Finances Karol Lutkowski resigned after only 2 weeks (staying in the office for about 2 months). Appointing his successor Andrzej Olechowski was for me personally a difficult decision of moral choice. Olechowski had clear file in State Security Bureau, but he has been imprisoned and travelled abroad. In that time it was impossible for

⁶ By the Resolution of the Parliament of 5 June 1992 the government was dismissed.

someone like him not to be the object of interest of services (...). The main reason of appointing Olechowski was his good orientation in contacts with IMF, and as the state we had to quickly restore those relationships.

The most difficult elements in the process of managing the state in the time when I was the Prime Minister were those referring to widely understood cooperation and divergence of interest groups. I was aware that my government would not have survived a year. For me it was already obvious after 3–4 months of governance. We have entered, or rather have started to disturb functioning of various interest groups. I remember that Leszek Miller demanded the position of head of the Ministry of Defence in exchange for political support, while he was still the head of a large political party (51 seats in the Parliament, 4 in the Senate). Only then I realised what John Paul II said to me during my first visit in Vatican as Prime Minister. He wished me to keep the Prime Minister's office at least as long as he his pontificate. But that sentence had a second meaning. It dawned on me, that the Pope said with those words, that of course I was right, that direction of changes for Poland was right and he fully approved of it, but I had to remember, that at least a generation is necessary for that, at least 17 years (as long as the pontificate of Pope has already lasted), not another governance period. And really, when I look at it from today's perspective—it is impossible to rebuild the state in such short time.

Difficult decisions were often made ad hoc and regarded current help for economy. It consumed a great deal of time. I could once or twice a week meet the teams, which worked on something and draw the general directions of further works. However, I could not devote as much time for it, as it actually required.

Difficult decisions in state management undoubtedly regarded the privatisation process. Its beginnings indicated what can be direction of further privatisation. Privatised was e.g. Wedel, with Polish owners privileged, but finally it was sold on 22 July to PepsiCo company for a small sum. Another privatisation was PWN, one of the biggest Polish publishing houses, which managed copyrights of all Polish writers and scientists. If someone was publishing abroad, it was still done through PWN, where the publishing house acted on behalf of the author. In one word, privatisation of PWN was carried out with support of a person, whose name I do not want to mention, and who was really accomplished in times of Polish People's Republic. He, among other things, struggled for mass in Polish Radio, and suddenly it turned out that he served other causes.

A branch of industry which was well invested in was the shipbuilding. Szczecin Shipyard, Gdansk Shipyard, Gdynia Shipyard, actually two shipyards in Gdynia, whose vast majority of production was for the needs of the Soviet Union. I took the Prime Minister's position convinced, that no one knew what to do with the shipyards. Soviet orders ended, and due to at least historical role of those enterprises and large sums of money invested in them, they could not just have been closed with one signature. It is also fate of many thousands of people. I believed it to be one of the greatest problems, which loomed over my head. It lasted as long, as one of the world's famous Polish professors made me realise that the shipyards can be the branch of economy, which will save Polish industry as such. He made me realise, that to a large extent what was being written about Polish

shipyards has been inspired by many lobbying groups and is untrue. Only then it dawned on me, that appropriate use of the shipyards, which entered a period of prosperity, had excellent facilities, construction offices, cheap and skilled labour could have been a powerhouse of Poland. I then understood we were holding the golden egg. It happened, that about a week after that conversation I received an information from one of the officials, that some bank issued a bankruptcy request for Szczecin Shipyard. Then the shipyard's bank accounts were empty and it was not able to satisfy the creditor's claims, while the sum of the claim was marginal, perhaps 1/100 value of all shipyard's assets. Probably if such request would have been received by the court, it would have been accepted and the shipyard liquidated. I knew it was a deliberate action. If Poland would have properly managed own shipyards, then German ones would have to be closed, French shipyards would have had to be closed, they simply would not have been competitive. Of course I made the decision, that we cannot allow the Szczecin shipyard to collapse and such realisation of bank obligation. As it turned out, Szczecin shipyard has been the seventh shipyard in world ranking for 2 or 3 years. It was later liquidated with administrative measures.

Still at the beginning of 1992 I ordered to stop all privatisation processes and ordered a Supreme Audit Office control of all privatisations carried out so far. I think, that after such decisions there were no doubts, that minority government had no chance of survival, since it threatened too many interests.

How Can You Evaluate the Degree of Realisation of Own Planned Actions in Relation to Actually Undertaken Actions?

I perceive two issues as my success. One was preparation of budget for 1992. The satisfaction came from the fact, that the execution of the state budget at the end of the year was exactly what we predicted. It is worth to be mentioned, that after collapse of my government the budget was revised, and this revision, as it turned out—was wrong.

The second issue was the establishment of positive trade balance, that is export exceeded import. It was possible due to devaluation of Polish zloty carried out a bit in the spirit of feeling of how far we can go. As we know, apart from internal consumption, export is the foundation of economic growth or collapse. Maybe it is not my doing, but some kind of luck I had, but apparently in politics luck matters a lot. Napoleon Bonaparte, after all, asked his generals: are you lucky?—and he believed it to be the main qualification.

What Kind of Power and Management Capabilities Does the Prime Minister Have in Practice?

My government acted in special legal conditions. Law still from the Polish People's Republic was being adjusted to the needs of the Round Table with free for interpretation areas. Prime Minister's authority largely depends from how one wants to use it. I could do a lot. If I had not done something, it was a result of necessity to make responsible decisions for society, which regarded not only thousands, but even millions of people. In some directions, where I have not had

doubts I could have proven, and I hope I had proven, some determination—like an... attempt to lead the state from political grey area and guarantee Poland's safety.

6.2.4 Waldemar Pawlak

How Do You Understand the Notion of the State as a Form of Organisation of Society?

The state should be organised, starting from global to local space, marking on the way the element of subsidiarity, which is a key to organisational and legal order. It is then easier to find the right place and competences for various institutions at the global, European, nation state, regional or local (also in the aspect of household) level. For my formation (Polish Peasant's Party) subsidiarity is this organising factor or that principle, which contributes to better organisation of state structures and in the result better understanding of the state itself. Whereas subsidiarity is dynamically understood. It is not ascribed forever to the competence of the given government. One may say, that those competences can sometimes travel upwards and sometimes downwards.

For example, one may say that primary education is a competence of the commune; if we talk about e.g. the network of hospitals in healthcare system, it seems that poviats level is inadequate—it should rather be the level of current voivodship. As long as the state is considered, then in such socio-economic order the issues of general safety, military safety, foreign policy, economic policy (in the sense of the whole socio-economic order)—these are the competences at state level.

In the case of Polish socio-economic organisation, which is a member of the European Union, some forms of state organisation belong to the community form, in a more blurred system. However, if we refer to the subsidiarity principle—then we are able to form such state in a sensible way. Sometimes it can be even said, that some things are unnecessarily moved to the European level, because the tasks would be better performed not only at the national level, but sometimes even at regional one. Today there is no such simple definition of state restricting it to its borders, territory. I think, that therefore one needs to think about state and its sovereignty in terms of subsidiarity organising global order.

How Did You Realise the Function of Planning in State Management in Practice?

The years when I was the Prime Minister were the times of political transformation. I was the Prime Minister to the beginning of 1995, but the main years of transformation, when I was the head of Polish Peasant's Party are dated to 1997. In that time we formed coalition with Democratic Left Alliance in creating the state policy. On the one hand these were the issues of ongoing management, on the other hand—structural changes. When it comes to ongoing management, then in the *Strategy for Poland* the main problems, crucial problems of the state, were described. In the strategy the main directions of actions were described, and I think that for that time

it was a modern strategy. It had directional character, was not very detailed—which was observed in previous plans or programmes of government actions.

Today, in times of great changeability, I believe that the strategies should most of all define the direction of actions, quality of achieved results, and not precise parameters. In those years the restoration of economic growth and reviving the economy was extremely important. I think, that it was managed to a large extent. If we support this evaluation with commonly used GDP parameter, then in the period of 1993–1997 a great improvement in economic growth and at the same time decrease in unemployment can be seen. These are some key elements from the social and political point of view. If people have more work, it is better paid, then it is the basic element of realising the oath each minister or Prime Minister takes, that the welfare and prosperity of the citizens will always be for them the supreme obligation. However, if the other part, namely change of structures is considered, we have prepared the practice, where we first talked about assumptions and then the ready projects. Such practice right from the beginning allows to determine if the direction of actions is justified. Second issue is putting large pressure on the need of changes in the structure of central authority, which to that time has not been reconstructed in any significant way. In 1990 commune government was established, but central institutions drifted further in old order. Therefore, in 1997 it was necessary to implement the Act on government administration, which allowed arranging the state affairs. This solution functions to present day.

Unfortunately, at that occasion it was impossible to introduce such arrangement of organisational structures, that some actions of similar character were realised in similar organisational units. It was boiling down to dividing those administration units into three basic blocks, namely meritorious departments, service offices and secretariats. For example, when talking about the Ministry of Economy, such meritorious departments are e.g. Department of Industry or Department of Mining—as one of classic economic departments. On the other hand, Legal Office, the Office of Personnel and Training and the Office of Information Technology are included in service offices, which are also present in other ministries and thanks to that horizontal coordination of those functions from the point of view of state organisation is easier. The third link are secretariats as units directly serving the members of political management of the resort. Related to that was also the change of mechanism of state management. Namely, upon the dismissal of the government, the political part of the government is dismissed together with the Council of Ministers. Thus not only ministers, but also deputy ministers, voivodes and their deputies are dismissed. It is a transparent mechanism of state management.

One of the most thrilling planning processes I remember from my governance is the crisis related to protests in energy industry. Then even the option of partial electricity cut was considered. After consultations with competent people, namely National Power Distribution, I received the information, that it can be solved at the organisational level, since earlier the National Power Distribution was deprived of competences in regional branches. While restoring the competences of National Power Distribution, it turned out that there was no need to introduce solutions, which would be inconvenient to people. For me it was a very concrete lesson of how

broad consultation of decisions made and checking the knowledge with competent experts is important even before the political decision is made. Not always the easy decision is the best decision in the given circumstances.

How Do You Evaluate State Organisation Capabilities in Practice?

I think, that, unfortunately, there is a lack of time and political will to modernise state structures in a more organised and well-thought way. Mechanisms of state functioning and global conditions are changing. For example, today the significant barrier is the level of public debt. This area (of organising state tasks) in many states has gained much more significance often based on public-private partnership. Even Prime Minister of Italy Mario Monti in his latest speeches proposes to exclude expenditures on investments from classification of public debt. These are the examples, which prove, that state structures, like structures of corporations or small households, are changing. Some time ago our parents started working, got promoted and retired in one workplace. Today it is necessary to change job many times. It functions similarly in administration. Thus very important are all actions, which allow better state organisation and better management. For example, in Ministry of Economy we recently introduced the quality management system and methodology of project management, so that we could benefit from the best corporate and business practices, introducing the best solutions to administration. However, with sadness I can say, that such approach is not always understood in the world of modern politics. Even when administration reduction was discussed, we proposed not to reduce jobs in the public institutions, where quality management system was being introduced. It caused a strong conflict in coalition and finally Senate dismissed the solution, even though the Parliament has accepted it. It is the example, which shows, that if politics do not promote positive evolution, then the politicians should not expect the institutions to be willing to modernise. It is very difficult to manage such institutions without positive motivation.

Which Elements Do You See as the Most Difficult in State Management Process?

Today we may say, that both knowledge and information are available, but many people lack competences to properly use them. A very important part of state management is communication, also informal one. An example of such informal communication in Ministry of Economy are the so-called Thursday dinners, where ministers, deputy ministers and heads of departments meet at the Swedish table. We adopted this solution from the government solutions used in Sweden. Such dinners take place once a week, last about an hour and everyone has a chance to talk to everyone—which provides a kind of informal coordination and consultation unrestricted by procedures; thus state management is not only an issue of law or structures, but also some kind of organisational culture.

We need to remember that politics differ from leading or management in corporations. Most of all, it requires much more time, powers and measures for discussing positions. It is rather leading and setting direction than directive management. To illustrate it, we may say, that at this basic level of administration we

can talk about some clear assignment of individual tasks. The higher in hierarchy, the more elements of coordination and less elements of direct management. What is difficult to understand and adapt to for the Prime Minister and ministers is the need to move from life and actions planned in details to more abstract and more general actions. Frameworks and mechanisms are established, and the results are sometimes achieved in a long-term perspective. It is creating the socio-economic order and it requires a bit different approach, different thinking, often moving from the details. For example, due to tangibility of details, politicians in the government and Parliament waste much attention on details, which are not worth it. Discussion about details does not allow thinking over the general solutions, from which very often much more depends. If we are talking about e.g. budget and here we talk about taxes or terms of payment, then these are much more important issues than deliberations on small project of resolution, which should be dealt with by the given head in given ministry, or deputy minister, and not the whole Council of Ministers. I think, that proper segregation of issues to delegate the detailed and less important ones downwards in the administrative hierarchy and pulling key issues, which can be discussed in various variants and scenarios to choose the most optimum decision on the top of the government—this is the role of the head of government.

What was particularly important to me from the point of view of state management was the appointment of the Trilateral Commission. Social dialogue this way could become organised dialogue, which does not have to take place in the street, but within transparent rules of consultation and exchange of views in a triangle: government, employers, trade unions. In the previous period of governance (2007–2011) I was the head of Trilateral Commission, that is in the time of economic crisis. The Commission recommended 12 programme points, anti-crisis actions, which actually had a great influence on the functioning of government, Parliament and the whole state. In my opinion those recommendations and concrete actions contributed to a more mild course of the crisis.

How Can You Evaluate the Degree of Realisation of Own Planned Actions in Relation to Actually Undertaken Actions?

I had a great satisfaction from the fact, that the general trends in the state have positively changed. One needs to remember, that the Pareto principle actually works in its essence. That is 20 % of time can be devoted to issues actually necessary for economy and state and 80 % of time was consumed by insignificant matters, which after several weeks or years were forgotten. As for the essence, I would say I was satisfied with my actions. Nevertheless, It was a painful experience for me. Despite the fact, that everything was going in the right direction, the cooperation of President Lech Wałęsa with the Head of Democratic Left Alliance Aleksander Kwaśniewski resulted in me having two options: either regroup or fail completely. In March 1995 we proposed three variants of solution to the crisis caused by simultaneous attack of both President and head of Democratic Left Alliance. The first variant assumed Aleksander Kwaśniewski joining the government as the deputy Prime Minister and Minister of Foreign Affairs. In the second

variant Józef Oleksy would become the Prime Minister and Józef Zych—Speaker of the Parliament, and the third variant proposed complete termination of coalition. After about 2 h from presenting the propositions, head of Democratic Left Alliance Aleksander Kwaśniewski informed us, that the coalition chose the second variant. For me it was a tough lesson of real politics, where before I have never even imagined such consistent cooperation of Lech Wałęsa and Aleksander Kwaśniewski. Later, while learning about various historical facts reaching the public opinion, I got a clearer vision of that state.

What Kind of Power and Management Capabilities Does the Prime Minister Have in Practice?

The Prime Minister has much smaller authority and possibilities of management than everyone may think. Of course, this authority is significant, if we take into account modern times. Under the previous Constitution the ministers were much better constitutionally supported and the Prime Minister had much smaller abilities to coordinate the actions of the Council of Ministers. This evolution of Prime Minister's authority evolved in the direction of chancellor model. In the period, when I was the head of government, I had much less power than the Prime Minister has now.

6.2.5 Hanna Suchocka

How Do You Understand the Notion of the State as a Form of Organisation of Society?

As for the essence of the state as a form of organisation of society, it will be the state and it does not seem that the globalisation processes would change it. States still have boundaries, despite the free flow of people, services and capital in all kinds of state communities. Maybe what is currently going on in the world shows that nation states need more freedom in referring to own traditions, to what has been this state's identity. It should be a responsibility of states themselves, because it is an integral part of their culture and consciousness. Nevertheless, what should be searched for is all that is common, e.g. in financial or security policy.

In general, I believe that the processes of formation of supranational communities, such as the European Union, is inevitable. That makes the member state willingly and freely give a conscious consent to share its sovereignty in a way. However, I need to emphasise, that the existing differences must be taken into account, especially in Europe, which was established on the basis of sovereign states, where each of them has a rich history and tradition.

How Did You Realise the Function of Planning in State Management in Practice?

In the time I was the Prime Minister, we were setting ourselves some strategic goals, that is achieving certain results. I would even say, that in that period in some sense it was easier to draw those goals. We were at the beginning of political

transformation and knew what we do not want. We wanted to return to free market economy and move away from a centrally planned and centrally managed one—it was emphasized in my virtually every speech. We wanted to restore the normal mechanisms of economy. We wanted to release the force, that in us, Poles, is exceptionally strong—entrepreneurship. We had a plan of returning to Europe, to enter the European structures. It can be said, that those were the main goals, to which the partial goals in maintaining strong financial discipline and introducing very rigorous financial methods were subordinated. I think, that the fact, that we were so consistent in implementing those mechanisms is the reason that thanks to these actions (which took place not only during my governance) we can enjoy our—relatively good—status. Those were the rigours, or we may say burdens, that fell on everyone. Our society, however, was not the society, which was eager to tighten its belts. It was able to endure some inconveniences, knowing that it leads to achieving something. From a perspective of time it is clearly visible, especially when we compare our situation with the situation of states struggling with crisis. We observe how extremely difficult it is for them to make sacrifices. Many people ask me now, how it was possible in Poland. It was not easy here either, but everyone agreed to bear the burden of transformation. This way we are where we are today. However, cuts in developed economies, in states not used to sacrifices, whose example is Greece, Italy and Spain—makes the resistance even bigger. Poland as a state started with its transformation basically from the scratch and maybe that is why, paradoxically, it was easier for us to make all those reforms, though there were many dilemmas.

I need to emphasise, that all planning is burdened with decision-making dilemmas. I, as well as any other government, had to struggle with them. One cannot govern without dilemmas. It is obvious, that every government would like to realise its programme without causing negative consequences for the society. So it would be best to maintain all workplaces, and increase salaries, and provide development and efficiency. Beautiful programme, but for every politician it is obvious, that it is idealist, not to say utopian. Governing requires making choices. The reality forces us to. We have to decide, what we resign from, which priorities we adopt and what we have to implement to get closer to those ideals. It was known from the very beginning of transformation, that it is impossible to maintain all workplaces and maintaining such structure of employment like before 1989. But of course liquidation of workplaces provoked very negative reactions, since it had very severe consequences for the society. The decision has been made by Prime Minister Leszek Balcerowicz in the first transformation programme, but was continued by subsequent governments. The need or necessity of eliminating non-profitable workplaces was a very difficult decision. It was a great dilemma, since we knew, that it is not just a factory, but a concrete person, who worked in that factory. The dilemma was, however, that if the non-profitable companies for whose products there were no demand, would not have been closed, then we would have been maintaining the illusion of full employment, but the employed people in consequence would have had nothing to live on. The company would still go bankrupt due to economic conditions.

Another example. During August Strikes the salary adjustments, among other things, were demanded. Suddenly it turned out that the new economy had to be ruled by other principles, that the state no longer decided about everything. Private companies started to be established and stratification in salaries appeared, which led to social stratification. People were frustrated and it was difficult to accept. Those were all difficult decisions; each provoked dilemmas, resistance and long discussions. As the Prime Minister I had to search for compromise between the expectations of Minister of Finances, who guarded the financial discipline, and other ministers. The Prime Minister's task was making decisions, even those most difficult and unpopular. It resulted from the function.

How Do You Evaluate State Organisation Capabilities in Practice?

Each new government, while taking its function, observes the existing situation and in the name of own programme and plan of action tries to make, according to its perspective, the necessary changes, also in the state structure. In the time when I was Prime Minister, we were strongly focused on establishing poviats.⁷ It was one of our priorities of changing the state structure—in which poviats could take over communal tasks. We also considered it necessary to reform the so-called centre of the government, or governmental administration. Some central institutes were liquidated and we were making attempts to liquidate the Council of Ministers Office (transformed into Chancellery of the Prime Minister in 1997) We tried to make decisions, which would have lead to such change of structures, which would have slimmed down the administration. It seemed, that such smaller structure, and at the same time more flexible, is more needed to manage the state. Of course administration in every state tends to grow automatically and it later happened.

One of the examples of search for optimum solutions by subsequent governments is the example of Ministry of Internal Affairs. At first, it functioned independently (1990–1996), later it was combined with administration (1997–2011) and then separated (2011). However, I believe that one cannot interfere with the division of state so often. Some structures should be changed, if it is necessary, but it cannot be so, that large and conceptual changes of structure are in the agenda of each government. It causes strong destabilisation. I think that despite the fact that there are no such attempts, some small changes in the meantime, transformations or liquidation of single units, are not a problem here and often result from necessity.

I am under impression, that local government structures are functioning well, and they quite well manage the assigned duties. It depends on who is in the board of a local government and efficiency of its members.

⁷In Poland currently (2014) there are 314 poviats and 66 cities with poviat rights (which are communes and perform poviat tasks).

Which Elements Do You See as the Most Difficult in State Management Process?

Before I became the Prime Minister, I have frequently underlined, that it is very easy to gather people around some slogans or ideas, while it is much more difficult to find compromise on the way of achieving those ideas. Suddenly, it turns out, that everyone had a different view of it, and in fact no one imagined that achieving those ideals would entail any costs or sacrifices, which in reality turned out to be untrue.

The way to reach compromise is always very tedious. At the moment of forming my government we found understanding with Solidarity. I received their support in formation of government. After about half a year of difficult reforms it turned out that those paths were diverging. It was impossible to guarantee all that Solidarity demanded. It required compromises from both sides and, unfortunately, tough decisions. We have made a pact on enterprises to search together for new solutions, but unfortunately it did not solve increasing problems. I was feeling that inconvenience from minute to minute. We were then in a situation of clash of state's long-term and short-term goals of various social groups. The most difficult task then was to mobilise people, who have to resign from something there and then, that is very specifically, so that something worthwhile could be achieved (maybe not by them) in future. Please, note that some of the benefits of the difficult decisions of that period only resulted after 20 years. In such situation there is a temptation to yield to short-time pressures, since they are felt immediately.

I think, however, that in spite of all, at the beginning of transformation it was easier to motivate people. With progressing reforms people grew tired, in their perception the goal they imagined in the beginning was moving away, and reluctance, and sometimes aggression, towards the introduced changes was growing in them.

If we are speaking about state management, then I would point out one more element. It is the constant public opinion survey. It should be a kind of hint for the governing team on evaluation of their actions. One should remember, though, that unfortunately, tough decisions—and such are necessary—are unpopular and will not meet with positive short-term evaluation. Thus the public opinion surveys are important, but cannot be the only determinant of decisions made, and in particular cannot block taking the necessary actions. I think that in the first period of information the governments' actions were not so strongly dominated by those indicators. If over 20 years ago we were depending too heavily in the public opinion polls, e.g. about Balcerowicz's reform plan, then we would not have been where we are now.

How Can You Evaluate the Degree of Realisation of Own Planned Actions in Relation to Actually Undertaken Actions?

It is of course my subjective evaluation. However, I believe that the healthcare reform was the weakest. Maybe it was inevitable. I am under impression, that in this area there were the most conflicting concepts. In the period of my governance we adopted preliminary reform plan, but due to vote of no confidence and dissolution of parliament we were not able to implement it. Healthcare reform was implemented by Jerzy Buzek's government, started functioning after some troubles, but the next government blocked it. This prevented checking, whether the system worked and what should have been implemented to improve any faults. And so we

are struggling with this problem until today. Maybe there is something in the fact, that the general models of public healthcare are going through a breakdown also in many other states, where they have functioned efficiently so far.

Also the situation in Europe is changing. Previously it was us, who expected help from the European Union. Today it is Europe who has a serious problem with itself, and in some fields it expects from Poland to tell or support some processes of coping with problem as a Community. And we have to be able to respond to that. It is clearly visible that some mechanisms of functioning of Europe need to change. And we share that challenge.

What Kind of Power and Management Capabilities Does the Prime Minister Have in Practice?

Authority of the Prime Minister is very strongly based on the political structure and strength of political parties supporting the Prime Minister. We have here similar experiences to those states, where the main role of executive authority belongs to the head of government. Such situation exists since adopting constitution in 1997. During my governance, the Prime Minister's authority was much weaker. It was influenced by a number of factors. Firstly, a weak electoral system, which generated strong partial stratification. The election was held without a threshold, which allowed dozens of parties to enter the Parliament. Thus the government did not have any strong background, the votes were counted from voting to voting and the parliamentary majority changed from bill to bill. Secondly, there was no constructive vote of no confidence, which with changeable parliamentary majority practically allowed a free overthrow of government. And such situation took place in May 1993, when vote of no confidence could be voted down, since there was no strong government background.

Today the Prime Minister certainly has stronger authority. My government's experience has undoubtedly contributed to introduction of the institution of constructive vote of no confidence, which certainly strengthens the government and the Prime Minister. It is easier for Prime Minister to make decisions now, than 20 years ago. However, I believe, that in some cases regarding morality and world-view the Members of Parliament should have more freedom of voting. And in those areas I would see more limited authority of the Prime Minister.

In Poland there has always been a discussion on which final model of executive authority should be in force. And always the concepts of strong government (almost chancellor) clashed with the concept of strong President, a quasi-presidential system. Thus the concept of electing the President in general election. I personally believe, that the system based on strong government is the most suitable one. Poland has never had a tradition of strong presidential government (except from a short episode in the interwar period).

6.2.6 Józef Oleksy

How Do You Understand the Notion of the State as a Form of Organisation of Society?

I understand the state traditionally. According to the nineteenth century concepts, it is a form of organisation of society, which was developed through ages by people for their needs. The beginnings of state can be found in the primitive times, where tribes were searching for mechanisms allowing them to protect the society from external threats and at the same time from internal dominance of stronger over weaker. The whole philosophy of later development of statehood as the form of people and societies organisation boiled down to those two goals. The very form of state was evolving through various epochs serving various purposes. Nevertheless, its nature was the same as today, when the state is institutionally developed, where forms of state organisation are extremely complex. And only the state (nation state) owns an instrument of coercion—and here lies the problem with globalisation, among other things—since the global processes are impetuous, there is no global democracy, which would provide us with regulations.

How Did You Realise the Function of Planning in State Management in Practice?

Firstly, I am very critical towards what has been done with planning after the period of Polish People's Republic. New elites rejected planning with disgust as a relict of Polish People's Republic and communism, which was nonsense. Naive and primitive thesis said, that planning was only a feature of socialist state. In fact, in the Polish People's Republic period planning was distorted by the system, but this does not mean that such method of people's activity can be questioned. It regards planning the work of government. The Prime Minister in his exposé talks about a number of tasks to be realised in different time and planning and predicting then appears everywhere.

Planning is just one of more sophisticated methods of people's activity. In many developed states planning is being immensely developed. In France or Japan there is a separate office dealing with it. Short-, medium- and long-term planning is necessary in state management process. I believed, that strategic planning regarded various phases of reforms. The nature of those reforms was known, but their time perspective was sometimes much longer than one governance period, e.g. adjusting the law had to be twofold. On the one hand, it was generating the termination of Polish People's Republic, on the other hand—building the European law and adopting new law in Poland. Those were two different, yet often convergent phases of planning.

I generally believe, that in developed times resignation from planning is sentencing oneself to improvisation. Without planning one cannot efficiently realise the assumed goals. However, realisation of the goals often required involvement of experts. Expert background must work permanently. Without that, realisation of goals would be impossible. The Council of Ministers chose forms and principles of

realisation of goals on the basis of numerous expertises, analyses, from which the essence was drawn to choose the best solution.

How Do You Evaluate State Organisation Capabilities in Practice?

I am still critical towards the capabilities of state organisation in practice. I myself tried to change this. I believe, that the initial idea of civil society was maintained and today we are standing halfway. The same with state deregulation—introduction of greater freedom, moving competences and tasks downwards. Those processes were inhibited. They were at the base of the idea of system transformation—and it stopped there. Today Polish state stands in front of a problem of heaviness, bureaucracy, bad organisation in terms of centralisation (still), such care for own competences, in particular at the level of government, not to lose them.

As a shortly functioning Minister of Foreign Affairs, I started works on the analysis of rights, which could have been taken from voivodes and moved to local governments without the least damage to the state. I found over 100. When I was no longer the minister, no one continued it.

The old unsolved problem of organisation of Polish state is adding tasks for local governments without properly securing finances. Another problem regards unrealised tasks assigned by law and their outsourcing—despite having an army of officers, who are paid for that. Draft legislation in Poland is mostly written on commission. I haven't seen any ministry making a draft on their own. It outsources it to lawyers and then manages those drafts.

Today Polish state is not citizen-friendly. In Poland there is a lot of injustice, which justice system is not able to handle. That period of lawlessness of prosecutor's offices left numerous traces of evil and justice is now unlawful. If this problem will not start to be solved, the state will only grow in strength.

Which Elements Do You See as the Most Difficult in State Management Process?

Inertial heaviness of the government apparatus was for me the biggest problem in managing the state. I was always very enthusiastic about important matters in Council of Ministers, and then the reflection came, that I talked vigorously, but what would it bring. . . Ministers will go to their offices, call deputy ministers—but will communicate the matters less vigorously—they (deputy ministers) then will call the heads, they maybe voivodes—and so everyone will communicate the information to each other. In this chain an unusual inertia will be working. State apparatus is inertial. The greatest difficulty for the leader, boss, prime minister is to find the ways of acting aside of that inertia or a way of crushing it. It is not easy, since it regards selection of people, complete exchange of personnel after taking power. Still everyone supports own people. The state is party-dependent and is subject to such party-dependent definition of equity and efficiency of management.

For me there is no discussion on what should be the main criterion of personnel selection. For me it is obvious that these are competences and effectiveness. Such person needs to be independent and be able to make own decisions. Other criteria were not so important. In my government I had people, whose competences

perfectly fit the performed functions, even though in terms of personality or character they might not be the best fit or could have been the source of torment.

I did not have a full freedom in personnel selection either, since it was a coalition government (Democratic Left Alliance-Polish Peasant's Party). But when the Prime Minister is assertive and knows what he wants, understands the state, then he is able to impose the adequate selection of people to be ministers and deputy ministers. This selection is basically distorted due to actual lack of civil service corpus. Everyone will be able to choose employees due to own idea and who one holds as a friend. To some degree it is natural, that people want to work with someone, who they know, nevertheless, the state should guarantee a mechanism for such selection—which is not fulfilled. In civil service there is no progress. Some positions are appointed in theory by the Parliament, but it is infected with typical Polish attitude, some homeliness. It is very difficult to break through with critical evaluation of someone. Bosses defend those people, they trust their simple explanations. There is simply no time to principally demand something on a daily basis. The choice of the person for a certain position is so important, because later this person is free to act and he or she selects other personnel. Personally, I was long thinking about which tasks should be appointed to whom, since I knew, that such person can both strengthen or weaken the capabilities of state management.

How Can You Evaluate the Degree of Realisation of Own Planned Actions in Relation to Actually Undertaken Actions?

I certainly have not achieved all I had planned. In exposé one drafts tasks and goals to achieve, but life later brings so many current and other important issues, that achieving literally all that was announced is not really possible. One resigns from some issues right at the beginning after recognising difficulties. Sometimes governments announce things they have not researched in terms of difficulty and complexity.

Decent government, that works selflessly, makes up to about 60 % of plans and announcements, without referring to election predictions, which are poetics.

I can indicate at least two main things, whose realisation did not work out in my government. First is bank privatisation. I firmly objected to wild privatization of banks by their sale. First one was privatisation of Bank Gdański. On that occasion the Council of Ministers made a decision that privatisation is necessary, but with allowing foreign capital of no more than 35 %. When I stopped being the Prime Minister, then in the first place such restriction was immediately eliminated and 85 % of banks were immediately sold for scandalously low prices. When it is now talked about bank redomestication, it is an insult to the state. Someone has first sold them for next to nothing and now they say it is necessary to buy for many times more.

I knew, that Polish bank sector is weak in term of capital, thus I decided to consolidate banks around two pre-war ones—PKO S.A. and Bank Handlowy. The decision was, that each of those two banks got assigned five commercial banks. The aim was capital and competitive strengthening. Bank Handlowy immediately showed American preferences and vassal supporters did not run out. After my

dismissal, Bank Handlowy was immediately removed and PKO S.A. was quickly sold—and that was irritating.

Another thing that did not work out was the fuel sector. I knew that this sector should have been consolidated. Western fuel companies were already waiting at Polish gates with ready policy of expansion in Poland. I then made a decision to appoint state-owned company—Polska Nafta—whose task was to consolidate the fuel and chemical industry and its privatisation and restructurisation. Unfortunately, it all dispersed and collapsed later.

What Kind of Power and Management Capabilities Does the Prime Minister Have in Practice?

The Prime Minister has large authority in Poland. With weak constitutional presidency, it is the Prime Minister and the government who can decide about everything, of course within the law in force. The Prime Minister actually, except from some obligation of consultation, is entangled in other relations with other social institutions in the state. It is cumbersome. Prime Minister's too vast activity and personal involvement in consultation obligations prolong the course of issues. Added to this is the vast number of public duties of the Prime Minister, where people in democracy want to have direct contact with the authorities, to see it. Nevertheless, there are too many of those media obligations, participation in discussions.

With well-selected personnel, appropriate people on proper positions, one can really do a lot, combating this inertia of the state. Party-based selection of personnel is still a great weakness of management in Poland. Various decision makers or leaders, of course including the Prime Minister, adopt various criteria of candidate selection for given position. This way they can weaken themselves and the possibilities of real management and governance.

6.2.7 Włodzimierz Cimoszewicz

How Do You Understand the Notion of the State as a Form of Organisation of Society?

There is no single prescription for organization of the state for all states in the world. Completely different situation is in China, Brazil, kind of isolated Iran or South Korea, and different in the case of European states. The role of Community, role of nation states is in my opinion one of the most important issues, which needs to be solved in a couple or few dozen years in Europe.

I am convinced, that the processes in the world are very often not only unnoticed by the public opinion, but also politicians in many highly developed states. Those processes mean some tectonic shift in balance of power and at the same time mean that the scale, the potential of players in global game grows unbelievably. To have influence on what will be happening in the world and to the world in the future, one needs to present a huge potential.

Today we are facing a situation, where we still have one superpower, namely the United States of America. It is still the largest economic and military power, gigantic scientific and developmental potential, and very decent demographic situation. On the other hand, we have several powers, which are strengthening their positions, like China, India, still Japan, Brazil and several other states, which are dynamically developing and their economic and demographic potential simply guarantees, that they will play an important role. We have here i.e. Mexico, Indonesia, South Korea or even Vietnam, which already has 90 million inhabitants and grows fast.

In this context, Europe should re-think its position. Europe today has two advantages: cumulated GDP, which is the highest in the world and still exceptional scientific and developmental, intellectual potential. At the same time Europe has weaknesses. Is militarily insignificant, thus in terms of international security does not have much to say. Despite the fact, that integration-wise it is the most involved project in the world, it is not a political subject, which has common concepts regarding modern world and moving in it. Europe's common foreign policy is still in a very early stage. It regards a part of neighbourhood—mainly Southern, to a lesser extent Eastern, but does not regard the world. Europe does not have any common concepts regarding e.g. relations with the United States, China, Russia, and many other partners. Moreover, Europe does not have the best demographic situation. It all makes it very probable, that the role of Europe will be decreasing in international relations with various consequences of that fact. It will be more a problem of psychological nature, that more often it will be necessary to swallow a bitter truth, that Europe is not as important as it used to be in the past years. At most, as a courtesy, we will be admitted to a number of projects and initiatives, but it will not matter. It will be reflected both in the security and economic sphere. Therefore, the form of state and its organisation in the coming years will depend from what wins—rationality or irrationality. Economic crisis in Europe automatically provokes an escape from national interests. If the latter tendency will be progressing, then European integration may be weakened. Also an attempt, in my opinion unsuccessful, to return to the model of nation state will be taken by some states.

We (Europe)—are not able to mobilise all our assets, positives. If we do not do that, we risk marginalisation, also related to international division of labour. The conviction of many Europeans and Americans, that the new economic powers are only producing slippers or toys will have been shelved alongside fairytale.

Poles here should have more reflection. Whereas we do not accept, that e.g. in relations with China we have a gigantic trade deficit, we are a raw material state. We mainly export copper to China and import what is characteristic for the highly industrialized countries. Above 50 % of value of our import from China are electronics, that is what is the most complex. This happens in relations with state, where 40 years ago we were sending Polonez cars and importing rice. There has been a gigantic shift in quality, also symbolic for the rest of Europe. It is enough to look at quantitative and qualitative increase in expenditures on education in China. The number of students, new faculties—especially technical studies, show that in

10–15 years they will rival the most innovative part of Europe. At the same time China is aware of the fact that they are using not their technological and developmental ideas, but in a short perspective they aspire to build their own. Sector-wise they are achieving it. It shows what will be happening. What does it mean from the point of view of organisation of European states?

What is today our advantage—exactly the level of knowledge, science, development research—will stop being our advantage. We will lose what influences the conditions of change. We will be losing more and more workplaces. We will be making relatively less profitable services or production. Our conditions of life—then not only relatively, but also in absolute conditions—they will be worsening. It is the information about condition of life of the future generations of Europeans. Since about the effectiveness of the organisation decides mostly the scale of the potential, which will be released, then in Europe in close future no nation state will be able to fight efficiently for own position. This, I believe, will be most difficult to understand by French, Englishmen and Germans for various reasons. The thing is that in the nearest 20 years no European state will be in the first ten of world economies (except for Germany). If Europeans do not understand that we need more integration, more community, then we are threatened with marginalisation.

Most of all, in the area of economy we should move from the model of integrated economies to a shared one. On the basis of such foundation we have to build a political community, which means to reduce the role of nation state and in such areas, which are believed to be the manifestation of sovereignty (at least foreign policy). If we do not understand it, we will simply lose in that new world.

In my opinion 99 % of people in Europe are not aware of this process. And this is the drama of it. If there is no awareness in the society, then there is no awareness in the political class. Most of all, many politicians lack the basic knowledge and do not have courage to introduce changes. Doing politics in modern world is opportunist almost by definition. It is a rather clear adjustment to what people want, rather than shaping it.

Many famous American intellectuals today almost do not mention Europe. It is unprecedented. America's intellectual leaders think about the world, but there is almost no Europe in it. They have already crossed Europe out. I am not surprised at all, that in Washington there has been such reorientation of interest to Asia, to Pacific. Firstly, it is of course rational. What seemed unjustified so far (and objectively is justified) is the significantly lower interest in Europe. It can be justified by two things. Europe is less threatened than in the Cold War period and, secondly, the European Union is not a political entity, thus is not an entity for Washington. In such proceedings, it is incomprehensible that America as if does not has the awareness, that, potentially speaking, Europe should be the closest partner of the United States. It is in the New World where the threats for Europe are of the same nature as for the United States, while they are stronger and more dangerous. At the same time Europe itself does not want to understand it. The task for America should be realising that it is a community of interest, and then help Europeans understand it. Only today in these discussions on the organisation of states, Europe

in America does not exist, which means, that we have to re-establish the forms of organisation of society in the integration systems.

How Did You Realise the Function of Planning in State Management in Practice?

I became the Prime Minister in special circumstances, in a special political crisis of state related to accusations of my predecessor, Prime Minister Józef Oleksy. Minister of Internal Affairs Mr Andrzej Milczanowski when speaking in the Parliament publicly accused Mr Oleksy of espionage against own state. Oleksy, not agreeing with the accusations, resigned. At the same time Poland was in a very special moment. Through the elections in 1995 we just had our president changed. We were in a special moment of applying for membership in the North Atlantic Treaty Organisation. It was the time, when we were trying to influence the NATO partners, in particular the United States, in terms of unambiguous declaration of readiness to expand the Treaty. It was the issue of strategic meaning from the perspective of our security. Therefore, in my opinion, the most important was stabilisation of political situation and liquidation of some impurities on the image of Poland as candidate to NATO. It really was the most important issue. It also related to how my government was formed and how the agenda of actions was formulated. I had to lead to a rapid and efficient formation of government, especially since our situation actually aroused concern among our allies.

At the beginning of February 1996, when I received the task of forming the government from Aleksander Kwaśniewski, we knew, that the President of the United States Bill Clinton has sent to Warsaw Richard Holbrooke as his special representative, then deputy State Department Secretary. He came to analyse the situation on the spot. It was a key moment for us. We had to present Poland as a stable state, a state which approaches change through democratic procedures. I managed to make that in the day of Holbrooke's arrival Polish government was sworn in. It enabled both president and myself to talk to our guest in completely different, new conditions. To be honest, explaining the accusations towards Prime Minister Oleksy was one of the first tasks we had to realise. But explaining any kind of accusations is not one of the most efficient procedures in our state. In this special moment Poland could not afford any lack of credibility in explaining this case or prolonging it. It could not have lasted for 2 or more years. Really many things depended on that. I had to make changes in the State Security Bureau management, had to properly set tasks for this institution, so on the one hand it could have acted both efficiently and credibly. I could not allow such situation, where I was mistaken. I knew that the explanations I received in this matter need to be presented to the society to finish this case once and for all. I think I managed to do it.

I deeply believed in the necessity of the so-called broad social consultations and searching for compromises in all actions we planned to realise. I think it was thanks to two people: Andrzej Bączkowski, then Minister of Labour and Social Policy, who represented the government in the Trilateral Commission. The second person was Jerzy Hausner, who despite of being the Minister of Economy and Deputy

Prime Minister, became also plenipotentiary in pension reform. He then also had a very large influence on functioning of Trilateral Commission.

By the way, if there are any justified pretences today for Donald Tusk's government for no social consultations, then I do not understand why the government is not using the Trilateral Commission. At the moment the trade unions and of course employees complain about it. It is of course difficult, since one needs to explain, listen, but it holds a great potential of enabling conflict solution. In my opinion Andrzej Bączkowski was perfect in it and he was creating some kind of style of functioning of Trilateral Commission. People, and in particular "Solidarity" Trade Union, trusted him. He came from opposition party and was treated really seriously—not as some party soldier sent to perform some task. He managed to involve social partners in real discussion and concrete solution of the problems. It was extremely important.

I need to underline, that in the initial period of political transformation in Poland there was a huge number of social conflicts. In times of Hanna Suchocka it was about 7000 conflicts a year. Under my governance their number dwindled to about 40 conflicts a year. Of course improvement of economic situation, reduction of unemployment was advantageous, but the key was to avoid the potential conflicts in advance.

Ministers in my government knew one thing—that I expect advancement actions from them. They had to act preventively, use knowledge, imagination to know where the conflict was approaching and to try to prevent it, instead of discharging the tensions when it was too late. It was some part of way of thinking, some methodology of governing and managing the state. I think that efficient use of the method of social dialogue resulted in us being trusted. Even other environments or formations, which were ideologically very distant from us, also got involved in the dialogue.

In terms of decision-making dilemmas—there were many of those. They regarded issues of various dimensions. First thing, apart from the case of Józef Oleksy, I encountered when I took the office of Prime Minister, was the situation of Gdańsk Shipyard, which once again was in serious trouble and demanded from the government 100 % guarantee for bank credits in the amount of several hundred million PLN. Expecting full guarantee meant that the shipyard demanded another donation. It meant, that Gdańsk Shipyard with full guarantees does not bear any risk, moving the whole responsibility on the government. It was not accompanied with any credible recovery plan. It was a very serious problem for me. On the one hand, Gdańsk Shipyard was a great symbol of transformations in Poland and I was a new Prime Minister from another political option. At the same time it was the issue of establishing standards. If I had stepped down then, I would have turned out untrustworthy in all other similar situations. I knew, that stepping down in this case would have been my approval to improper state financial policy. Therefore, I denied. Of course protests were unavoidable. For me it was an issue of a kind of test, ways of playing, rules of governing. There were many of such cases in that time.

Another issue, much more serious from socio-economic point of view, was the issue of realisation of previously adopted (by another government) programme of

modernisation and restructurisation of coal mining. The main period of its realisation fell on the period of governance of my government. Responsible for realisation of this programme was then Deputy Minister of Industry and later of Economy. It was he, who made me realise after time, that in consensual manner we managed to close 20 worst mines, dismiss about 100,000 of people and apart from one or two manifestations in Warsaw there were no problems. My successor Mr Jerzy Buzek continued it. He, however, did it in such a way, that the government took a 300 billion USD loan in World Bank and the state paid people leaving the mining industry compensations (about 50,000 per person). But it was already known that it will not end well. People simply had various needs and instead of investing they will just consume the money they received. An so it happened. Almost 90 % of those people consumed the received money. We then have spent a lot of money, but it did not lead to solving the social problem. My government was acting differently. My government made a decision about creating several special economic areas. Its aim was to create conditions inviting investments and new workplaces in areas particularly threatened with unemployment As far as I know, from the perspective of time, several dozens of millions USD were invested and about 150,000 of workplaces were created in those areas.

Another dilemma was the problem of rail road. Here my government did not do much, in the sense, that we did not introduce restructurisation changes. But minister responsible for transport issues, Bogusław Liberadzki, took care to prevent the outbreak of strike on railways, which was planned all the time. Then in Poland such strike was potentially dangerous. It could have paralysed the economy. In fact then the main means of transport were already changing in order to increase in road transport, but in mass transportation rail road still played the main role. I can say that until the flood in Poland in 1997, which destroyed significant part of infrastructure, rail road did not show profits, but also did not bring losses. The balance was exactly zero. Today, however, we have to pay several billion a year to rail road operation.

In Autumn 1996 I reformed the centre. Most of all, we separated the commanding functions from ownership functions. We took supervision over economic entities from some ministers moving it all to Minister of Treasury. We then liquidated the Council of Ministers Office (employing then about 4000 people) on its basis creating the Chancellery of the Prime Minister (which then employed about 400 people). Then we liquidated Ministry of Economic Foreign Cooperation establishing Ministry of Economy. On the one hand, we changed and optimised the structure, on the other hand we changed the division of functions and competences.

I, holding the office, was trying to act in such a way to be well-oriented in topics I was going to plan or on which I was to make decisions. The Council of Ministers meeting could not last more than 2 h. It is not about sitting and discussing—it is not a café. People simply have to work. Working week has 5 days and the minister has to be at work (in ministry). Therefore, we adopted a fixed agenda. Usually, in the agenda there were 40 points we had to deal with. About 25–30 issues were accepted without a word form the members of Council of Ministers. I simply was speaking,

saying how it should be, but it was not my imposed decision, but a decision-making consensus established earlier by the members of the Council of Ministers. All doubts were eliminated in previous stages. Then there were some issues on which the referring minister could elaborate, but again—it was all already prepared. There were usually one or two issues, where at the level of the Committee of Council of Ministers the agreement has not been reached. Then I had to be so prepared for the case, that after hearing the opinions of various ministers (everyone had the possibility to speak for three minutes) I, as the arbiter, had to be able to announce which decision-making variant will be accepted and why. At the same time those people knew I really know the problem and they had to reckon it.

The most difficult system issue, which is repeated every year, is adopting the budget. It is so, when budget does not meet everyone's expectations and each minister wants to obtain more for his ministry. My knowledge about activity of other governments was telling me that in fact all Prime Ministers use one trick. They agree with Minister of Finances on what should be included in the budget, probably giving way to more influential Members of Parliament, satisfy someone to a larger extent than others. Then they prolong budget proceedings to the very last moment—when the Constitution requires submitting the budget to the Parliament and they make it in the very last moment, so there is no time for any discussion. They of course blackmail others with this time issue and adopt everything under the pressure of time. My government was preparing the draft budget in a different way. There were basically two draft budgets prepared, that is 1996/1997 and 1997/1998, while in the second case the situation was different, since in Autumn elections were held (we lost). By the end of September we had to submit the draft budget to the Parliament and then basically all ministers lost interest in it. They were about to stop being ministers, but the project needed to be submitted to the Parliament. In the second case I was trying not to leave any traps for my successors. We wanted to do it very accurately, which resulted in a threat of being put before the State Tribunal, accused of preparing the draft budget a month too late. It was a manifestation of malice and ignorance, since in October 1997 a new Constitution came in force changing the deadlines. In fact, according to the new Constitution, we were supposed to submit the budget to the Parliament earlier, than we did, but we were doing it under the previous Constitution. By the way—the Members of Solidarity Electoral Action first signed the request to place us before the State Tribunal, then set up a special commission in the Parliament, which kept in meeting for nearly 3 years. It took so long, because all expertises coming subsequently (ordered by the commission) were stating, that there were no foundations for accusations in that case. Then they did not know how to exit this activity and finally its work was closed very silently. Whereas, when preparing in 1996 the budget for 1997 I did a quite exceptional thing. Namely, when the Minister of Finances and individual ministers were negotiating for a month, I spent that month participating in all negotiations between financial resort management and individual ministers. Therefore, in a month I obtained the same knowledge as the Minister of Finances had. It took me really a lot of time. I think 100–150 h. For the first time Minister of Finances knew one thing—he could not pretend to be a guru knowing more than the

Prime Minister. He knew, that we had exactly the same knowledge, and to be precise I knew more than the Minister of Finances, because Minister of Finances Grzegorz Kołodko did not participate in the meetings, but deputy minister Halina Wasilewska-Trenkner substituted him. Due to that fact, in the government there were two people: the Prime Minister and deputy Minister of Finances, who had the same knowledge about all problems requiring solving. When in Autumn the Council of Ministers meeting took place (I have already taken part in three budget meetings then) I wanted everyone to present their problems, so that everyone could hear everyone. When everyone knew how many important and unsolved issues we have and at the same time what reserve money we have, then they also knew, that I, when presenting the final meritorious justification for selection of given solutions, present an independent, impartial perspective, which can be convincing. This is some way of showing your co-workers you know at least as much as they do. Then they respect such person and at the same time have to be well prepared to every conversation and argumentation—to avoid being compromised by the Prime Minister (if they happen not to know properly their key issues).

The Prime Minister has a very special position in the system of governance, his constitutional and statutory position is strongest. Therefore, no one can substitute him in strategic planning or directing it. Please, believe me, that the ongoing state management takes immense amount of time. One of such particularly time-consuming situations is getting to learn about everyday documents. It should be organised in a proper way. When I became the Prime Minister, I received each day six or seven large folders of all kinds of issues. At first, I studied them, because I could not let anything important wait. When I realised, that a ton of those issues is of lower category, that they should have never reached me, I changed my methods. Why did those issues get to me? As a result of lower level officials' tendency to transfer responsibility for decisions to others. Therefore, if someone was afraid of something, he sent it higher. It is a complete absurd, that one bothers the Prime Minister, takes his time and paralyses normal performance of duties. Instead of signing and accepting such documents, I started asking for explanation why such documents with less importance have been sent to me. Lower level officials quickly realised, that explaining, that those belonged to the Prime Minister's scope of duties, when it was not true, would not work. The result was that the amount of documents I was receiving decreased significantly. I was receiving one folder instead of those six or seven. But I was still receiving a lot of classified materials from secret service. And that I had to read. If it happened, that I did not manage to read something important on time and something could have happened, then I had to be responsible for that. On the other hand, the majority of the materials received from the secret service is not worth much. It only takes time. In those services work many people with various qualification. The intelligence usually provides a lot of unimportant information. Then we could have read about it in the newspapers, today such things are on the Internet, and they make it a very important intelligence. I suppose, that today we know much more from the Internet, then they wrote in their notes, but as the Prime minister I was obliged to read it. If there were about 100 of such notes to read, it took several hours. My work day had 12–14 h and one third

was devoted to reading the documents. If the Prime Minister allows to impose all those representative and courtesy functions on himself, he is left with a little time. If after all of that he has two additional hours left, he is usually so tired, that he is unable to focus on conversation with experts or advisors.

How Do You Evaluate State Organisation Capabilities in Practice?

In my opinion, in the general state structure there are no particularly dysfunctional areas. Of course there is one—human factor, which can always fail. Quality, qualifications, willingness to work or lack thereof make that one structure works and another does not. Nevertheless, I do not see any general organisational mistakes in our state. We may, of course, discuss some elements, especially in special administration and specific sectors. Here I mean education for example. I do not know, whether what was done in, I think, 1999, when the education was reformed, was a proper solution. Similarly, I do not know if that sector has proper structure—and here I see a field for discussion. I wonder, whether those structures themselves are not an obstacle in achieving some levels and results.

I think, that also special services should be reorganised. In Poland we have too many of them. From the beginning, I was against forming new special services in the recent years. I believed that their formation was more related to naive, but at the same time political and propaganda goals. To show activity, new service was formed and it was announced as a great success. It was a methodological mistake, which was proven by previous experiences of America in 2001, who had 19 badly coordinated special services. We all know what was the result of it. Here I see a space for discussion, both in terms of efficiency and citizens' freedoms. Where there are too many and too weakly controlled special services, there obviously grows a tendency to abuse them with restricting freedoms at the same time. Unfortunately, I am afraid it is taking place in Poland, even though it is difficult to prove.

However, I believe, that from the point of view of structures, service dependency or decision making authority the state is functional.

Which Elements Do You See as the Most Difficult in State Management Process?

In every democracy there is a necessity of acknowledging postulates—not to say interests—of those, who are forming the majority, especially in the case of coalition parties' government. So far we have not had a single-party government. Even if such government had existed, there is always a necessity of acknowledging some internal interests. Those mechanisms result in personal decisions in nominating the Council of Ministers, voivodes or hundreds of other offices being very far from the optimal mechanisms—if for the main criterion of optimality we take meritorious qualifications, talents or personal skills. Those criteria should play the main role in making personal decisions. There is a great weakness in it and it basically takes place everywhere. Only in some special situations large independence, like in the case of former President of France Nicolas Sarkozy, gives the possibility of making more optimal decisions from the point of view of efficiency. Sarkozy could have

been making unconventional decisions. He appointed a socialist for Minister of Foreign Affairs and had strength to push him. Here, that is in Poland, such situations barely happen.

I can say, that to some extent I chose the optimal way. I was not a member of any party, I was not obliged with any party decision by any coalition partners. Of course they had their expectations, but I had my criteria. Therefore, I denied a number of personal decisions. At the same time I made use of the special situation of our state in that time (the issue of Oleksy and preparation to join NATO) to force the management of individual parties to agree officially to the final shape of the Council of Ministers proposed by me. I made them realise, that I would make the publicly responsible for not being able to make decisions. I also admit, that I had people in my government, who diverted from those standards, whom I considered necessary. Some of ministers in my government simply should not have been there. One of the ministers—I have to admit—was disciplinary dismissed, because he threatened the interests of state with his actions.

Selection of the members of Council of Ministers is observed by coalition and opposition parties. Each of Prime Ministers—in my opinion—acknowledges the internal interests of the party when forming the state management teams. In my opinion Prime Minister Donald Tusk did not have rational criteria in selecting people. What Prime Minister Jarosław Kaczyński was doing with Andrzej Lepper and Roman Giertych was tragic from the perspective of HR policy, but there was some political logic to it. The worst one can imagine was creation of Ministry of Marine Economy (2006–2007) only to provide some person from coalition with a ministerial position. It was a ministry without competences and minister without competences—in terms of qualifications. Undoubtedly, it is a very weak side of all processes of state management.

I believe, that every Prime Minister should have some concept of his governance—whether these are issues of lasting state management or attempts to go forward—with imagination, propositions programmes and actions. Of course one cannot resign from the first thing. Who, if not the government, has to manage the state? The problem is, if that is all. My government in this regard worked quite specifically. We developed and adopted the National Strategy of Social integration for Poland—government document, which showed who should do what to prepare Poland to membership in the European Union. The document was presented in the Parliament and despite the presence of strongly Eurosceptic political formations, it was accepted at the beginning of 1997. Many things were intertwined there. When we were creating the reform of the centre, we also formed the European Integration Committee managed by the Prime Minister and served by the European Integration Office, whose head was Danuta Hübner. We were doing it only because we knew we could not waste time and we needed to develop the concept of Poland entering the European Union as soon as possible. I underline, that that document was adopted at the beginning of 1997, and the accession negotiations started half a year later and ended 5 years later. Poland was accepted to the European Union 7 years later (2004). So much in advance this conception was prepared. To prepare something like that, it requires of course appropriate qualifications. It requires

ability to attract to cooperation the people with sufficiently high potential. Not necessarily to enter the government, but cooperation—external expert, gathering people, integration around common discussion.

I believe, that many people in my government had internal motivation to act. I tried to select such people, which really facilitated the leadership process. Other had to receive tasks, sometimes support. My government as the first in history of Poland adopted the concept of regional policy. Due to division of duties, the task was assigned to Roman Jagieliński, as the deputy Prime Minister. He did not have heart for that and did not really know what it all was about. Then the work was done by Jerzy Hausner, kind of externally hired, who developed that conception for Jagieliński, and the whole programme was adopted by the Council of Ministers.

From the point of view of qualifications possessed by the people prepared for the high positions in the state, I do not know how or if at all it has changed during the whole political transformation to this day. One would like to believe, that in objective terms people should be better prepared. Times are different, people have more experience, there is general access to information. I, however, am not sure, if qualifications of individual people are today really higher than what we had in the past. I think, that they are not, and in objective terms, the potential in the society is significantly higher. It is clearly visible in the scientific and other expert environments.

How Can You Evaluate the Degree of Realisation of Own Planned Actions in Relation to Actually Undertaken Actions?

As I have mentioned, for me the first and most important task was to explain the issue of Prime Minister Oleksy. I think I managed to fully complete this task. Later in the TV speech I stated, that after learning all of the explanations and evidence, I could say that the accusations towards my predecessor were groundless. It basically ended it. So far, no one has seriously accused Józef Oleksy. Of course, later various aspects of that issue were discussed, his behaviour was evaluated differently—carelessness or caution, precaution or improvidence—but no one has treated him as a spy.

The second issue was the socio-economic situation in the state and unemployment. Our economy started to come out from the recession. Since 1992 a small but accelerating economical growth was noted. In the days of Prime Minister Oleksy it was not bad, because the growth exceeded 5 % and the tendency had to be maintained. This is why I paid a lot of attention to the issues of economy, which of course had its social consequences. As we know, it was the time of large risk associated with unemployment. When I was becoming the Prime Minister, at the beginning of 1996, unemployment reached the level of about 17 %. Both objectively and in a way resulting from social sentiments, the problem was treated as the most important by a large part of society. It was obvious, that the government was deeply interested in that issue. Several issues were important for me here. On the one hand, it was all that maintained the speed of economic growth. Great importance for us had microeconomic policy (in the sense of policy at the level of enterprises), thus not only financial discipline, which of course was also important.

I think, that those people, who were then responsible for that: Grzegorz Kołodko as Minister of Finances, Wiesław Kaczmarek as Minister of Economy, realised it quite well. It was in the 1996–1997 when we were able to achieve 7 % growth of GDP. In that time it was the second highest indicator in Europe, after Ireland. Of course, not only government had its share in it. But I do not accept such disrespectful statements that the government had no influence on it. At the same time we were trying to attract to Poland the highest investment possible. Therefore, my government started the period of reducing the amount of corporate income tax (CIT) by 2 % per year. In that time CIT in Poland was 40 %—from today's point of view it is unbelievable, but it was so. Reduction from year to year could not be double, since it would break the budget in some way, but even setting such perspective, such direction of reduction, was an incentive and investment stimulation. It created a perspective. Business had a stable perspective of course of events. One was able to predict what will happen in 3, 5 or 7 years. Therefore, it encouraged both domestic and foreign investors. Then we were noting the largest inflow of foreign investments before the accession to the European Union in 2004. I remember, that in 1997 we achieved 15 billion USD in foreign investments, which for that time was a very high result.

At the same time we used the so-called active methods of fighting unemployment. We took it seriously. Therefore there were various propositions and in consequence programmes based on central government with local governments. Then we presented the local governments with such proposition—mixed, joint undertakings, where both sides gave something. We, as the government, were giving money for salaries for people employed in many public projects, the local governments were providing the whole service and logistics. It was to break the phenomenon of permanent unemployment. We did not create some fixed workplaces, where a person would be able to work for many years, but such workplaces, that provided employment for 3 or 6 months. It was about psychological effects, so that people would not get used to being unemployed. Of course it was accompanied by some material and living aspects. It generally brought expected results, since in 2 years unemployment dwindled from 17 to 10 %. It seems to me, that nowhere in Europe such effect was achieved in such short time.

One of the reasons why something that has been planned did not work out, was a wrong conception. Yes, such things happened. We made a wrong decision in terms of system of building motorways in Poland and the results are still visible today. Then we adopted the idea of paid motorways, built by investors for their own money, which they acquire. The concept was developed and presented by minister Bogusław Liberadzki, whom I regard highly. We, and here I mean the government, did not have any special competences to adopt any other perspective and accepted such idea. Polish situation was good then, we managed to reduce public debt to GDP ratio. I remember how I hosted then President of the World Bank James Wolfensohn, who visited Poland with offer of opening a credit line of any size for the development of infrastructure in Poland. We then were able to accept the simplest model of financing such investments—by the government. We had the possibility of safe crediting without risking unsafe increase of public debt to GDP

ratio. I am under impression, that if we accepted such solution, then the motorways in Poland would have been long ready, and that would have entailed positive consequences for economic development through provision of proper infrastructure. I believe it was our mistake we did not use that opportunity.

Sometimes lack of final supervision results in failure of some planned actions. Of course everything needs to be attended to. It is the role of the whole mechanism, whose head is the Prime Minister. One should create the internal structure in such a way, so that one is able to observe what is going on discretely and undermining the competences of ministers, who in some way are independent to some extent. It cannot be so that the tasks are set, some minister is to take them and the Prime Minister forgets about it. In a year he finds out that nothing has been done. It cannot be so. Therefore, such mechanism of control, overview has to be there. Prime Minister should be informed, warned and should react. Of course, it is not about a show in front of TV cameras, but about cooperation with government. Still, in the government there needs to be an absolute internal loyalty, ministers need to be loyal to the Prime Minister. If they are not, then farewell. Prime Minister should be loyal to the ministers to a large extent. Once, then Prime Minister of Netherlands Wim Kok told me: "You know, Minister of Finances has to be 100 % loyal to you, you have the right to be 90 % loyal to him, but also to the same degree you have to be loyal to him". Here the rule of control needs to be obeyed, to simply check how the things are and if they go in the assumed direction.

It happened, that I did not take care about something, because no one had signalled it to me. In the case of one of my ministers, I had to practically set out the fire, when the services did not inform me about large irregularities in work of one of my ministers, whose aim was to fraud public money. I learned about it only when actions were very advanced and practically waiting to be realised. I remember, that during one of the government meetings I asked him publicly about that issue and forbid to move in that direction. I immediately ordered an audit by Supreme Audit Office and internal control by the Prime Minister's Chancellery. After two or 3 weeks I received information, that confirmed my previous suspicions. That information was really alarming. At the same time, I got information that the minister did not obey my ban on harmful for the state proceedings, but undertook further actions to realise his aims. Then I just went to Aleksander Kwaśniewski as the President, signed request to dismiss the minister and the President accepted it right away. It caused a terrible row, since I did not agree that decision with coalition, and they learned about it from my TV speech. Polish Peasant's Party wanted to leave the coalition, but it is difficult to defend someone, who was trying to fraud 300 million PLN of state funds.

What Kind of Power and Management Capabilities Does the Prime Minister Have in Practice?

Prime Minister undoubtedly has a vast authority today. Act on government administration departments gives him vast authority in terms of defining tasks or modernising structures. His legal position is very strong and of course political position is strong—if he is the head of governing party. A basic issue here is how

the given Prime Minister will be able to make use of such authority. It is the issue of both preferences in making politics, but also intellectual qualifications to govern the state.

My personal experience tells me, that except for Jerzy Buzek and Donald Tusk, each of us became Prime Minister as if by accident and did not remain in the office for long. I think that in the case of Prime Minister there are too many tasks of representative nature. It is an error, a system error. Whereas, as I think, many Prime Ministers do not treat it as an error, but as a way of being the Prime Minister—which is wrong way of thinking.

Through over 20 something years of my public activity I was trying to follow one rigorous principle. One thing is listening to the environment and another thing are contacts with individual people. Individual businessmen did not have personal access to me. Individual, particular lobbying was out of the question. In my opinion, Prime Minister should not make the least impression of being connected with the world of business. He may not take any actions for some business man after meeting him, but it is enough that his environment knows that this particular person has access to Prime Minister. It may affect functioning of business and state services at the same time. It would be a serious methodical mistake, which restricts the real authority of Prime Minister and may lead to its unauthorised use. Another thing is listening to the business environment. It is natural.

Basically, one needs to be aware of his objectively conditioned position of arbiter. One needs to know, where environmental egoism, where some particular interests can be; maybe someone is trying to deceive me and smuggle own goals, often contradictory to the general interest of the issue. It happens, that different environments provide “almost ready solutions”. Often they are very difficult or even impossible to accept. But as often one may find many propositions, which can be implemented right away with a positive result. Therefore, one needs to listen what entrepreneurs and experts have to say. That distance, which is necessary in such contacts, should not be a suspicion. One needs to distinguish between true, accurate, and acceptable propositions and unreal and particular ones. I regret that in Poland, none of us managed to solve the problem of state-friendliness towards entrepreneurship.

For many years Poland has been in the top least attractive places for investment. We used to be perceived as the most attractive place in Europe and were in the world’s first five in this regard. At the same time in state to entrepreneurship rankings (law, legal regulations, approach) we fell very poorly. It is tragic, because such reasons have long-term subjective character and are not easy to remove.

In my opinion, we should think about moving the authority to presidential model. Firstly, it comes from my knowledge gathered at creating the Constitution. What has been written there was not created by accident, but with full awareness. It would be difficult to point out another so meticulously and systematically conducted works on Constitution in the world. We worked on it from 1993, when we established Constitutional Committee to the beginning of 1997. It was a work with incredibly clear formula, point after point, issue after issue, publicly—with all interested environments having access, and with listening to the experts. We were

often even tired of that, but we were able to devote several meetings to one regulation or one issue. Those were unbelievably wide consultations, where everyone had right to speak and be listened to. Those were not populist consultations just to mark the fact they took place. Those were authentic consultations and many comments from various sides made it to the Constitution.

If the general political system concept is considered, then it appears in specified conditions. We had our own experiences and own ideas, which we wanted to include in the Constitution. On the one hand, we wanted to create a political system, where parties would play an important role—as significant mechanisms of democratic political processes. We wanted to create a strong position of Government as executive authority, but had own experience with initially quite strong presidency from general elections. When working on the Constitution we did not even discuss the issue of changing the procedure of electing the President. Poles wanted to choose the President and Parliament in direct elections—National Assembly accepted it. If so, we had to draw conclusions. It cannot be so—we thought—that there is a President with strong political mandate, but without some constitutional competences. However, in Poland such President's competences do not spread particularly far and in majority overlap with the competences of Presidents of other states elected by Parliaments. Here what strengthens the position of President is constitutional statement, that the executive authority belongs to President and Council of Ministers. At the same time the provision of Constitution orders cooperation between President and government. This order is addressed to both parties. And the President is obliged to cooperate with government and the government is obliged to cooperate with President. Many politicians did not accept it and did not want to realise it. The type of cooperation between Donald Tusk and Lech Kaczyński is its model example. Both sides lacked good will, and President Lech Kaczyński tried to delicately spread own rights beyond what he was given in the Constitution. The fact, that the head of the state is its highest representative is obvious for everyone from the point of view of international law. It has been so for centuries. British queen is also the highest representative of British Crown and no one is questioning that. But it does not translate into international relationships in any way. Queen has to listen to the Prime Minister, who presents the government's position and she should use it in speeches abroad.

In the beginnings of cooperation between Jerzy Buzek and Aleksander Kwasniewski they tried to ignore the position of the President, but later the rules of cooperation were normalised. It was the result of the situation we had. Maintaining such President-Prime Minister system resulted from strong inspiration with the need of balancing and controlling the authorities included in the Constitution of the United States. We have introduced such elements of mutual control and balance. We have decided that such elements were necessary. In my opinion the current system of division of executive power is good and works properly. I do not see any need of changes in this regard. I am against tampering with the Constitution. I believe, that the state's virtue is this "devotional" treatment of the Constitution. If I see any weakness in Polish Constitution, then it is still its excessive ease of change. We should introduce the principle of necessity of double proceedings for

two periods of governance of Parliament. That is for the change of Constitution to be able to come in force, it needs to be adopted by two subsequent parliaments. It would allow elimination of accidental and ad hoc actions. If some changes were introduced only by the majority, then were do we have compromise there?

6.2.8 Jerzy Buzek

How Do You Understand the Notion of the State as a Form of Organisation of Society?

Today we do not know any better form of organisation of society, which would be efficient for people, than the form of statehood. The notion of state in the sense of being effective, efficient and safe for people is associated with the notion of democracy. I am not able to move from identifying the most efficient and well-operating form of state for citizens than democratic state. With all the features democracy brings, that is freedom—and that means free market economy—duty and responsibility. The latter (responsibility) means, that freedom is not limited by any other freedom or other people's freedom of action. Duty then means, that if the state and society are to function, then we have to follow a certain system of values. Only freedom and responsibility are not enough. From duty the most important values result, which today's mature and efficiently functioning society follows, like mutual trust, solidarity or sense of dignity of every human being. I believe, that today there is no other efficient form of state than the form of democratic one.

How Did You Realise the Function of Planning in State Management in Practice?

My first political experiences were associated with Solidarity, where we were organising goals and ways of managing and acting as if from the scratch. The main principle was democracy as a certain oasis in the communist system. In 1980–1981 we were the only fully democratic institution in the whole communist camp. Democracy concerned everyone. I, as the head of first National Congress of Solidarity, was constantly accused of manipulations, since no one completely believed that it was all happening without party steering. But the majority admitted we were doing it in an honest way. I can personally guarantee on behalf of about 90 % of Praesidium of the congress, and there were 25 or 30 people (many of those colleagues are famous names) that our actions were honest. Undoubtedly, in the room there was a percentage of people who were there professionally for various reasons.

We were learning the democracy and our organisational structure was made from the scratch. Also planning of functions, tasks and future goals, namely the organisation which Solidarity was. That trade union was in fact social and was to serve the free, independent and democratic state. It was obvious for us. We planned the needs, basic state goals for the future on our own.

For me planning in practical sense had completely different dimension, when I was active in the so-called underground Solidarity, then in the latter period. It was

fight for freedom and every underground meeting of Provisional Coordinating Commission, whose secretary I was, was planning of some kind, where our main goal was defeating the communist system. With me, the members of the commission were then Zbigniew Bujak, Bogdan Borusewicz, Bogdan Lis and Eugeniusz Szumiejko.

It was the phase of actual fight, of course without violence. But after 1989 I practically withdrew from any political activity for 8 years. I came back in 1997 upon my colleagues request and took leadership in creating the Solidarity Electoral Action. Then planning in state management and formulation of state goals was done by 400 people, who were gathering in Warsaw Technical University. I decided to develop a state programme, programme for the coalition of political parties, civic groupings and foundations, which Solidarity Electoral Action was then, in 2–3 months (between February and May 1997). Solidarity Electoral Action then consisted of 44 organisations of various kinds. It was that first test of unity. Test of cooperation capability. We then developed a 13-chapter programme, which referred to 13 chapters developed during first Solidarity Congress. However, the reference was partial, since as Solidarity Electoral Action we proposed a complete economic programme, which for obvious reasons could not have been developed in the first Solidarity Congress.

But here we had a clearly established goal we wanted to achieve. There were no misunderstandings. After election I became the Prime Minister, which I had not planned at all. During election I was asking my colleagues not to burden me with duties of conducting parliamentary committees. I planned to spend 2 days in Warsaw (Thursday, Friday—when voting and committees took place) and the rest of the days, that is Monday, Tuesday and Wednesday spend at home. I had duties I did not want to stop. But life, as always, turned out to be completely different and I stayed in Warsaw for good.

I can then say, that as the Prime Minister I was realising a programme which I co-authored and in which I deeply believed. The programme was written down in coalition agreement with Freedom Union and included about 390 tasks. The programme covered the whole planning—together with responsibilities and ways of making decisions. We agreed on everything with our coalition partner, that is Freedom Union, which did not have any clear plan of such actions. They of course had some ideology, but without concrete plans and scope of actions. I can say, that half of the people in the Freedom Union were my friends, we came from the same Solidarity Congress. Some suspected that I supported Freedom Union more than Solidarity Electoral Action, which of course was not true. I identified with both parties.

We were then realising the Programme of state reconstruction, regardless of the costs of it. At the same time we were strongly convincing people to it. I had tens of meetings everywhere I could. Degree of planning of our actions was large enough, that before the election we have negotiated with members of mining Solidarity trade union the later reform of coal mining industry, which deprived 100,000 people of workplaces. The negotiations were difficult, with numerous reservations, but let me stress it again—such socially painful reform was accepted. Imagine that! There,

of course, were protests, but the reform of that sector was carried out fastest in Europe.

Healthcare and pension reforms were completely prepared by Solidarity Trade Union which then was in 100 % reformatory. Local government reform was prepared by Freedom Union, and we as Solidarity Electoral Action agreed to that reform. Whereas education reform was developed on the basis of previous data, which was left by previous minister from Democratic Left Alliance, and previous Solidarity minister, who were dealing with education. We somehow took the idea of that reform and implemented it immediately.

How Do You Evaluate State Organisation Capabilities in Practice?

I believed, that state organisation should be based on civil service. In my governance period we introduced very strict rules in this regard. To a large extent the ministers were not responsible for nomination of general director in their office, and practically it was done by the Head of Civil Service, who was even angry with me about it. We were then building the true, independent civil service, which would have been able to work in a stable way regardless of the political mess. We made a great leap in this area. We introduced contests for all major office positions and the Head of Civil Service gained independence. As the Prime minister I could not order anything to the Head of Civil Service. From the perspective of time, I think those were too far fetched actions, which prevented from influencing the work of civil service. I remember, that one of the ministers had cabinet director with prosecution charges. The minister was not able to dismiss such person, because the Head of Civil Service informed, that we should wait for the trial. However, minister believed we could not wait for the trial. If the official of such high level is facing charges, he must be immediately dismissed. Because I had some scope of competences enabling me to react in special cases, I dismissed that person. I decided, that in such case I had to make a decision. However, it caused such a commotion, that the Civil Service Council scolded me. From this perspective it was too far fetched hardening of operation of the whole civil service, which prevented it from efficient operation.

One can only regret, that our successors immediately broke that reform by suspending it for half a year and exchanging in that time the whole civil service personnel. Then random, party's own officials were introduced. I do think it was a tragedy, which is still functioning. I think that the state can be organised in many ways. The basis of such organisation is the team of responsible officials, who have been performing their function for many years. They know their work, have memory of state, about the office, have pro-state attitude, have the sense of the reason of the state instead of political responsibility. For me all other issues are secondary, insignificant.

Which Elements Do You See as the Most Difficult in State Management Process?

In my opinion join achievement of previously planned goals should be a key issue, which is the most difficult part of state management. Here I mean that one must not

depart from declarations, commitments made. Destroying the state begins with promising during the campaign things that cannot be fulfilled. At the same time I believe, that it is better for the state when a lot was irresponsibly promised and those irresponsible promises were not kept. It is the worst social teaching. People get used to politicians lying, that politicians cannot be trusted. What is more, in next campaigns politicians are competing in populism. Everyone can say what they want, and who is more populist can win the election.

I can say, that from Solidarity Electoral Action and Freedom Union two new political parties were formed at the end of governance period, which today are the strongest on Polish political scene. They were formed to a large extent on the basis of negation of what we have been doing for 3 years and it was painful for people. The fact, that the same people who strongly supported, and sometimes were the biggest advocates of changes and reforms we were carrying out, formed new parties and pretended they had nothing to do with that—that itself was a very bad lesson in terms of social education. It was not a good example.

In politics it is so, that we can change colours—and I understand that. But in the campaign the extreme populism is fully accepted, it does not surprise anyone, because the majority believes, that populist offers and assurances will not be kept anyway. It is the worst possible model of social education in democracy, responsibility or trust. Of course I would prefer our successors (Democratic Left Alliance) in the state management process would not be realising populist announcements of disassembling the healthcare, which they announced in their campaign. It caused a drama in this service, which lasts to this day. I would like them not to say they will eliminate maths from matura exam, they will depart from new teaching programmes in secondary schools. Their later realisation was and is very harmful for Polish education system and will be haunting us for decades. Because at first it was not very painful. It will turn out in several years when people given such privileges have entered the work market in some time. From the point of view of social perception, it was very enthusiastically welcomed—mostly by 18-year-olds, who suddenly did not have to take maths exam they did not like, by teachers, who did not have new higher education programmes and did not have to attend additional courses or studies.

In the state management process my government demanded a lot from people, from the society. I think that very important is the responsibility of people governing currently and responsibility going far in the future. One cannot manage the state from the point of view of fulfilling populist announcements in campaigns. It destroys the state. If e.g. pension reform introduced by us was being destroyed for following years, then it is hard to expect it to work. In following years none of the corrections we assumed were implemented in the pension reform (the first correction was to be implemented after 5 years).

My most important and most difficult task in state management process was motivating people. I also gave them the reason of the state as the most important thing, which mostly has already been rooted. I understood leadership that way, which I translated into the works of government, where he have been making completely independent decisions—according to coalition agreement and my

exposé. As the Prime Minister I have not agreed any decisions with Marian Krzaklewski before and I would like to underline it strongly. Marian Krzaklewski's task, which he performed perfectly and with great devotion, was to convince Solidarity Electoral Action (which included representatives of trade unions) to reforms and decisions made by us. I believe, that Marian Krzaklewski has done a gigantic work for the state and also paid the highest price for his actions, condemning himself to being moved from politics.

How Can You Evaluate the Degree of Realisation of Own Planned Actions in Relation to Actually Undertaken Actions?

I can say, that we did practically everything what has been included in my exposé and coalition agreement. We did not realise only those things, which were vetoed by President and did not came in force not as our fault. It was then a kind of action plan. After 3 years, when verifying plan realisation, it turned out that over 300 out of 390 tasks have been accomplished and at the end of governance period the realisation degree was almost 350. We have realised it all, even though it was socially expensive and in many cases upturned existing orders.

Between Christmas and New Year 1997, that is in 2 months after coming to power, I called a coalition meeting. On that meeting also present was minister Teresa Kamińska, who had only one function. Minister without portfolio responsible for reforms, namely everything we were doing in a risky manner: coal mining reform, administration reform, healthcare reform, education reform and pension system reform. Those were the five key reforms (four and one in mining). Of course, specific departments were responsible for individual reforms, but everything was coordinated in an organised and systemic way by one minister. Each reform also had a nominated representative—minister to deal only with the reform. Meetings on coordination of actions between coordinating minister and representatives took place everyday. There were usually 8–10 most important people responsible for reforms. Discussions lasting for an hour or hour and a half took place every day. There was a big commotion and all the time one had to take care for things going in the right direction. Old voivodships disappeared, new ones were created, in healthcare insurance funds were introduced as a change in healthcare functioning and financing, in education regionalisation was abolished and dilemma where to go to school appeared, in pension system the three pillars of pensions financing were introduced. Added to this, computerization of the Social Insurance Institution carried out on a regular basis. It was the largest IT undertaking in that time in Europe. Today, with current technology it would not be a problem, but 15 years ago it was really a gigantic undertaking. With such large number of reforms with such fundamental significance one had to care for communicating the undertaken actions to the public opinion. Of course there were numerous voices calling to stop the reforms. I had no doubts that they are necessary and need to be carried out. I believed that if we had not done it in that time, we would never have. I also think, that none of the colleagues involved in the reforms regrets it, despite the fact that many of them paid a high political price. Some of them left the political stage.

Please, remember, that while leaving the office at the end of 2001, we were—one can say—on the eve of joining the European Union and *de facto* negotiating last chapters of our accession. We were not able to carry out efficient negotiations, if we had not carried out system reforms. Günter Verheugen, who from 1999 held the position of the European Union Commissioner for enlargement admitted that then and later.

In 4 years we have changed the law. In 2 years (1997–1999) I prepared 50 original acts, which adjusted Polish law to Constitution. If I had not done it and not introduced those acts in that time, I would have been put before State Tribunal. Additionally, independently from all regular actions, we have introduced almost 250 legal acts, which adjusted Polish legal order to the European Union requirements. We have closed 18 negotiation chapters and remaining 11 were basically fully prepared (everywhere we had prepared negotiation positions of what we wanted to achieve). Leszek Miller's later government practically took over the whole prepared documentation. Some of the chapters were not completed by me only due to one simple reason. I wanted to achieve better conditions of our accessions to the European Union. Thanks to that the later government got much better accession conditions in two or three chapters.

Also Polish accession to NATO in 1999 took place after titanic work of my government. If we had not accessed it then, our accession would have prolonged by a year or two. Today we underrate NATO, which lost some of its significance, but then it was like catching God by his feet. Membership in NATO gave us better conditions in negotiating our accession to the European Union.

I think, that such large, basically full, scope of realisation of planned actions is thanks to people I worked with, the people from Solidarity generation. Most of us in the 80s were ready to risk imprisonment, losing their jobs or personal goods—when someone was printing flyers or transporting xerograph in their car, then he could have lost car or house. That generation was ready for the risk of public goals. They were guided by reasons of state, which I did not have to teach them. Such approach of all of us and deep belief in rightfulness of conducted actions was necessary to lead the state through difficult period and make key changes, which absolutely were the basis of our accession to the European Union.

What Kind of Power and Management Capabilities Does the Prime Minister Have in Practice?

Prime Minister's authority according to Polish Constitution is strong enough to make independent decisions. It is better, when the Prime Minister consults some decisions with the President, especially in national defence or foreign affairs. From this point of view, I see this division of President's and Prime Minister's power in Poland as good and appropriate. One needs to assume good will of both parties, not only that people want to finish each other.

Of course it is best, when the Prime Minister consults those key decisions with coalition. It results in much better atmosphere, especially in the case of difficult reforms. I would not make any of those difficult reforms I was convinced of and whose main acting force I was, if I had not been talking about them with both

parties (Solidarity Electoral Actions, Freedom Union). We really have been long discussing and disputing over many issues, and my management capabilities resulted much from the ability to develop final agreements in making the decision. Very important in the phase of governmental works is the ongoing information flow, which allows ongoing adjustments in some issues, right before their final acceptance. For me the key issue was that the Prime Minister made strong decisions based on documents prepared by coalition and which he included in his exposé. Then the managing capabilities of the Prime Minister are in fact really vast and sufficient to be a strong leader.

However, I can say, that there was only one case in state management, when as the Prime Minister I had little to say. It was about nominations to positions, which depended from political parties' decisions. I did not interfere with decisions regarding personnel. Of course, my government was my own and I personally chose my ministers. Ministers chosen by me had to be also accepted by two Heads, that is Leszek Balcerowicz (Freedom Union) and Marian Krzaklewski (Solidarity Electoral Action). The deputy ministers were minister's candidates, whereas other numerous positions were dependent from both parties' decisions. It was Parliament's only influence in our decisions. All remaining decisions went from the government to the Parliament.

6.2.9 Leszek Miller

How Do You Understand the Notion of the State as a Form of Organisation of Society?

It seems, that modern states are becoming organisations more and more open to influences, stimuli, collective society behaviours. It basically differs from the nineteenth or even twentieth century states. In my opinion this process will intensify with progress of globalisation. The state will be less hermetic, more or less stable—depending on what the global processes will be.

It seems, that no one will be able to stop states' globalisation tendencies—just like you cannot stop flood with a broomstick. The ease of flow of investment, capital localisation in any place in the world, general access to services make the states become organisations of global society.

How Did You Realise the Function of Planning in State Management in Practice?

Each Prime Minister, when starting his governance, presents an exposé in the Parliament, where he states his priorities. Sometimes hints time lines for their realisation. Then, when planning the work of the government the elements are filling the plan of state management. Or those are just bills, which need to be approved by the Parliament, or programmes (long-, medium-, or short-term), which are quite far into the future. It also regards all kinds of reports and analyses, which focus on chosen actions of the government.

In my days I avoided decisions, where the Council of Ministers had to vote anything. I avoided situations, which polarised opinions in the very Council of Ministers. I preferred to prepare all projects and solutions in such a way, that they were accepted in the way of consensus. For that purpose we had the whole system of cross-department arrangements in the Permanent Committee of Council of Ministers (where it is attempted to reach a vast agreement among all resorts) and finally during the government meetings. I had such tendency, that if during the Council of Ministers some significant differences between departments occurred, I just simply took the project from the daily agenda and the issue was sent back to arrangements and consultations.

The most difficult dilemmas in planning regard decisions, which entail large finances. In the situation, when budget has smaller or larger deficit, where there are tensions in expenditures and revenues, every decision that engages large funds is a very difficult decision to make, which has serious consequences. One always has to resign from something to equip someone.

Difficult are planning and decisions, which regard political dilemmas (establishing coalition, its termination, or various aspects of foreign policy). The issue, which occurred in 2001 in engaging our forces in anti-terrorist coalition is such an example. After long discussions we managed to reach a consensus, but there, where finances were concerned, those discussions ended very violently, sometimes with dismissal of the minister.

How Do You Evaluate State Organisation Capabilities in Practice?

I believe, that one should consistently strive for further decentralisation of state functions. Central level should deal more with developing strategic decisions, and more operational decisions should be moved to local governments. As much of the central government as it is necessary and as much of local governance as possible. I believe, that in that case there is a lot to do. Central government could successfully lose some prerogatives, moving them to various levels of local governments. It is my deep belief, that the modern state is a decentralised state without bureaucracy. Here I mean the necessity to reduce discretion in all kinds of decisions and actions. If some official level is able to take decisions on the basis of its discretion, it firstly lengthens the procedure, and secondly raises the temptation of corruption.

Which Elements Do You See as the Most Difficult in State Management Process?

In my days a very helpful tool facilitating state management was the Strategic Studies Centre, which was unfortunately liquidated by the next governments. Today we may say, that the head of Council of Ministers in Poland does not have such institutionalised centre, where prognoses and strategic works take place.

For everyday governance and state management the standard coordination mechanisms the Prime Minister has, are in my opinion sufficient. The head of the Council of Ministers may quite freely shape the scope of competences of each minister, does not have to ask the Parliament for permission to create some department. Act on government administration departments provides the Prime

Minister with quite a freedom of movement and his discretion in the process of state management. If the Prime Minister wants, he can have an efficient coordination apparatus, unless he pays attention to it or wants to do it.

In my opinion, in state management the human factor is always the most important one. At the level of Prime Minister and Council of Ministers, varied ambitions, interests of individuals or the distribution of political forces inevitably play a very important role. Harmonising it all is of course very difficult. Another difficult element in this process is the political factors, interests of various political groups, which in governing or being in opposition see some opportunities or interests. Often those particular interests are not only in opposition to a broader state interest, but do not have anything in common with healthy logic. People forget what the reason of state is. It is more and more difficult to find some common definition of that term. Several years ago in the Parliament the opinion, that the international policy should be excluded from the ongoing games of political forces, was still popular. It should be the example of communication among all political groupings—just as a manifestation of common understanding of the reason of the state. Unfortunately, today it is a past. The whole foreign policy is included in the common political struggle and people present completely extreme understanding of the notion of the reason of the state, which does not make state management easier and may compromise us sometimes.

How Can You Evaluate the Degree of Realisation of Own Planned Actions in Relation to Actually Undertaken Actions?

It is never possible to fulfil all promises in the Prime Minister's exposé. My two main priorities were achieved. The first was about terminating the European negotiations, organising referendum and Polish accession to the European Union. The second main and realised priority regarded breaking the economy out of stagnation and its entering the growth path. Here I mean in particular a significant reduction of unemployment or work for improving the condition of public finances. Of course I did not manage to realise many detail issues.

It is usually due to two factors that something does not work out in realisation of planned actions. Firstly, the human factor and mistakes in human resources policy related to it. People fail and unfortunately one can usually find that out only when it's too late. Secondly—financial problems. One can have a fantastic project, but with no financial support it is difficult to talk about realising it. These are undoubtedly the two factors, which occur in the realisation of any action.

I also believe, that in relation to people one should never draw far fetched conclusions after their first failure. People are not machines and not everything depends from them. More or less after half a year of work one can assess who and how is useful. How they are able to perform their duties. When I was making a decision e.g. to part with an employee, I earlier made sure if that was a good decision, if the employee's work would not bring anything good. I did not make hasty decisions in issues of human resources.

What Kind of Power and Management Capabilities Does the Prime Minister Have in Practice?

I think, that in Polish conditions the Prime Minister has large authority. If we look at other positions, like Speaker of the Parliament, Speaker of the Senate, President of the Republic of Poland, Prime Minister—in this quadrangle Prime Minister has the largest range of real authority. I think it is large, but not unlimited power. Firstly, there is the Parliament, which he has to respect and not everything can be done in the Parliament. Secondly, there is the Constitutional Court, which can question any bill, if it violates the constitutional framework. There is finally jurisdiction, which cannot be influenced in any way and the Prime Minister is obliged to respect and perform the court judgements.

At the same time I believe, that in Polish conditions the President's authority should be somewhat restricted to the benefit of the Prime Minister. In Poland there is a dualism, where the President has low competences and his source of authority is strong—it comes from direct elections. With the Prime Minister it is the other way round—he has broad competences, but does not come from any elections. It is a result of distribution of political powers in the Parliament and it causes a certain state of tension between President and Prime Minister. It usually causes tendency to urging by the President, who has a feeling of strong mandate. Such state may be eliminated only in two ways: deciding on a typical presidential system where the president is the head of the government (like in France or the USA) or building more chancellor model, where the president has low authority and is chosen by the National Assembly. Then this contradiction resulting from the strength of president's mandate to competences is avoided.

It seems, that with inadequate recognition of situation or issue by the Prime Minister and his environment—Prime Minister's authority and managerial capabilities may be somewhat restricted (in an unconscious way). Prime Minister carries out quite wide social dialogue but does not have to acknowledge all opinions he encounters. First selection answers the question: does the issue fit into the general scope of organisational and political tasks or not. I am under impression, that the activity of lobby environments is not directed directly at the Prime Minister's, but at the Parliament, which indirectly can restrict Prime Minister's authority. It is the Parliament, where the whole attempts of influencing various Members of the Parliament take place. There are 460 Members of Parliament and only one Prime Minister. Which actually is visible in every day's work. If the government releases a bill, then in the Parliament it undergoes such changes, that its final version presented to the President to sign does not resemble the initial bill. It is more Parliament's than government's bill. I often wondered how to change it and the most radical idea is the one, where Council of Ministers directs the bill to the Parliament and the MPs either accept or deny it. There is no intermediate way. Moreover, the Parliament could present own parliamentary project to be voted.

6.2.10 Marek Belka

How Do You Understand the Notion of the State as a Form of Organisation of Society?

If we are talking about state organisation, then we can see today a clear mismatch of state and market operation. It regards basically all of the states, and a clear example is the European Union, where politicians' decisions are express, extremely fast from the point of view of historical experience. Never in the history of any international organisation the political decisions have been made so quickly. At the same time the observers believe it is still too slow, that some states are behind the curve. It happens so, because markets operate online and politics will never be able to act that fast. Maybe therefore trust has a great importance. If markets trusted that the European leaders are able to solve the problems of Euro zone, they would not be as crazy as they are now, and would patiently wait and end earning money. Anyway, this madness is rational. If I were to invest today in bonds of European countries, I undoubtedly would be considered insane. I believe, that there are no rational models, which would be able to explain the behaviours of bonds markets. Well, there never were any. Today it is a madhouse. It results from a lack of general trust both at the international and domestic level.

We accept, that state sovereignty in economic issues is limited. But the fact, that Prime Minister Berlusconi had to leave his office, because markets priced the public debt of Italy sufficiently low—it was a sensation. It seems, that if profitability of Italian 10 year bonds remained below 6 % then resignation would have not been necessary. Suddenly, it turned out, that such large state as Italy had to fall to their knees before the strength of financial markets. It really was a sensation. For me this example is more interesting phenomenon than the one which is important, but is not particularly new—that is whether the state is to organise its life in details or is to provide only general framework to be filled by individual and, most of all, social initiatives. I think, that the second concept of state is most of all more efficient. Here I see state's weakness, while it is not a criticism of state institutions, but rather of Polish society, who cannot fill state's institutional framework with own spontaneous initiatives. Poles are very weak in terms of organisation. This is what professor Janusz Czapliński calls the insufficiency of social capital. Poles are perfectly organised in family, individually, in group of friends. They are also perfectly organised in one more aspect: undermining state's actions. But they are not able to self-organise like Americans or Swiss.

How Did You Realise the Function of Planning in State Management in Practice?

Our government's situation in terms of planning, as opposed to other ones, was basically easy. It was a task-oriented government. Something was assumed and it simply had to be done. Other governments, let's say party ones, have a kind of dilemma. On the one hand care for state welfare, which cannot be denied to anyone, and on the other hand the party interest, that is keeping the authority. It is not a Polish democracy dilemma, but democracy dilemma in general. I remember, that a

leader of a large state once told me: “You know, Marek, we all know what to do, but we do not know how to be elected once again.” I did not have that dilemma. I came, said in my exposé, how I understood my tasks and simply wanted to realise them. It included fight with poverty and social exclusion, maximum use of membership in the European Union, solution of urgent issues in healthcare, organisation of state assets management. There was also the issue of our presence in Iraq.

Governing is not only one great vision translated to plans and new law. In Poland there is also “legal diarrhoea”. Such evaluations of legislative activities in economy were at one time—maybe it is weird—done by National Bank of Poland. There is a unit in the Economic Institute of NBP, which deals with that. Legislative analysis was to answer the question, whether introduction of a new law (regulation, deregulation) helps the economy. General conclusions were positive. It was decided, that the introduced law in general helps the economy. But it is a law, that helps a little. Each of these new regulations improves something, but usually it is not realised or lacks regulations for implementing the law, making it dead. In my government we have revised the whole legislation and defined where and what should be changed. Every week we were “grilling” the ministries, asking where they are with preparations of a certain regulation, which is still missing. With law it is so, that no matter how painful its creation process is, it somehow goes through the Parliament. But then such act needs implementing regulations. Here we have a problem.

Of course, in the course of planning many dilemmas occurred. One of the biggest ones in that time was the issue of signing the constitution treaty, which was vetoed by Leszek Miller. I decided to change that state contrary to the previously adopted Parliamentary resolution. Anyway, the treaty was later denied by France and the Netherlands as the result of the referendum there. In that time we were racing with time to fix legislative mistakes in the healthcare system, all through Constitutional Court.

When talking about planning—I remember that at the beginning of my period of governance I discussed with the Minister of Infrastructure the construction of section of the motorway from Konin to Stryków. I then learned that we had a problem. It was related to the fact, that we have just entered the European Union, had organised the tender for construction of the section, but theoretically Poland as a state could be exposed to withdrawal of EU funding for the motorway. We had to decide, whether to risk or not. Of course we were trying to reduce the risk by sending appropriate explanations to the European Commission. Then I realised why motorway construction in Poland goes so slowly. The reason was prosaic: each decision about building a motorway entailed making or issuing some kind of decision. Every decision is risky. Thus it was best to not make such decision. In fact many officials believed that it is much easier not to build motorways than to build them. For not making a decision no one in Poland has ever been punished. I believe that acceleration of motorway construction in the recent years was caused mainly by organisation of European Football Championships in 2012. To make a long story short, Euro 2012 forced us to make decisions on motorway construction.

How Do You Evaluate State Organisation Capabilities in Practice?

Whether the state is well organised or not, we can check only in an extreme situation. We had such situation in 1997 when in Poland we had a flood completely different from what we ever knew. We all saw its results and actions taken then. For the state it was a lesson which taught us a lot. I remember, that in that time fire fighters and emergency forces worked perfectly. But coordination of actions did not work out. Maybe even flooding of Wrocław could have been avoided if the embankments had been blasted. It would have caused flooding of several villages. Then no one agreed to that. One may ask then, whether the state passed the test in 1997.

Some imperfections in state organisation were revealed in 2012 in the Amber Gold case. It showed a catastrophic level of knowledge on economy in the prosecution. On the other hand, which no one actually mentions—our competition and consumer protection law is kind of weird. One may say that the Office of Competition and Consumer Protection blessed all Amber Gold's unlawful actions. What was that office doing? It checked, whether Amber Gold commercials were congruent with the content of customers' agreements. That is if customer agreement promised guaranteed 15 %, then the commercial could be saying the same. To make a long story short, both the commercial and agreement were a lie, but in accordance with the law. It shows the fear of legislature of providing the Office of Competition and Consumer Protection with possibility to use common sense. Because if common sense is used, it may be harmful to the market. It was the fear of harming the business entity. Of course there is also other people's stupidity, individual debility of people assessing it. I personally believe, that the state is quite efficient, but I would not exaggerate that efficiency.

Which Elements Do You See as the Most Difficult in State Management Process?

An extremely difficult part of state management, which I see as a disease, is reluctance, inability or incapacity of individual institutions to cooperate. I think that many institutions in Poland function in this regard at the level of Third World countries.

Most of all, we lack information flow. Office's interest is cared for more than state interest, without informing other potential parties about own actions. There is no cooperation culture among institutions. An example can be even the fact of road construction in Poland in the so-called construction season. Before 2004 construction season started mid-June instead beginning of March like today. Why was it so? First one had to organise tender, and it took time. I, when being the Prime Minister, asked why it was so. The answer was simple: there is no money and we need to wait for accepting the budget, which usually took place at the end of the year. Therefore, the officials from General Directorate for National Roads and Motorways were often organising tenders for road construction only in February next year. I asked then Minister of Finances why we could not spend the budget promise and start the tenders few months earlier. I was told, that so far no one has come with such request. One could get the impression that from the point of view of Ministry of Finances it was better not to mention such solutions, because the money would not

have been spent and the budget would not have been closed. It was an evident example of lack of cooperation culture among institutions.

There is also weakness of civil service, which was practically destroyed. There is no knowledge, skills, institutional memory and finally natural instinct of cooperation among the employees. In fact, the state is strong with the strength of its institutions. In organisation of state institutions stability of those organisations and people working there is incredibly important. If we lack it, then state management is more difficult.

Another element is constant breaches in continuity of state actions (discontinuation principle). If a next good government is wise enough and wants to use the experience of the preceding government, then it is accused of stealing ideas. Other reasons are ideological, where due to political reasons the predecessors' completed works are not accepted. It does not matter then, that those ideas, acts and other solutions were developed by the whole state apparatus. The works simply start from the scratch.

I can say, that for many years, one budget after another were developed by the same group of people. It was good. Maybe it was conservative, but the way of preparing those budgets was exceptionally professional. Maybe the fact that today we live somehow, when the whole world around is burning is a consequence of that conservative, that is careful and competent, budget preparation. In Poland such actions are rare.

How Can You Evaluate the Degree of Realisation of Own Planned Actions in Relation to Actually Undertaken Actions?

We have decided to structure the realisation of our government's plan, which was of course based on the exposé. But when one governs, he cannot be focused only on exposé. One needs to take care of all state issues, which were divided into tasks. We checked every month whether individual resorts fulfil those tasks. To that extent that it was shown in percentage of fulfilled tasks. So from the point of view of the resort fulfilment of the task meant presenting the Parliament with a bill. In such statistics it was a 100 % fulfilment of the plan. And in the final report on government's work authored by Marek Jaśkiewicz, then State Undersecretary in the Chancellery, all the realised tasks were described. I believe, that in my government's work only things not accepted by the Parliament did not work out. We were not able to realise a significant part of Hausner's plan, but not because we were not properly prepared. We just lacked majority in the Parliament.

What Kind of Power and Management Capabilities Does the Prime Minister Have in Practice?

Prime Minister's authority in Poland is much larger than we think. Anyway, I think that in Poland the importance of good governance, which can be performed by the Prime Minister—better or worse, is underestimated. It decides whether the law is implemented and respected, decides about very important personnel policy. Prime Minister more administers than manages. He does it bad or well. Either pays attention or is occupied with visions, or takes care of PR and finally winning the

next elections—which is a duty of each party leader. I believe, that the government’s basic task is administration. It is also good, when in the executive power system there is a Prime Minister-President counterbalance. Its lack may be dangerous, because it gathers many powers in hands of a single person.

6.2.11 Kazimierz Marcinkiewicz

How Do You Understand the Notion of the State as a Form of Organisation of Society?

For me state is a form of organisation of society, and in special case, of the nation. This is so e.g. in Europe. If we are talking about Poland, then for me the state is a form of organisation of Polish nation of democratic character. We have adopted tripartite distribution of authority—legislative, executive and juridical—and it seems that after over 20 years this system is slowly starting to work. Most of all, the legislative and executive authorities took sufficiently adequate forms through reforms. If legislature is concerned, one of course may have claims to the quality of the law, the quality of the acts, the quality of parliamentarians in Poland, however, the form of organization is already quite stable. Quality in this case will always correlate with the quality of society, with who we are and what we are in the given moment in history. If it comes to executive authority, we have a government, which is built basically on the basis of the act on government administration departments. We have a president, who is a head of the state, and I think that 15 years ago in the Basic Law one has made mistakes in setting the executive authority by giving various competences to the Prime Minister, but in the last moment, when Aleksander Kwaśniewski won the election, the Constitution Commission gave some more competences to the president, who according to the Constitution was to be a mere representative of the state. After the election, unfortunately, it was changed in such a way, that some powers of the head of state were added. It sometimes leads to unnecessary disputes over competences between the government and the President, especially in foreign policy.

Then we have the whole state administration and division of the state into regions and local governments. One can talk about many mistakes in and constructions of such solution: the number of poviats, size of communes, number and size of regions, but after years of functioning it does not look that bad. It is visible, that many things work out, some better and some worse, but the state really is able to respond to challenges and social needs. Respond to what is a result of state function, especially growth of the nation, development of society. I use the term nation, because in Poland we have relatively ethnically homogeneous society, but not everywhere it is so. Examples of such states as Great Britain or Spain show, that we have to deal with restoration of some national trends for statehood in globalisation, e.g. in Scotland, Catalonia or Basque Country.

I think that we did worst with jurisdiction. I think that the structure of this authority, independence or even finances assigned to this independence and organisational efficiency are exceptional (that is very high), but the results of jurisdiction functioning

are the worst possible. The jurisdiction in Poland is inefficient, unjust, does not respond to the social challenges in any domain. And it is certainly a failure of those 20 something years of Polish democracy.

How Did You Realise the Function of Planning in State Management in Practice?

My government was an atypical one, not only because it was a minority one, but because the party whose Prime Minister I was, was the party which has been preparing for governance for many, many months. In the whole history maybe current Democratic Left Alliance has been preparing for governance by taking the authority after Solidarity Electoral Action, but still not in the same form as we did. We had a ready action plan, had goals set, had ready either acts or bills. I can enumerate some of them. First changes in the Law on Public Procurement were introduced by us after about 2 months since coming to power. The reform of energy sector, with about 200 energy companies with great problems, some stupid privileges for employees of energy sector. . . We managed to consolidate sector and established four major energy operators. No one has noticed it, there were no protests, everyone was occupied with other issues. We managed to do it, but only because we were prepared. It also regards taxes. We were ready for introduction of new tax rates of 18 % and 32 %, had them described and calculated, so in half a year we had the bill accepted during government's meeting. I can give many more examples, and their realisation resulted from realisation of well-established goals even before coming to power. I think, that we could say, that we were taking the power in the spirit of some state disengagement (e.g. Rywingate). Two main goals regarded improvement of social security in a broad context—on the one hand. Here I mean all services, among other things, establishment of Central Anti-Corruption Bureau, liquidation of Military Intelligence Services, but also functioning of appropriate services. Please notice, that only proper rhetoric forced upon the services resulted in our promotion in many anti-corruption ranks just because people were frightened and stopped corrupting. Sometimes only rhetoric, showing goals, task-orienting the adequate services is sufficient to achieve goals—with maintaining control, of course. It is not necessary to change the whole structure of state and we have shown it. On the other hand, there are economic issues—taxes, energy sector, which has not been touched for 20 years. Completely nothing was happening in the energy sector, no positive changes, only negative ones. Huge privileges, which gave the children opportunity to substitute their parents in job positions. It was completely crazy. There were other things, less important, like baby bonus or increase of funds for scholarship, attention to fight poverty. I think, that to a large extent this programme helped us to win the election. The programme was translated into exposé, which was written down to the individual departments. We also changed them a bit. We created completely new ministry—of regional development—just to create an appropriate organisation to distribute the European funds. And we succeeded. The ministry still exists and functions according to the same rules we created. We also changed the government system so that there was only one Permanent Committee of Council of Ministers, which I called Small Council of

Ministers. All to improve the work of the government. That is there were no committees, which fight each other, and there is only one place for wide discussion, Small Council of Ministers, and second place for making decisions, that is Council of Ministers. Anyway, it exists and functions to this day. Such solution turned out very efficient, since thanks to it the Council of Ministers meetings took an hour or an hour and a half. The longest—regarding taxes—took two and a half hour and that is all. Everything was prepared to the limit. Participants were able to argue, quarrel, fight and battle at the Permanent Committee of the Council of Ministers to develop the compromise, and a compromise was settled in the Council of Ministers. It was an exceptional efficiency of decision making.

How Do You Evaluate State Organisation Capabilities in Practice?

It seems it has many structures, which I would call services in the sense, that they are subject to the government, but de facto are non-governmental institutions, for example. The State Sanitary Inspectorate, agricultural agencies—they are absolutely poorly constructed. There are too many of them and they are scattered. Their dependency from departments is unclear and it prevents the efficient operation. It really does prevent efficient operation. There are probably 20 something of those “services” and there should be only a few of them, which would function more efficiently. Of course their regrouping is very difficult to do, since it violates sectoral and other types of dependencies. We wanted to change it. We had a consolidation plan. Less structures, more efficient structures, easier to task-orient by the state in various issues. The issues result from the state goals. The general goals do not change much, but detailed goals change quite frequently and it results from failures, from many things, and the state with more scattered institutions is less able to ascribe those agencies to various tasks.

Second thing is coordination. It actually is so, that Poland is still departmental, not only in the top levels. It goes down through all authority levels to the commune, enterprises, individual entities. Therefore coordination of actions in such conditions is very difficult. Of course it is possible, when the Prime Minister has strong coordination force, but he frequently lacks instruments for that. In actual state coordination the political cabinet could play a good role of Prime Minister’s meritorious facilities, but on condition that it would not consist of politicians, but real specialists, experts in various fields. Then it was a real place of tumbling thoughts, goals, concepts, ideas, assessments, controlling different things and places. Here it will not be accepted (e.g. in Great Britain such model works perfectly). Here it is probably impossible, even due to its name. Political cabinet immediately provokes negative emotions, politics provokes negative emotions.

Which Elements Do You See as the Most Difficult in State Management Process?

I think, that the main difficulty in the decision-making process in the state and attempts to achieve them is something that I would like to call bureaucratic inertia force. That bureaucracy, offices, officials, that heavy body used to its mode of operation. Maybe when I was the head of the government I did not see it that much,

but from today's perspective I can see that e.g. road construction problems in Poland are caused, among other things, by the fact that officials due to their inertia force, imposed unnecessary bureaucratic burdens significantly delay all processes. This also happens in Ministry of Economy. This internal inertia, reluctance to have such decisive power, to sign any decision is simply huge. I remember disputes with my ministers. We were agreeing on something, and then they were coming back and saying that it could not be done. Bureaucracy in Poland is huge, crazy, is not prepared, not fit for task-oriented work. It all dilutes on thousands of desks of officials.

How Can You Evaluate the Degree of Realisation of Own Planned Actions in Relation to Actually Undertaken Actions?

We worked in a way which can be called absolute. We tried to realise step by step the goals presented in the exposé. Those goals we set for the first year, I think, were completed in 80 %. We dramatically changed state budget. We set the budgetary anchor reducing it to 30 billion in relation to Marek Belka's project. We made a number of regroupings in the very budget (e.g. of amounts for the judiciary informatisation, land registers). With professor Zbigniew Religa we prepared the bill on emergency medical services, which now works perfectly.

From today's perspective, what we did not manage to do was e.g. not starting road construction on a broad scale. We could have done there much more and now I regret it. If we had started them, today we would have been in a completely different situation. We wasted 2 years in this regard.

What Kind of Power and Management Capabilities Does the Prime Minister Have in Practice?

I think that Prime Minister has a full authority in the state. He has some problems with the President in international affairs. The President is the head of the state and although he does not have some competences and executive instruments, it is the Prime Minister's duty to cooperate closely with the President, so that he can represent Poland well. So that the direction of actions of Prime Minister and President were the same.

Prime Minister has numerous instruments he can use in the governance process. I think, that he has too small facilities to not only make decisions, govern efficiently and additionally control implementation of the decisions made. Political cabinets do not play this role.

Maybe the Chancellery of Prime Minister should be constructed differently and the Prime Minister should have other possibilities of regrouping tasks. It is tragic, that the Prime Minister can only use think-tanks in a small scope. He usually does not have money for that, these are not state think-tanks. If he uses them, he can risk being attacked by gutter press, that the decision has been made by that and not another think-tank. It is not about that. An efficient state does not have to be expensive, but needs to have all the elements. In my opinion the strong authority of Prime Minister lacks these instruments of intellectual and organisational support.

6.2.12 Jarosław Kaczyński

How Do You Understand the Notion of the State as a Form of Organisation of Society?

It is a question of durability of trends, as far as globalisation is considered (. . .). I understand state as such form of organisation of society, which apart from definitional features, that is power over citizens or sometimes subjects (there are states, that actually have subjects), has a special feature, which we call legitimisation. This power is accepted for some or other reasons. It differentiates state authority from occupation. There can be something like occupational authority, which performs tasks of state authority, but it does so out of pure coercion. State then needs to be legitimised and be based in system of values (also of moral character) accepted by significant part of the society. Thus state, of course well-constructed state, also has to be some kind of moral quality. It has to be a commonly legitimised phenomenon, but also legitimised on the good-evil axis, of course in direction of good. Here we are getting to the notion of common good, which in modern state is a prerequisite for its operation. It does not mean that in practice this common good has to be put in practice, but in practical legitimising formula it works so. Apart from territoriality and above mentioned authority, these are the most basic features of the state.

Then the sphere of vast variety of state organisation begins. But state, as the recent financial crisis has shown (2008), is still the strongest subject. Those, who were announcing the dusk of states and their significant weakening, saw that it is completely untrue. State as a form of organisation of society turned out stronger than other institutions and certainly is not in its end-stage. Of course there arises a question of state relation to other entities and relation between common good and actions to maintain those entities. Here I mean e.g. helping banks, where question of rationality of such action immediately occurs. Is it rationality in the name of common good or is it rationality in the name of protection of particular interests. Here we are approaching the problem, which needs to be raised, when talking about state, that is particular and common relations. There is no social system, where problem of this relation would not exist. It is always so, that there is a number of actions, which can be treated as completing the idea of common good, but there is also a number of actions which states undertake and they are certainly of particular character. There is a question of relation between those two actions—particular and common. There is also a question, whether the state is able to carry out policy regarding the whole state and is written in some perspective. Here we have some differentiation introduced, I think, by dr Rafał Matyja in transactional and non-transactional policy. Unfortunately, transactional policy, strongly dominant in Poland for over the past 20 years, is the policy, where, in fact, such plan does not exist. It is declared, but, in fact, does not exist. Therefore, policy is here a vector resulting from all kinds of pressures of various particular groups. It very often leads to degeneration and the very mechanism is clearly corruptive and destroys the state as a collective organisation.

If I were to refer to my own experience, I can say, that we were strongly criticised in various issues and phases of governing, but majority of critics admitted, that we have broken up with transactional policy.

Here one can ask: is the European Union a globalisation or anti-globalisation undertaking? Such formulated question can be answered in many ways. Many undertakings in the European Union can be listed as anti-globalisation ones, where the economic area is to a large extent closed for others. Thus, as a Prime Minister, I more frequently encountered Europeanisation than globalisation. If it was not for the EU restrictions, then e.g. defending shipyards would not have been a serious problem. Economic situation of the budget was good and on the basis of authority decisions we could have saved the shipyard, just like it is done in that part of Germany, which uses the preferences resulting from the post-war (World War II) status. On the other hand, states, that were invaded by Germany do not have such privilege. In Germany the authorities of Mecklenburg-Vorpommern land gave 100 million euros of financial aid to two German shipyards in Volgast and Stralsund, and this is allowed. It is only one of the examples of internal restrictions in the European Union, both at legal and organisational level. Undertakings co-financed by the European Union require sometimes incredible, and even impossible investment compliance with the environmental requirements, which are artificial and absurd. Such example is the blocked construction of Augustów ring road in Rospuda valley. Additional legal and environmental expertises in this matter start to prove, that if one must not build there, then one must not build in the whole Suwałki region. But even with all kinds of the European Union's restrictions, when I was the Prime Minister, they were never that serious, that one was not able to make assertive and responsible politics. Today, Hungarians prove, that even with the European Union's resistance many things can be done, but it requires political will and proper support from Member States.

How Did You Realise the Function of Planning in State Management in Practice?

When I became Prime Minister, I reviewed the department, then introduced in about hour and a half speech the vision of the work of individual departments—it was at the end of July 2006. Then together with the head of Chancellery I prepared the instructions for the individual departments, which included few to several points of the most important things that they should have done. What was covered by the instructions, a kind of clear action plan, was a part of the politics we were going to make. I do admit, that due to coalition partners (League of Polish Families and Self-Defence) the plan had some limitations. Post-communist character of Self-Defence and completely labile character of League of Polish Families created uncertainty regarding requests of the coalition partners in exercising authority. With acknowledging those factors the action plan was formulated. It included the period to the end of our period of governance. However, regardless of the fact, that Ministry of Regional Development and Ministry of Finances received such instructions, there were many issues still being detailed in meetings and discussions. Here I mean in particular the use of EU funds or financing some of

state needs. Here we even had a small dispute between Deputy Prime Minister Zyta Gilowska, whom I highly respected, and even late minister Grażyna Gęsicka. We agreed that the soft investments (trainings) are basically wasted money. I then believed that we have to invest more in culture through support of building e.g. theatres.

We basically had some plan of further actions and decision making developed. The Council of Ministers, due to its coalition character, was an organ which in accordance to the Constitution gathered and made decisions. Actually there was no voting, because I directed the meetings in such a way, that we were able to make decision without voting. I did my best to make it go smoothly, so that the meetings would not last many hours. In 16 months of governance there were over 60 Council of Ministers meetings, which lasted about 1.5 h. Before every difficult or controversial decision the Council of Ministers had to make, there were Deputy Prime Ministers meeting (two of Deputy Prime Ministers were from coalition party) and main specialist in legal issues. If there were any controversies, we were solving them in the Deputy Prime Ministers meeting. From what I recall, the most common objections to the Council of Ministers reported Deputy Prime Minister Roman Giertych, but earlier (i.e. before the Council) he has informed me that such claims would be reported. Usually objections prepared by him and his team of experts regarded issues related to the European Union and consequences of our decisions. Because objections were usually well prepared, I believed that we cannot ignore them and the issue should be discussed in more details. Generally, in the case of further agreements I preferred meetings with individual ministers, rarely deputy ministers (but such ones also happened). I also participated in minister briefings—in particular on the European funds, where actions required coordination.

Among more difficult issues I recall e.g. energy sector issues, on which I worked a lot, personally getting to know various documents. It was all about which version should be adopted in terms of energy companies structure, and there were two, clearly different and competitive conceptions (supported by different ministers). Another one of important issues, where the main role played my late brother,⁸ was the issue of Lisbon Treaty, in which I also took part. This concerned the boundary conditions for Poland: what needed to be introduced, and what changed, so that we could accept it. For how many years certain things should be set aside, what in exchange for Nice vote—thus Ioannina compromise. Then Prime Minister Donald Tusk declared, that there must have been certain agreements, trade between me and Chancellor of Germany Angela Merkel, where we had traded the Ioannina case. I want to stress the fact, that it was completely untrue. We were then discussing the issues of energy sector. I had no idea that there was something like Ioannina. I personally found this issue while studying thick volumes on the European Law on Corpus Christi 2007 (7 June). If some units in the government are concerned, and here I mean those in Ministry of Foreign Affairs, I did not trust them the littlest bit,

⁸ Lech Kaczyński (1949–2010), President of Republic of Poland in 2005–2010; died tragically in a plane crash near Smolensk on April 10, 2010.

this is why I was doing it myself. I was aware, that their pro-European attitude is so strong, that even unconsciously they will be misleading me. After all I am a lawyer and can read the law myself.

How Do You Evaluate State Organisation Capabilities in Practice?

With all certainty from organisational perspective and dependent from Constitution, there is the issue of choice between President and Prime Minister. Two centres of executive authority were not an obstacle for me, but only because my twin brother was President and I was Prime Minister. In accordance with Constitution we divided the rights between ourselves, where President represented the state issues outside the country, of course without excluding me from it. Additionally, then Minister of Foreign Affairs was Anna Fotyga, who my brother knew very well and trusted her, which made the cooperation easier. Today I like her a lot and trust her, but it came with time. Then she was a person I hardly knew.

Here the change in the way of state organisation and management is absolutely necessary. One way or another. From the point of view of at least saving our state form population or educational degradation, which not always has to be supported by the whole society.

Poland needs a demanding school. Unfortunately, large part of parents in Poland do not accept that. Children have to make effort to learn, since without that we cannot talk about developmental and social promotion. All states, which were promoted in the international arena chose very demanding education system, but parents accepted it there. In Poland we have elite private schools, which I know through my grandchildren, but there are only a few of them.

I am also a strong advocate of pro-social policy, since it is not true, that it has to be in opposition to quick development—it is some misunderstanding and lack of knowledge. There are states, who had periods of development explosion, like South Korea or Japan, who had very high social expenditures, which were not included in state budget, but in the budget of large companies. They were just moved elsewhere. Companies there play a similar role to socialist workplaces. It is a part of community building, of course with exceptionally hard work and technical support. In Poland we cannot count on that, because it is Europe. But it is not the point. One cannot attack or carry out organisational actions against weaker social groups, but in many areas one can simply demand.

Also necessary is further strengthening of Prime Minister's authority in a way that it is clear what he demands and that those are official orders gave to ministers. For me it was obvious that those were official orders, but—as practice shows—it only seemed so, and ministers, even from my own party, looked for a possibility for discussion and made attempts of not fulfilling the order (of course in accordance with law). I remember issuing order to prepare allowing the airport in Nowe Miasto nad Pilicą by Ministry of National Defence for construction of film plan (because it was to have positive consequences) and then Minister of National Defence, late

Aleksander Szczygło,⁹ was doing his utmost no to. Certainly such action earned him popularity among his personnel. I even thought that I would have to dismiss him, then I would have become the Minister of National Defence myself, signed that decision and nominated minister Szczygło again. He was exceptionally stubborn person, with uncommonly tough and difficult character, but that made him perfect for being the head of that ministry. At the same time he was the first minister of defence, who was actually changing something in that department, not only pretending to. That example made me realise how difficult it is to implement something. There is no place for procrastination. Prime Minister has to be able to issue and order, which is then realised.

Next organisational actions regard limiting ministers' political cabinets for the benefit of strengthening Prime Minister's expert cabinet. Prime Minister needs to have support of experts able to analyse all issues of the state. At the moment there is a problem with that. I also think, that to return to our structure of civil service with minister's freedom of decision in selection of his employees who originate from civil service employees. Otherwise, everything is evaded or one enters dependencies ruled by a given corporation. Minister needs to have the right to choose co-workers, and they need to represent some level.

Some bill-related rigours, different than so far, should be introduced. Firstly, under some conditions (indicated or enumerative) the Prime Minister must have a right to submit a government project without interdepartmental agreements, which often drag infinitely and are fictitious to a large extent. It is the first thing. Then clear rigours for government projects in the Parliament. It cannot be so, that the Parliament changes governmental project into something which has little in common with the initial idea. I admit I support the solution introducing the ability to issue regulations with the force of law, of course accepted by the Parliament, but without possibility of any changes. The Parliament simply accepts the solution fully or fully rejects it (yes or no). In current structure of the Parliament and way of proceeding acts, doing a good legislative job is simply impossible. It is a complete Sisyphean task, where even with the utmost attention one might inadvertently omit certain things, and each act is in a large interest of certain lobbying environments. To eliminate lobbying from the process, one would have to put an agent next to each Member of Parliament, and it is absurd.

I also believe, that from the point of view of state organisation capabilities of people prepared for that (not random) we have a large blockade in the form of disastrous electoral law. Not because it is not proportional, but because it leads to wars between Members of Parliament for places in election lists. This war is permanent and then stretches through the entire period of governance. In e.g. British system, Members of Parliament are nominated by party leaders and in my opinion such solution would be much better if it were applied in Poland. It would have eliminated the element of locality and would allow the party leaders to choose own better team and therefore Parliament composition. Today forcing and

⁹ Aleksander Szczygło (1963–2010) in 2007 served as Minister of National Defence, Chief of the National Security Office (2009–2010); was killed in a plane crash near Smolensk on 10 April 2010.

including in electoral lists eight-ten people with high qualifications causes large effort and great tensions inside the party. It may simply be the national list—of course longer—it would allow introducing real experts into the Parliament, who do not have chance to enter it in their own electoral districts and local competitions. To make a long story short, it needs to be done through national list, which is not a list of party hierarchy or security for those who are strong in electoral districts, but for those who do not candidate in districts. Another solution is German system—with single person electoral districts, which in my opinion would not work in Poland. In Germany even well-known Helmut Kohl lost the election in his single person electoral district, but no one made a problem out of it. In Poland it would be seen as unprecedented scandal.

Which Elements Do You See as the Most Difficult in State Management Process?

My government was established as a kind of echo of Civic Platform and Law and Justice coalition, but no one should have any illusions about rebirth of that idea. It was Civic Platform who decided to join our government. We already learned it after presidential election in 2005. We knew that the whole rest is a farce to put a blame on us and start a very aggressive war. Knowing about this, when forming a government, we adopted a rule that as much as possible we need to mitigate the attack, which will come. Unfortunately, it did not happen. Thus from the point of view of the main idea, that is realisation of Fourth Republic of Poland it was not an efficient government. Changes took place in some places, but it did not go the way we have planned. It is also hard to demand from then Minister of Health Zbigniew Religa,¹⁰ whom I respected, to realise not his concept. We had to accept his concept. Not all ministers were personally engaged in the general project of state management. Even less engaged were deputy ministers. In short, we were under strong media pressure, which particularly strongly influenced deputy ministers not related to us. Of course it caused all kinds of difficulties.

We also had the so-called unofficial government meetings, mostly related to budget preparation. It was not our whim, but rather a good practice from previous years. It allowed less formal atmosphere and had some kind of social element. There were also informal meetings of ministers from our party, which took place in the back of my cabinet. It was to motivate and consolidate. Of course to some extent it was working out, but it certainly was not so, that if I had another political situation, then I would not had changed that government.

I think, that the serious issue, which affects every government is the possibility of recognising conflict between minister's life plan, e.g. that in some time he will be someone important in business, and his ministerial functions. It even more regards deputy ministers. Here some reluctances in plan realisation occur, which are in contradiction to the idea of future life of that minister and may lead to elements of obstruction. This element of team cohesion in our actual preparations is very strongly emphasised. The government actually includes also deputy ministers. It

¹⁰ Zbigniew Religa (1938–2009), cardiac surgeon; Minister of Health in 2005–2007.

is so, because in Poland real decisions, very important for individual domains are made by deputy ministers. Almost every department is divided to sub-departments and making decision in most of the cases ends up with the deputy minister. For state management the integrated team, which includes ministers and deputy ministers, is required. If one would be able to achieve consistency of the group, then we can say that the government is going in such and such direction, and is in line. If one does not manage to achieve that effect, there is always a possibility of some disagreement—usually at the level of deputy minister.

I think that in state management there are many fictitious or apparently fictitious elements. Here I mean all kinds of strategies, which are starting point for all kinds of business state-related activities. Private, but still looking for possibility to cash in on the state, on public money. Thus, I broke such policy and I led to cancellation of a significant part of these strategies. For that, that is for developing specific strategies, mainly responsible are deputy ministers. Thus they need to be good at performing their duties and together (with minister) they have to see and understand what policy they need to carry out.

How Can You Evaluate the Degree of Realisation of Own Planned Actions in Relation to Actually Undertaken Actions?

In the case of my government, it was a short and unfinished governance period. I think, that in some cases, where we could act fast, one can say, that everything worked out, e.g. in Ministry of Culture the policy of widely understood culture was carried out, since it required most of all political will for such actions. It did not require lots of time either, since couple of months turned out to be sufficient. On the other hand, introducing our concept in education (with elementary discipline, corpus of knowledge) requires much more time. Here we need a change of expectations, personnel preparation, printing new textbooks, etc. Here we may say, that steering was moved, since even with all Minister Giertych's extravagances, he was realising our policy.

If it comes to Ministry of Foreign Affairs, then the programme of modernisation of police and other uniformed services was introduced. Police stations were equipped and new ones built, new equipment was bought and there were two pay rises. Military Information Bureau was liquidated, what was an important element of army reconstruction, whereas all elements of rearming could not have been done due to lack of time. In foreign policy—its steers were moved. It was directed at offensive in East and steered from client to independent approach. We managed to get Angela Merkel's support for our interests. It drove our Eastern neighbours to fury. We were reading their communicates, where they were writing that Polish tail wags the European dog. Such policy was working out and was efficient. But in foreign policy it is always so, that if someone new comes and will like to change it, he has all rights to do it. Here a permanent policy is impossible. The initiated reconstruction of diplomatic apparatus could have only start. New diplomatic school officials have been appointed, different way of dedication has started—but for the results of those changes and their implementation one needs 5 or 10 years. I see preparation of the European project and then use of the European funds as a great success. Grażyna Gęszicka as the Minister of Regional Development for

almost 2 years in that function led to almost 70 % consumption of those funds, which immediately collapsed in the first year (2008) after transfer of authority, when almost nothing was consumed. In the Ministry of Justice, after my brother's governance, things became more strict, but if we are talking about the important investigations, then they were not finalised by minister Zbigniew Ziobro—and it absolutely was not his fault. The problem is, that the course of proceedings in those cases involves the examination of witnesses, and if the witness heard non-stop in the media that the government was terrible, was breaking the rules of democracy and in general inquiry of truth in those issues was a crime, what would you expect then? On the other hand, as it turned out later in case of Janusz Kaczmarek, we did not really knew who we were dealing with.¹¹

In the Ministry of Labour almost 105 help programmes were realised (large part of them with very small funds). In Ministry of Finances the first phase of budget reform was carried out, second was ready—was adopted by the Parliament, but did not go through Senate due to its termination. Also the whole complex reform of treasury administration was prepared, which was not implemented only due to earlier election. In Ministry of Agriculture policy of equalising farmers' chances was implemented and at the same time business-related processes on the verge of agriculture were monitored by Central Anti-Corruption Bureau, who was efficiently blocking such actions. It turned out e.g. that a tender for 100,000 tons of pork was bid by five companies, but examined by Central Anti-Corruption Bureau¹² it turned to be the same company. We closely checked that in the next, this time real tender, there were not five but 30 regular companies. It is one of the examples, which shows, that injustices and even pathologies can be efficiently eliminated and prevented. In healthcare propaganda actions against us costed us a lot. I believe, though, that changes were necessary. It was about corruption, matters of life and death. People refused to help people if they were not bribed. I myself had a senator in my party, who 12 years ago was denied help by doctors only because she did not bribe them. I could help only because my brother was then Minister of Justice, so she is alive now. Thus it was our completely conscious decision to start fight with corruption from just that domain. If the general reform of healthcare is considered, then its plan was ready, but unfortunately was not carried out. Ministry of Constructions was to a large extent the victim of coalition. Only the last minister in our government prepared the plan of construction of rental flats with perspective of ownership. There was even a programme of selling land for one PLN for such

¹¹ Janusz Kaczmarek, state prosecutor (October 2005–February 2007), and then Minister of Internal Affairs and Administration (February–August 2007). Believed to be the main source of information leak in the so-called land scandal and disclosing the information about planned anti-corruption actions. The scandal led to the collapse of the PiS-LPR-Samoobrona ruling coalition and the pending proceedings against Janusz Kaczmarek were discontinued in 2009 and 2010.

¹² Central Anti-Corruption Bureau—special service “created to combat corruption in public and economic life, particularly in public and local government institutions as well as to fight against activities detrimental to the State’s economic interest.” Zob. art. 1 *Ustawy z dnia 9 czerwca 2006 r. o Centralnym Biurze Antykorupcyjnym* (DzU z 2006 r. Nr 104, poz. 708).

investments and the banks guaranteed investment credit liquidity. There were also projects of family policy, which actually were prepared by minister Miroslaw Barszcz, but promoted by Joanna Kluzik-Rostkowska.

What Kind of Power and Management Capabilities Does the Prime Minister Have in Practice?

Prime Minister's authority in Poland is large, however Prime Minister is not always able to put his foot down. I think it should be completely clarified, since elements of ambiguity are certainly present there.

I am for presidential authority in Poland, since it is more stable. Presidential authority, and after a long governance period—7 years—with the possibility of a one-off re-election, where I would advocate lack of possibility of re-election only not to burden the President with constant thinking of winning one more election. When looking at future of Poland, I believe, that without some organisational actions of this kind our future may not only be very poor.

Despite serious restrictions by the European Union one can do a lot, even though in some place obstacles can be met, but it is not so that they cannot be coped with. Authority having some support in the Parliament, preferably non-coalition, and favourable president may really do a lot. Such authority has to be courageous towards the European Union, that is with flexible tactic—should not dispute over details, where it is not profitable—and at the same time being able to satisfy Brussels as an independent factor. In politics it is so, that to get something one needs to give something in return, but one also needs to know how to play it with benefits for the state. Important here is to strengthen significance of the President of the European Commission and getting his support and favour, which will be helpful in solving difficult issues. I remember such situation, when José Manuel Barroso supported us (Poland) in dispute with Russia, who in 2005 imposed an embargo on Polish meat. Then Germany demanded that Barroso showed a report (by the way, not favourable for us) from control of our meat plants. He consistently denied, and when they insisted, he stated, that everything he has said in that issue, that everything is basically all right, is just the result of control (in consequence not sharing the written contents of the control report).

Summary

Public management has its own characteristic features and distinctiveness, that is impossible to be replaced by imitative and thoughtless transfer of general management canons used in private sector. Even if individual states as some kind of microorganisations consciously and willingly decide to reduce own sovereignty and adopt, but also create, new roles of the game, then they still remain states, not enterprises.

Theoretical scientific exploration and practical activity in public sphere require broad thought horizons, adequate competences and skills. Scientific aspect of this issue cannot be limited only to one scientific discipline. It is simply impossible. Skilful adoption of interdisciplinary perspective on the basis of e.g. management science, economy, sociology, law, administration or psychology would serve directing the research and contribute to revealing new paradigms. Widely understood science—especially economy and management science—basically should not be discussed separately, if we are talking about state and its development. We need to remember, though, that they are naturally threatened with absorbing false communicates and as a result they may prove these, whose starting data are already false and therefore cannot be true. This leads to false theories and purely laboratory research in sterile conditions. It then causes detachment from reality, where economic sciences do not provide credible solutions under economic choice theory, and management science shun from making bold and practical directives within certain decisions concerning specific situational aspects. Such state leads to a vicious circle, where state managers, due to lack of loud criticism, start more and more believing in validity and infallibility of adopted course of proceedings, scientists describe distorted reality, considering it as normal, and the students learn theory, which does not go along with practice—not learning practice at the same time.

Public management practice requires most of all appropriate selection of people to their positions, who on the one hand will have moral spine and will represent shared values, on the other one will know that cooperation network in wide groups of stakeholders is not only desired condition, but also necessary in current activities. The ability to gather and filter information, creating and materialising knowledge in the whole socio-economic system should be important more than ever. Pragmatic criterion, strengthening social usefulness and effective allocation of public

resources, should be obvious, but is often difficult to accept in a complicated game of interests.

Thus, the experience of former Prime Ministers from governing and public management presented in this book, fully prove the adopted thesis, that perception of public management is determined with the period in which they governed and safety-conditioned predicted parliamentary majority.

Theoretical and empirical evidence proved, that state is and will remain the basic form of organisation of society, even though the role of the state will systematically undergo changes of functionally changeable character and diverging from adopted balance. Planning, especially long-term one, is possible only in situation, when its original author had ideas ahead of current issues, and multilateral compromises also contribute to organisational success of the whole. At the same time, the possibilities of practical organisation of the state depend from lack of agreement to inertia of public institution resulting in lack of efficiency. If such agreement happens, and the public sector managers explain, that they were not able to do something due to expanded administrative and organisational procedures, then it means that for some reasons they resign from managing in the given situation. Of course, unofficial explanation can be e.g. necessity of maintaining further social support for the given government, which conditions the whole possibility of public management. However, there is a question of consequences of such decisions, and actually negligence of making decisions. How will they affect current and future situation? Did the decision maker, within the network cooperation, actually use all powers and measures to realise the task or did he give up for some reason?

It was also proven that person is the weakest link in state management process, regardless of his situation in managerial or other system, but related to some work or counselling relationship (also in social form). Public sphere manager cannot give in to strong pressures and obligations of other people towards filling positions in given organisations. If he agrees to that, then he does not have any chance of providing proper level of intellectual capital in the managed organisation, in advance risking a conflict of interest and lack of motivation. At the same time, the cooperation of whole Council of Ministers, including deputy ministers and even general managers, conditions not only effectiveness of actions, but also provides proper mechanisms of control necessary in public management process.

Finally, one must state, that Prime Minister's authority in democratic system may be large, illusive or even marionette. It all depends from a number of factors. Firstly, from parliamentary majority and party structures of the state, as well as favour of the media, business and experts. If this condition is not fulfilled, each Prime Minister and his minister or politically appointed manager of state companies will find difficulties in executing authority and making managerial decisions. They will be obliged to devote more time to explaining the created disinformation. They will be encouraged and provoked to enter the court proceedings e.g. in cases of defamation. They will be dragged into never ending consultations and pressures by various interest groups, in particular in proceeding own legal acts. Finally, instead of solving real state problems, they will aim at fight with opposition, which will also form internally after some time. It all takes time and does not serve the society

within organisation of the state. It only serves those groups, which through media and financial support will be capable of introducing permanent or temporary imbalance when taking care of own goals. Secondly, Prime Minister needs to have a very strong experts' support, which will be able to both meritoriously analyse the global processes and efficiency of operation of individual institutions within their goals. While the degree of control cannot be limited only to pointing out the current state. It needs to have an executive dimension (of course through Prime Minister) allowing additional support, awarding or penalising.

Difference between public and private spheres should not be based on the fact, that in public sphere there are attempts to tolerate people with despotic, quasi-competitive attitude or even against the interest of the state, or even praise their disadvantages turning them into advantages—which, unfortunately, often happens. Such moral relativism in actions is particularly dangerous in public sphere, since even silently approved and not penalised or politically stigmatised, changing the person's status quo, turns into a bad example to follow. In future it always results in destroying the state by introducing systemic inefficiencies in both institutional sphere and real state economy.

I believe, that through interdisciplinarity more commonly used in science, resulting from complex socio-economic problems and increase of social awareness, public management will certainly be more and more intensively scientifically developing. Today, there is a too large cognitive gap between developed theory and its practical use often deprived the ability of reflection. Pragmatic approach to management is particularly necessary in public sphere, but should be supported with theory and practice of diligently practised science, and not prepared at the last minute “rapid growth miracles” consulting. Some states have already understood it and consequently realise public management concept rooted in decades, not years, of variously conducted periods of governance. Who is the first to understand and implement it, will be able to say, that he is responsibly managing the public sphere, instead of only planning socio-economic processes, organising them, directing them or controlling them within lack of will or skills to use the rights resulting from the occupied position.