THE COMPLEX IDENTITY
OF PUBLIC MANAGEMENT:
AIMS, ATTITUDES, APPROACHES

EDITED BY
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INTRODUCTION

When in 1989 the Polish society undertook difficult socio-economic changes, during the first years focus was placed primarily on economic and political changes, mainly to stabilise the economy and halt the skyrocketing inflation. The shift from centrally planned to market economy has subsequently become one of the flagship achievements of the Polish political transformation, renowned virtually all over the world. In its first years, the Polish political transformation benefitted from the support of Western experts, researchers, and practitioners of management, but gradually Poland witnessed the process of building new management and research cadres who were primarily looking for the answer to Polish problems with managing newly emerging enterprises. However, what was particularly important from the perspective of the citizen, and yet hardly reported worldwide, was the introduction of territorial self-government in Poland – communes in 1990 and districts in 1999. Therefore, educating and training managers, leaders, self-government officials and central administration staff had become a crucial challenge for the Polish academia at the time, as had conducting research on the development of the public sector. They had drawn on global experiences, in particular European ones, but to a large extent concentrated on the academic search for solutions that would prove useful for the developing sphere of public institutions in Poland. As early as 1997, in the Institute of Public Affairs of the Jagiellonian University, a group of researchers interested in issues of public management was formed. It was the first in Poland, a clearly institutionally distinct research group dealing with this issue. The initial fascination of numerous researchers with New Public Management evolved and in time became more contemplative and critical towards liberal trends of public management. Alongside advancing research, increasing international cooperation, and incorporation of the new generation of researchers into the team, dominant research paradigms changed and what began to crystallise were areas of interest corresponding with the main contemporary trends of public management studies.

Currently, teams at the Institute of Public Affairs conduct research concerning contemporary methods and techniques of public management, operations of the public sphere in Poland and the European Union, and public policies – their creation, execution, and influence on the shape of the public sphere and social life in Poland. Areas such as educational management and higher education institutions, territorial management, civic society, non-governmental organisations and informal movements, managerial control and prevention of pathologies in public and non-governmental institutions, as well as projectification of the public sector are being studied as well. Researchers also join the main currents of
management studies – multi-paradigm, contemporary methods and techniques of management, or organisational environment. Hence, the diverse spectrum of our research interests presented in the present publication. This compilation aims at presenting selected, yet important areas of academic research conducted by teams at the Institute of Public Affairs of the Jagiellonian University.

The content of the book was divided into eleven chapters that focus on using tools and instruments of modern public management.

In Chapter One, Łukasz Sułkowski and Regina Lenart-Gansiniec attempted not to comprehensively describe the multi-paradigm in human resources management, but rather indicate possible changes in the most common cognitive approach proposed by G. Burrel and M. Morgan. Therefore, the chapter presents the typology of human resources management paradigms and megatrends in human resources management in the public sector. The final part of the chapter features an analysis of the possibilities of using the multi-paradigm in proactive leadership in the public sector. In the conclusion, the authors insist on the need for academic consideration of human resources management with the use of the multi-paradigm approach. In their opinion, it enables achieving a multifaceted perspective on this issue.

Chapter Two, authored by Zbysław Dobrowolski, presents the issue of pathologies in public organisations. It explores the phenomenon of organisational pathologies from the perspective of management studies as well as directions of preventing organisational pathologies. The author leads the reader to the conclusion that solutions to the occurrence of organisational pathologies should be accompanied by disintermediation and despatialisation of information, as well as coordination of preventive actions, counteracting the reduction of the overall effect of the actions taken. The author also indicates new research problems: what are the reasons for the failure to ratify the civil law convention on corruption by all its parties, and how does it impact the effectiveness of corruption prevention, as well as to what extent the phenomenon of coopetition in the public sector influences the effectiveness of the anti-corruption programme?

Management of territorial development in times of uncertainty is characterised in Chapter Three by Aleksander Noworól and Paweł Hałat, who describe in detail the notion of territory and the questions of development and territorial development management. The authors conclude that the process of territorial development management is an interdisciplinary problem, connected with the sphere of political life as well as urban development policy. Furthermore, they discuss the nature of the shift in the institutional order as well as endo- and exogenous models of territorial development, including urban movements and hybrid partnerships. In conclusion, the authors insist on the need to respect the importance of social movements and new mechanisms of dialogue and participation.
In Chapter Four, Rafał Musialik presents selected economic problems of the concept of public value. The author introduces the reader into a relatively rarely explored area whose research utility is, nevertheless, considerable. The thesis of his paper is a claim that the concept of public value cannot be reconciled with the neoclassical paradigm in economics. The article explains what public value is and who its subject is. It also devotes attention to the issue of deciphering and aggregation of preferences as well as the multiplicity of public values. The author establishes that the concept of public value seems to be devoid of foundations. Moreover, some of its assumptions engender questions that still do not have answers. The author’s acknowledgement of a need for a new paradigm, rejecting the neo-classical paradigm, closes that part of the study.

Chapter Five, authored by Justyna Maciąg, Agnieszka Szczudlińska-Kanoś, and Janusz Sasak, presents the characteristics of social participation in the process approach as exemplified by self-government territorial units. The authors define social participation as citizen’s participation in managing the affairs of the community to which they belong. In their chapter, they raise issues of process approach in public organisations, and social participation in the process approach using the example of the ISO 9001 Standard. Then, from the perspective of this standard, they determine the question of the organisational context, stakeholders, needs and requirements of customers, service quality assessment, risk, management of knowledge, management of change, and improvement of the public organisation. The authors concede that a correctly implemented process management system, compliant with the requirements of the ISO 9001 Standard, can support the concept of good governance, including the idea of social participation.

In Chapter Six, Małgorzata Marzec identifies the levels of an analysis of trust in public organisations. She starts with an assumption that an appropriate level of trust in an institution providing public services enables creating positive relationships between this institution and its stakeholders. The author presents the features of a trust-based public organisation as well as the types of trust. She also reviews the results of analyses conducted by various research units concerning the level of trust in the public sector. She emphasises that trust is a value indispensable for the functioning of public organisations, but it should be conscious and continuous, based on shared values, adapted to society and oriented on the verification based on empirical information as well as particular actions executed by these organisations.

Chapter Seven, authored by Ewa Bogacz-Wojtanowska, Jan Meisel-Dobrzyński and Katarzyna Peter-Bombik, presents directions of changes in the management of Polish NGOs in processes of governmentalisation and marketisation. In their considerations, the authors draw attention to both questions con-
connected with the management of finances in the third sector, and quality management processes and learning in non-governmental organisations. Directions of changes occurring in the third sector are analysed, to a large extent, in the context of the influence exerted on it by the public sector. The authors remark that the influence of the public sector on the non-governmental sector is considerable, which often results in dependence on public financial resources and advancing institutionalisation. At the same time, the authors conclude that the state’s retreat from a broad partnership with NGOs, widely regarded as disadvantageous and dangerous for the Polish democracy, that could have been observed in the recent years at the central level, could prove to be beneficial in stopping the processes of the third sector governmentalisation.

In Chapter Eight, Dariusz Grzybek and Małgorzata Lendzion discuss the idea of the state as the Employer of Last Resort. In their article, the authors present the concept of ELR and selected examples of its execution abroad, as well as a consideration of ELR application in Poland, based on the potential of social cooperatives. The authors indicate that increasingly often, public administration bodies decide to work together with social cooperatives due to their achievement of social and economic goals that serve reintegration into society and securing jobs for people in the groups most likely to be affected by social exclusion. In the conclusion, the authors claim that it is worthy of consideration whether social cooperatives, receiving constant, and not temporary subsidies or occasional support from public institutions, could become the foundation of a Polish ELR programme, eventually contributing to permanent reduction of unemployment among the weakest groups on the labour market.

Design thinking, as an effective way of approaching the process of solving problems of the contemporary public management, is the subject of considerations in Chapter Nine. The article by Grzegorz Baran and Mateusz Lewandowski is a review, based primarily on the method of analysis and criticism of the literature concerning design thinking and public management in the broad sense of the term. The authors present the essence, origin, and significance of the design thinking concept for management. They remark on the increasing need for implementing innovations in public sector management, and the fact that to face these challenges it is necessary to look for new instruments. The authors suggest that one of the key propositions could be including design thinking into managerial processes. At the same time, they emphasise that despite the potential of design thinking to solve various problems of public management, which is already in use in the Polish public sector, the acknowledgment of this potential is still very limited and uneven. In the conclusion of the chapter, they postulate the need for in-depth studies of the literature and exploratory research, especially of the role of design thinking in the evolution of performance management, in
shaping dominant models of public management and in preventing and combating social exclusion.

Chapter Ten, authored by Beata Jalocha and Grażyna Prawelska-Skrzypek, concerns the processes of shaping and implementing public policies in the context of projectification processes. The authors aim at joining the discussion about the consequences of project work for the execution of public policies. The chapter starts with defining and explaining the concept of public policies. It is followed by an analysis of the origin of public sector projectification processes, as well as the consequences of this phenomenon. The authors remark that under the influence of the public sector projectification, we can witness a kind of dichotomy in terms of permanent or temporary character of actions taken by public sector actors, which is reflected in the process of shaping and implementing public policies. The chapter ends with a conclusion of an urgent need for an in-depth scientific consideration and discussion about the impact of projectification on public policies, which in the long-term could enable minimising its negative effect on activities conducted for the realisation of public good.

The objective of Chapter Eleven, authored by Grzegorz Mazurkiewicz and Joanna Kołodziejczyk, is to outline “the broad context” which, according to the authors, should constitute a point of reference for the ways of thinking about the directions of educational management development in schools. In describing the context, the authors refer to the selected major aspects of the contemporary world that impact the condition of the world and the human being. At the same time, they postulate mindful, responsible actions which take into account precisely these aspects in all management and educational management initiatives. The authors indicate three main areas where negative phenomena cumulate that can be observed in the contemporary world: natural environment, social environment, and interpersonal relations. In the times of Interregnum, as the existing management concepts have failed and the appeal of the capitalist system has run its course, new solutions must be found. The authors state that both education and management can impact the world of the future by building beliefs and mental models, reinforcing certain values or building relationships between people. Transferring their considerations to the area of educational management, the authors remark that particularly important for educational management are those concepts and methods that accentuate participation and inclusion of various school entities into management processes. The authors also emphasise the importance of focus on cooperation and shared, negotiated values, based on which a common notion of the school and its management are built.

Each chapter ends with a summary and practical remarks. The intention of the authors was to provide concrete examples, justifications, and courses of action which could be used by representatives of public organisations as well as
researchers specialising in public management. Particularly the references to the literature included at the end of each chapter can be helpful during further studies and inquiries, or as an inspiration. Perhaps they would become a topic of discussion, polemics, criticism, or negation. The authors hope that this publication will contribute to the increase of interest in the issues of public organisation management.

Beata Jałocha
Regina Lenart-Gansiniec
Ewa Bogacz-Wojtanowska
Grażyna Prawelska-Skrzypek
CHAPTER 1
HUMAN RESOURCES MANAGEMENT IN THE PUBLIC SECTOR:
TOWARD THE MULTI-PARADIGM

Łukasz Sułkowski, Regina Lenart-Gansiniec

Introduction

Human resources management is the basis of every organisation, regardless of its line of business or specificity. At the foreground, there is the perception of human resources as a source of competitive advantage of the organisation, which means that knowledge, skills and experience of employees are considered to be the most valuable asset. Such a perspective is observed also in the public sector, which with increasing frequency is oriented on resources that would allow a public organisation to achieve results in keeping with its strategic direction. As a result, new challenges arise that impact human resources management, especially those related to the shift from the role of a manager in favour of a proactive leader. In this context, we should highlight the features of the new human resources management paradigm which could provide an alternative to the ones already in existence, and constitute an answer to the challenges public organisations are facing.

The objective of this chapter is to reflect on the multi-paradigm in human resources management, particularly in the context of proactive leadership in the public sector. The ambition of the chapter is not to shift the paradigm, but only to indicate possible changes in the most common cognitive approach proposed by G. Burrell and M. Morgan. The chapter is divided into three parts. The first part analyses the typologies of human resources management paradigms with the use of the division developed by G. Burrell and G. Morgan. In the second part, the research focus is directed toward “megatrends” in human resources management in the public sector. The third and final part features an analysis of the possibilities of using the multi-paradigm in proactive leadership in the public sector.

1 Publication within the project financed by the funds of the National Science Centre granted based on the decision no. DEC-2016/21/D/HS4/01791.
Paradigms of human resources management

The word “paradigm” comes from the Greek word παράδειγµα, meaning an example, a pattern, a primary model of sensory things, a schematic model with didactic value, providing a clear and direct examination of particularly complex studies (Jodkowski, 1990). Originally, it was an exclusively linguistic term, used to describe a set of declensions or conjugation forms specific to a given type of word. It was introduced to the philosophy of science in the 18th century by George Christopher Lichtenberg, and it indicated certain fundamental patterns of explaining in physical sciences, on which networks of explanations are built (Jodkowski, 1990).

The notion of paradigm was introduced to the philosophy of science in 1962 by Thomas Kuhn. For Kuhn, a paradigm means a set of basic notions, beliefs and theories which make up the foundations of a given science; a notion scheme created for the purpose of describing and interpreting the observed or concluded phenomena, which headed toward the creation of ascertainable, scientific knowledge open to verification. Therefore, according to T. Kuhn, the paradigm signifies commonly recognised scientific achievements which at some point in time would provide model problems and solutions. It includes common postulates related to the nature of the organisational reality, the way it is examined, criteria of scientific truth, attitude toward values, identification of the researcher and attitude toward management practice (Sułkowski, 2016). One could venture a statement that the paradigm is the worldview currently in force, the way of looking at the world. Nevertheless, it is not a blueprint or a model, as it contains evaluative and cultural elements, thanks to which “cumulation of knowledge, progress occurs” (Kuhn, 1985).

Management studies distinguish many various paradigm classifications. However, most frequently researchers refer to the typology proposed by G. Burrel and G. Morgan (1979). Their proposition discerns the following paradigms: neo-positivist-functionalist-systems (aka neo-positivist, systemic or quantitative), interpretive-symbolic, the paradigm of radical structuralism, and postmodern (Table 1). They permeate human resources management as well.

The Neo-positivist-Functionalist-Systems paradigm is dominant in human resources management both in theory and in practice. It combines the influences of neo-positivist philosophy with the systemic approach and functionalism (Sułkowski, 2004). It means that recruitment, selection and training, as well as motivation, promotion and all personnel strategies concentrate on the necessity to define an employee’s competences, their personality traits, knowledge, skills and psychophysical abilities, using A. Maslow’s pyramid and F. Herzberg’s diagram of needs.
Table 1.1 The main paradigms in management studies

<table>
<thead>
<tr>
<th>Criterion</th>
<th>Neo-positivist-Functionalist-Systems</th>
<th>Interpretive/Symbolic</th>
<th>Radical Structuralism</th>
<th>Postmodern</th>
</tr>
</thead>
<tbody>
<tr>
<td>Theory</td>
<td>• Propositions, definitions</td>
<td>• Theoretical constructs</td>
<td>• Theoretical constructs</td>
<td>• Narrations</td>
</tr>
<tr>
<td></td>
<td>• Hypotheses</td>
<td>• Interpretations</td>
<td>• Statements about facts</td>
<td>• Discourses</td>
</tr>
<tr>
<td></td>
<td>• Statements about facts</td>
<td>• Interrelations</td>
<td>• Actors and groups</td>
<td>• Opinions</td>
</tr>
<tr>
<td></td>
<td>• Causal relations</td>
<td>• Descriptions and studies</td>
<td>• Structures of power and interests</td>
<td>• Theoretical constructs</td>
</tr>
<tr>
<td>Results</td>
<td>Cause-and-effect relations</td>
<td>Interpretations proposed by organisational actors embedded in the networks of meaning</td>
<td>Descriptions that unmask concealed relations of power and oppression which lead to actions</td>
<td>Autopoietic discourses leading to ethical reflection</td>
</tr>
<tr>
<td>Individual in the organisation</td>
<td>Individualism, stimulus-reaction pattern</td>
<td>Culturalism, makes sense of the organisation</td>
<td>Activism, changes the organisation</td>
<td>Anti-essentialism, voting and making ironic remarks</td>
</tr>
<tr>
<td>The objectivism of theory</td>
<td>Objectivism</td>
<td>Intersubjectivism</td>
<td>Intersubjectivism</td>
<td>Subjectivism</td>
</tr>
<tr>
<td>Role in management</td>
<td>Dominant</td>
<td>Increasing</td>
<td>Increasing</td>
<td>Marginal</td>
</tr>
<tr>
<td>Verification the verification and the falsification of theory</td>
<td>Verification or falsification</td>
<td>Interpretivism and constructivism</td>
<td>Interpretivism or weak verification</td>
<td>Constructivism</td>
</tr>
<tr>
<td>Key theoretical threads</td>
<td>• Strategy</td>
<td>• Language</td>
<td>• A human being in the organisation</td>
<td>• Textualism of the organisation – rhetoric, poetics, archetypes, metaphors, paradoxes</td>
</tr>
<tr>
<td></td>
<td>• Structure</td>
<td>• Organisation culture</td>
<td>• Power, oppressiveness, manipulation</td>
<td>The moral problems of managerialism</td>
</tr>
<tr>
<td></td>
<td>• Management functions</td>
<td>• Organisational behaviours</td>
<td>• The ideology of managerialism</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• The theory of organisation</td>
<td></td>
<td>• Denaturalisation of management</td>
<td></td>
</tr>
<tr>
<td>Methodology</td>
<td>Quantitative</td>
<td>Qualitative</td>
<td>Qualitative</td>
<td>No Methodology or Qualitative</td>
</tr>
<tr>
<td>The attitude to valuation</td>
<td>Axiological neutrality</td>
<td>Moderate axiologial neutrality</td>
<td>Involvement in valuation</td>
<td>Involvement in valuation</td>
</tr>
<tr>
<td>The researcher's position</td>
<td>No interference</td>
<td>Involvement</td>
<td>Learning, changing reality</td>
<td>Deconstruction of the narrative</td>
</tr>
<tr>
<td>Attitude</td>
<td>Analytical</td>
<td>Interpretation</td>
<td>Critical</td>
<td>Distrustful</td>
</tr>
</tbody>
</table>
### Key threads in human resources management

- Recruitment
- Selection
- Training
- Motivation
- Assessment
- Advancing
- Planning the career development path
- Strategy
- Personal strategies
- Control over an employee’s actions
- Employment
- De-Recruitment
- Integration and motivation of employees
- Leadership
- Organisational culture and identity
- Managerial roles
- Social capital
- Communication
- Cooperation
- Manipulating members of the organisation
- Situations of inequality and power
- Communication processes
- Negotiations
- Managerial identity issues
- Power and its abuse in organisations
- An individual’s problems in the organisation
- Issues of sexuality in the workplace
- Creating hyper-reality as work environment
- Involving intellectual capital in the problems of domination
- Deconstruction of traditional notions of human resources management
- Problem of disintegration of individual identity in a consumer society

Source: own work based on Sułkowski, 2011.

For an in-depth interpretation of human behaviours which constitute the basis of all activities undertaken in the organisation, an evolutionist paradigm may be used. Such a combination of evolutionary management with behavioural economics could contribute to the explanation of various social issues that may occur in organisations, such as: biological roots of organising, sources of the power structure, competition and struggle for domination, leadership, learning, group and organisational bonds, taking risks, communication, sexual behaviours, and conditions of societal and organisational culture. It is also indicated that this paradigm might be useful in the research on human resources management – it takes into account the structure of needs as well as psychological and social motives of actions (Sułkowski, 2010).

The interpretive-symbolic paradigm emerged in the opposition to functionalism (Sułkowski, 2011). The sources of inspiration are, among others: social and political sciences, humanities, and cultural anthropology. This leads to social constructivism and shaping of social reality with the use of the cognitive role of the language. The key to creating the theory is intuition, common norms and values, as well as understanding and capturing the sense and involvement of social groups. The foundation is the assumption that the organisational order does not exist objectively but is created by a social group. Organisations are understood as symbolic activities, forms of human expression and creativity, while planning is a source of integration and motivation for the employees.
The paradigm of radical structuralism is based on the critical analysis of practice and the assumption of the existence of an objective reality that can be remodelled. It also involves uncovering concealed mechanisms of power, domination, social inequality, as well as manipulating members of the organisation. Oftentimes this paradigm is applied to analyse problems with communication, interpretation, negotiations, managerial and organisational identity, power and violence in organisations. To a large extent, the role of the researcher is discovering social mechanisms and changing reality.

The paradigm of radical structuralism has been evolving since the 1990s and it has transformed into a critical paradigm. Similar to postmodernism and interpretivism, it ranks among alternative management paradigms “that build their identity on the antinomy in relation to the dominant neo-positivist-functionalist-systems paradigm” (Sułkowski, 2012). Nevertheless, the issues of power, oppression of social structures, and criticism of modernity link the critical paradigm with postmodernism. But the critical paradigm in opposition to postmodernism aims at discovering changes of reality as well as objectively or intersubjectively existing relationships of dominance. Such an approach is linked to cultural relativism, an interpretive, processual vision of organising, the key role of communication processes, distribution of power, unmasking organisational order, power, institutions, managerial identity, development of science and inclinations toward qualitative methods. Meanwhile, management in this movement is treated like a means to manipulate the members of the organisation. Human resources management in the critical current is the ideology of “managerism” in which “managers use the project of quasi-objective science that is supposed to indicate universal, effective and idealised human resources management practices in organisations” (Sułkowski, 2011). According to this current, the aim of human resources management is the reduction of work costs, rationalisation of inequalities and exploitative relationships of power and work, as well as generating profits. It is accepted to use symbolic violence for the purpose of impelling the employee to make more effort.

Postmodernist approach is rarely encountered in the literature. It is subjective, cognitively relative, characterised by programme inconsistency and distrust toward science. It largely questions the possibility of finding out the truth which results in problems with the application of the scientific approach. The essential thread in this approach is the problem of an individual in the organisation, among others: the problem of sexuality, loss of job security and trust toward members of the organisation, disintegration of human identity in the consumer society, entanglement of intellectual capital in the issues of dominance, and deconstruction of traditional concepts from the domain of human resources management.
**“Megatrends” in human resources management in the public sector**

Newly arising challenges related to human resources management and public organisations as well as the multitude of cognitive perspectives have become the reason for the emergence of new trends in the development of human resources management (Table 2). What is the outcome of the application of organisational solutions known from the private sector in the public sector?

**Table 1.2 “Megatrends” in human resources management in the public sector**

<table>
<thead>
<tr>
<th>Past</th>
<th>Future</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organisational hierarchy</td>
<td>Flat organisation</td>
</tr>
<tr>
<td>Restructuration</td>
<td>Management of knowledge continuity</td>
</tr>
<tr>
<td>Manager</td>
<td>Proactive and transactional leader</td>
</tr>
<tr>
<td>Clerk-employee</td>
<td>Business partner</td>
</tr>
<tr>
<td>Job position</td>
<td>Self-managing teams</td>
</tr>
<tr>
<td>Skills</td>
<td>Competences</td>
</tr>
<tr>
<td>Mechanistic attitude</td>
<td>Orientation on the customer</td>
</tr>
<tr>
<td>System of careers</td>
<td>System of positions</td>
</tr>
</tbody>
</table>

Source: own work.

Firstly, the shift of responsibility for human resources management. The shift of an HR manager’s responsibility toward line managers is observed. This change causes a new, separate function in the organisation to emerge – line managers become responsible for all tasks previously performed by HR personnel. Therefore they are responsible not only for the management, but also employment, managing efficiency, training, planning and motivating. Secondly, employees become business partners of the organisation, which means they can participate in creating and implementing strategies, and making decisions about future actions of the organisation. Thirdly, a shift in the relationship between employees and managers. Apart from the change in the organisational structure, and building an employee-friendly organisation, a change of the orientation of the organisation’s management occurs. Fourthly, the focus on internal and external customers. The necessity to measure satisfaction and contentment of these stakeholders must be noted. Fifthly, attention to employees’ development. This relates to the formulation of the entire process of human resources management that takes into account continuous development of employees’ skills and competences. Sixthly, proactive leadership. The managerial staff in the public sector takes initiative, launches a certain action, initiates it, is able to find the best
solution (Seibert et al., 2001), and actively seeks out information to expand knowledge resources (Crant, 2000).

The review of the “megatrends” does not exhaust all major tendencies in human resources management in public organisations. However, it indicates the departure from the traditional way human resources are managed in favour of common values held by all employees, as well as proactive leadership.

**Toward the multi-paradigm of human resources management in the public sector**

Contemporary operations of the public sector are determined by fundamental changes, often forced by the environment, mounting expectations of the citizens, development of civic society, democratisation of the public life, the necessity to treat citizens like customers (Borins, 2001; Pollitt, Bouckaer, 2004), and including them in the creation of new products, solutions, and streamlining processes (McGuire, 2006; Alford, 2009). In view of the factors presented above, traditional administration in the public sector has been discredited both in theory and in practice. As a result, public organisations depart from traditional administration in favour of public management (Hausner, 2002), and thus they start to draw from general management rules. For the practice of public organisations management it means first of all the necessity to make an optimal use of the civic society’s potential, orientation toward subsidiarity rules, decentralisation, participation, and cooperation in performing public tasks. Apart from that, the management of public organisations should pay much attention to the openness, e-communication, effectiveness, accountability, and necessity to inscribe innovation in strategies of these organisations. Which means that a perspective that takes into account only one paradigm is not sufficient. New concepts are a reference to one of the paradigms, and often a combination of shared premises of paradigms, a search for transitional areas between them, identification of scientific paradoxes and new research fields (Sagan, 2013) – as a result, new attitudes and approaches emerge.

In line with the objective of this chapter, the application of the multi-paradigm will be illustrated with the example of proactive leadership which is postulated in the public sector with increasing frequency. Proactive leadership is understood as the attitude in which the managerial staff takes initiative, launches a certain action, initiates it, is able to find the best solution (Seibert et al., 2001), and actively seeks out information to expand knowledge resources (Crant, 2000). It requires the managers to identify the possibility and willingness to introduce changes in the work organisation (Crant, 1995), efficient leadership (Bateman, Crant, 2000), or entrepreneurship (Becherer, Maurer, 1999). Addition-
ally, this type of leadership, due to initiative taking, identification and problem-solving skills (Frese, Fay, Hilburger, Leng, Tag, 1997), contributes to the increase in employees’ motivation to acquire external knowledge (Sonnentag, 2003). A proactive leader knows how to take actions that can impact changes in the environment, which may lead to creating innovation, improving creativity, productivity and efficiency.

As it has already been mentioned, the choice of a paradigm is important not only from the perspective of theory building, but also practice. It means adopting certain ontological, epistemological and axiological premises in the organisational reality. It is not, however, that simple; increasingly often conflicts, inadmissibility, integration and hybridisation of paradigms are observed (Sułkowski, 2012), which means that the juxtaposition of two, often contradictory, paradigms can create paradoxes. The situation may require new, alternative paradigms.

It is emphasised that human resources management is a science that employs psychology, sociology and economics. It means that the area of research is broad and interdisciplinary, as it concerns problems of management and organisation (management, personnel strategies, organisational culture), issues from the field of social psychology (motivation, socialisation), sociology (identification, power, communication), and education. Human resources management is therefore considered dualistic – and each of the previously analysed four paradigms relies on different cognitive foundations. For this reason, many authors suggest the application of the multi-paradigm as an approach to human resources management research (Ehnert, 2009; Lewis, Kelemen, 2002).

Moreover, many theoretical perspectives may be used to study proactive leadership. In the neopositivist-functionalist-systems paradigm, proactive leadership may be considered in the context of recruitment, personality traits, and ways to motivate employees. This is the dominant approach.

Evolutionism indicated the criteria for creating leadership based primarily on the authority, social respect and readiness of the members of the organisation for submission and dependency. A leader’s competences and skills, such as: cooperation with employees, efficient interpersonal communication, image creation, reputation and respect are essential as well (Sułkowski, 2010).

In the interpretive/symbolic paradigm, leadership can be based on the interpretation of social factors and the symbolic role of the leader. Human resources management processes are equally important. Therefore, within such understanding leadership is not a charismatic personality, but a type of relationship and social image that identifies members of the organisation. Its key elements are: execution of the mission, faith, emotions, interactions, group communication, supporting sustainable development, image and building identities of the leader and their followers (Hogg, Terry, 2000). The paradigm of radical sym-
bolism includes threads concerning power, oppression, instrumentalism in organisations and management, striving to uncover true, concealed interests of organisational actors and social groups, as well as creating conditions for increasing the organisation’s effectiveness. Meanwhile, postmodernism points to the fragmentation of identity, loss of cognitive attitudes and identification of a certain group’s efficiency, which may unmask their readiness for action.

Nevertheless, despite the fact that the functionalist paradigm is dominant (Guba, Lincoln 2005; Denzin, Lincoln 2005), it ceases to be the sole acceptable paradigmatic lens with which to study human resources management (Legge 2005). As suggested by Lewis and Keleman (2002), the approach proposed by Burrel and Morgan (1979) is narrow and subject to limitations. Furthermore, when accepting one of the four paradigms, one can see how they are contradictory, note their disproportion, overlapping and integration. They do not reflect the complexity of social phenomena. There is even discussion about the interest in “alternative paradigms in human resources management” (Sułkowski, 2014), or the multi-paradigm (Lewis, Kelemen, 2002).

With increasing frequency the literature accepts the multi-paradigm approach based on epistemological and methodological pluralism (Lewis, Kelemen, 2002) as well as epistemological eclecticism (Sułkowski, 2013). The multi-paradigm approach encompasses strategies of paradigm multiplicity. Eclecticism allows for contradictions, which constitutes an answer to the multidimensionality and complexity of the organisational processes. That, in turn, means “the circular interpretation” (Sułkowski, 2013) of the research process: it constitutes a combination of hypotheses, verification, and falsification from the functionalist paradigm with the interpretation of meaning of concepts and terms from the interpretive paradigm. Therefore, it constitutes methodological triangulation.

The reasons, or perhaps causes of the application of the multi-paradigm in human resources management are, among others: multitasking, impact of various academic disciplines, focus on problems, and diversity of paradigms. The multi-paradigm is a sort of response to the threat of multiple points of view intertwining, multiple perspectives, a bricolage, where combining becomes useful and increases theoretical richness – particularly in the case of human resources management (Brewster, 1999; Mendenhall, 1999).

**Implications for the theory of management**

Due to changes in human resources management in the public sector, particularly these related to the development of leadership and aiming at proactive leadership, difficulties and challenges occur that researches must face. Theoretical considerations of the subject allow to state the necessity for conducting aca-
demic deliberations in the area of human resources management from the perspective of various paradigms, which upon the application of four paradigms proposed by G. Burell and G. Morgan, may lead to contradictions. The answer to these inconveniences can be provided by the multi-paradigm approach. According to its opponents, the isolation of paradigms and mutual ignorance is not an effective cognitive solution, as it does not present the opportunity for confrontation and discussion. The opponents of the theory also claim that the proposed new approach does not have a clearly drawn philosophical framework that would be based on ideological, ontological and epistemological premises (Mingers, 1997). Supporters of the multi-paradigm approach believe that it enables transcending communication between current paradigms and creating new information – due to referring to various ontological and epistemological premises. Thus, the same organisational phenomenon can be looked at after taking into account various aspects.

**Implications for practice**

In the literature, it is assumed that paradigms and their choice are meaningful not only from the perspective of the human resources management theory, but also practice. This is related to the choice of management tools. It means a focus on statistical methods – in the case of neo-positivist management tools, problem solving, effectiveness increase – in the case of interpretive and constructivist role of pragmatic methodology. However, due to various manners of consideration and in particular the meaning of proactive leadership in the public sector, we should remember about the broad spectrum. This type of leadership is not only related to making decisions based on facts or to aiming at maximum efficiency. It is also the ability and willingness to introduce changes, taking initiative, and much more. This, in turn, results in the need for the multi-paradigm that can help to bring order to the organisational reality and become a management tool.

**Summary**

The conducted analysis of the application of four paradigms and the multi-paradigm, taking into account proactive leadership in the public sector, allows us to state the importance of this knowledge for the theory and practice of human resources management.

The division into paradigms is important from the perspective of both theory building and practice. However, it is possible to observe tensions and dualism connected with a strict, rigorous division.
Due to the diversity of paradigms, the interdisciplinarity of human resources management, but also the multiplicity of perspectives on proactive leadership, the literature postulates the application of the multi-paradigm. It means using tools and conceptual framework borrowed from various paradigms. The best solution seems to be to adopt the approach based on epistemological and methodological pluralism, as well as epistemological eclecticism.

This chapter focused on the multi-paradigm in human resources management, particularly in the context of proactive leadership in the public sector. However, it is not free from limitations. While it fits into the discussion about alternative paradigms, these are purely theoretical deliberations. It is suggested that innovative solutions are developed in terms of human resources management in the public sector, that would take into account proactive leadership and the multi-paradigm, which will provide an answer to current postulates and challenges that public organisations are facing.

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CHAPTER 2
PATHOLOGIES IN PUBLIC ORGANISATIONS

Zbysław Dobrowolski

Introduction

Directions of preventing organisational pathology, among others through the simplification of structures or modification of behaviours, constitute the subject of interest for researches representing various academic fields and disciplines. The research is often dominated by the legal point of view, focusing on the analysis of the compliance of the decision-making process with the provisions of the law. Legal analysis, whether it is based on the concept of clarifying or derivative interpretation, is not entirely sufficient to analyse the functioning of public organisations and explain actually occurring phenomena. The remaining advantages of the efficiency of action should also be taken into consideration: effectiveness, diligence, transparency, and accountability. It is because operations of public organisations are assessed based not only on the socio-economic programme they offer to the citizens. According to the concept of public governance, what is also subject to assessment is the manner in which citizens are treated by these organisations.

This paper presents the results of the research aiming at analysing the phenomenon of pathologies in public organisations. In the research methods typical for the discipline of management studies, such as text analysis and anthropological interview, were used. The adopted research methodology, carried out according to the concept of methods triangulation, enabled the collection and analysis of the research material, creating the foundation for the process of inference as well as identification, according to the author’s intention, of research problems that require a solution.

Organisational pathologies from the perspective of management studies

From the perspective of management studies, organisational pathology is a relatively permanent inefficiency of an organisation that results in wastage exceeding what is socially acceptable (Kieżyń, 1997, p. 376). It is a situation
where a disharmony occurs between the structural, sociological and psychological elements (Stelmach, 2010, p. 16). Narrowing the discussion to human resources management, it can be determined that pathology is an interference in the functioning considered to be a model, which constitutes a restraint in the development of competences (Listwan, Witkowski, 2008). A paraphrase of Kiežun’s definition with reference to particular management functions is an observation that pathology of: planning, organising, motivating or controlling is a relatively permanent inefficiency resulting in wastage of resources necessary to fulfil these functions. The definition of organisational pathology formulated by Kiežun is characterised by relativism, and one of its ontological problems is the question, what are the limits of social tolerance for organisational pathology and whether they are immutable. From the author’s own research conducted in Albania, Indonesia and Poland in the years 2008-2017 (based, among others, on text analysis, non-participant observation and anthropological interviews), it appears that the limits of social tolerance toward behaviours considered as pathological are different in each of those countries.

Organisational pathology is a certain kind of reality connected with gathering or expending funds, creating and conveying information, motivating employees; objective and independent of the subject or subjectively determined, while the limits of social tolerance for its outcomes may be regarded differently by the stakeholders. The analysis of the concept of organisational pathology enables the formulation of a generalisation stating that we can talk about pathology in the situation of interactions that negatively impact the proper – in the assessment of most stakeholders – functioning of the organisation, and therefore also the correct, according to them, execution of the adopted objectives. The limits of social tolerance are therefore objectivised, and not objective. A definition coherent with the one presented above is one that considers organisational pathology to be a dysfunction of the organisation that manifests in how ill-suited to the human needs at a particular period of time is the way things are organised and the results of actions (Dobrowolski, 2015, p. 59).

Widely accepted in management studies is the view derived from sociology, according to which social pathology concerning organisations comprises, among others: behaviours and attitudes questioned by a particular community, which are contradictory to the accepted values and behaviour patterns, or a situation that evokes strong social condemnation and demand for reparatory actions. From the perspective of the sociology of law, what constitutes a pathological phenomenon are instances of infringing norms, particularly legal norms, which the community finds concerning (Kopka, 2015, pp. 17-18). However, it should also be noted that provisions of the law can catalyse or legitimise pathological behaviour. The example in this respect is provided by the legislation of totalitarian
Pathologies in public organisations

states. From the point of view of new institutional economy, the source of organisational pathologies is the lack of institutional balance.

In the modernist approach, organisational pathology can be considered from the point of view of mutual interactions between the organisation and its environment. It enables noticing the relativity of the rule of the equivalence of sharing information between the organisation and its environment, which can contribute, among others, to incorrect allocation of resources. In the interpretive/symbolic approach, organisational pathology can be regarded from the angle of Weick’s theory of enactment as well as Berger’s and Luckmann’s social construction of reality. The organisation operating in the environment takes action and reacts to its consequences. Limitations created by people can take the form of pathological influences. Adopting the postmodernist approach, it is necessary to distance oneself from one’s own, socially and culturally determined view of organisational pathology and conduct a deconstruction of this phenomenon. Finally, from the perspective of the paradigm of radical structuralism, organisational pathology means behaviours that serve the reinforcement of certain groups’ domination over other people (Hatch, 2002). A given paradigm will influence the manner and scope of research devoted to organisational pathology.

Pathological management practices are characterised by an oppressive, manipulative character of management, abuse of power, unfair division of resources and destruction of common good. Abuse of power leads to obtaining unjustified social advantage, and the organisation resembles a totalitarian system. Sułkowski rightly remarks that due to the development of marketing, pathological culture of contemporary consumerism has become reality (Sułkowski, 2015, pp. 53-54). Public organisations are made of people indoctrinated by marketing communication, which results in their ambitions to possess goods, often superfluous (ibid.). This, in turn, often leads to corruption, fraud, and as a consequence – to the destruction of social capital, consisting in part of trust, defined from the perspective of management studies as stakeholders’ ability to cooperate (Dobrowolski), element of social capital (Putnam), or the organisation’s strategic resource (Collis, Montgomery) (Dobrowolski, 2017; Grudzewski, Hejduk, Sankowska, Wańtuchowicz, 2007, p. 31).

**Directions of organisational pathology prevention**

What should be included as a designatum of organisational dysfunction is alienation, understood as isolation of the organisation from its environment and cessation of fulfilment of certain functions that it should perform. Its consequence is oligarchising, i.e. creation of elites disconnected from the remaining members of the organisation, as well as atrophy or aberration of public dis-
The complex identity of public management: aims, attitudes, approaches


A designatum of dysfunctionality that often occurs in operations of the organisation is legalism leading to routine when adherence to the rule becomes the superior value. This legalism is catalysed by the way public organisation activities are assessed. The assessment from the point of view of legality is the easiest, and in the case of supervision, it constitutes its only criterion. Legalism should be counteracted by the implementation in the practical functioning of public organisations of solutions adopted at the global ethics congress (in December 2016 during the Congress of INTOSAI, International Organisation of Supreme Audit Institutions, with over 185 countries attending, global guidelines were adopted – the Code of Ethics). According to the guidelines contained in the Code, the management and employees of public organisations should perform public tasks in the best possible manner, taking into consideration the public interest, and not limit themselves only to the adherence to legal regulations. Similar guidelines were included in the Ordinance No. 70 of the Prime Minister of Poland dated 6 October 2011 on adherence to the civil service rules and ethical principles of the civil service corps (Monitor Polski No. 93, item 953). Establishing in what way the postulate presented above is realised in the functioning of public organisations constitutes one of the research problems that require a solution.

The reason catalysing the occurrence of organisational pathology is the inflation of law. Execution of public tasks requires leaving certain decision-making liberty to those who execute them. A divergence between objectives and effects of actions causes the inflation of norms through the creation of new norms that eliminate gaps in provisions of the law and limit excessive freedom of interpretation. This, in turn, catalyses the demand for control and leads to reformalisation of the state control system. Improving the quality of legislation is used to prevent such a situation. Sulkowski points to the manipulation of meaning that leads to feigning actions (Sulkowski, 2015, p. 54). It can catalyse the phenomenon of regulatory capture (Dobrowolski, 2017).

The consequence or the cause of organisational pathology can be anomy, i.e. as Durkheim remarks, a situation in which individuals on a mass scale lose the ability to differentiate between good and evil (Stelmach, 2010, p. 19), or such a state of the organisation in which violation of norms remains unpunished (Dahrendorf, 1993, p. 255). Implicitly, the inevitability of the punishment and the effectiveness of its execution supports prevention. Formal institutions must, however, be accompanied by appropriate informal institutions. Without institutional balance, organisational pathology prevention is ineffective (Dobrowolski, 2015).
Another cause as well as effect of organisational pathology is conformism. Yielding to the public opinion, motivated by erroneous objectives, often leads to the deformation of the decision-making process (Ignatowski, 2015, p. 98). The sources of conformism can be found, among others, in a faulty information or normative influence on employees of public organisations. Unclear organisational objectives, lack of solutions enabling transforming tacit knowledge into formal knowledge and imprecise legislation are the catalysts for conformism (Aronson, 2006, p. 209-224, Ignatowski, 2015, pp. 98-99).

As it has already been mentioned, organisational pathology may be catalysed through the deformation of the information flow, including as a result of hierarchical influences. Information asymmetry may lead to deformations in economic calculations of transaction subjects, and from the perspective of macro organisation, to ineffective allocation of resources. An example of the action that could limit the possibility of such a situation occurring is disintermediation of the information, i.e. the removal of intermediaries, as well as despatialisation, i.e. minimisation of the role of the spatial factor in information circulation, including through the simplification of organisational structures. Using the Internet as an information tools, even if it facilitates the flow of information, catalyses negative effects. For instance, it can constitute a tool of organised influence on public discourse by formulating certain opinions in the social media (Dobrowolski, 2015, pp. 61-62). This, in turn, creates a temptation to institutionalise e-information, and further will lead to the reformalisation of the e-information control system.

The consequence and at the same time the cause of organisational pathology is corruption which leads to the wastage of resources, contributes to the loss of trust in institutions of the public life, and it can even cause delegitimisation of the state – the macrostructure. Corruption, as a phenomenon with clearly negative consequences for the economic cooperation both domestic and international, has become the subject of numerous international agreements, including the Civil Law Convention on Corruption concluded in Strasbourg on 4 November 1999, and adopted by Member States of the Council of Europe, other European countries as well as the European Community. According to the Polish law, the Convention was adopted with the Act of 28 February 2002 on the ratification of the Civil Law Convention on Corruption (Journal of Laws No. 41, item 359), by the Polish Sejm that authorised the President of Poland to ratify it. On 18 August 2004, a government statement was published, concerning coming into force of the current Civil Law Convention on Corruption concluded in Strasbourg on 4 November 1999. According to this statement, the President of Poland ratified the Convention on 20 August 2002. The ratification document was submitted to the Secretary General of the Council of Europe on 11 September 2002 in Strasbourg.
The Convention came into force on 1 November 2003 for Poland and the remaining States Parties. The other States Parties are: Albania, Azerbaijan, Bosnia and Herzegovina, Bulgaria, Croatia, Czechia, Estonia, Finland, Georgia, Greece, Hungary, Lithuania, Macedonia, Malta, Moldova, Romania, Slovakia, Slovenia, Sweden, and Turkey. The list above shows that not all countries have ratified the Convention. It enables the formulation of the following research problem: what are the reasons of the failure to ratify the civil law convention on corruption by all its parties, and how does it impact the effectiveness of corruption prevention?

Admittedly, Art. 2 of the Convention defines the term ‘corruption’ and indicates its passive and active sides, stating that it means requesting, offering, giving or accepting, directly or indirectly, a bribe or any other undue advantage or prospect thereof, which distorts the proper performance of any duty or behaviour required of the recipient of the bribe, the undue advantage or the prospect thereof. However, it does not oblige the Parties to the Convention to implement such a definition in the internal legal system of their country. It should be noted that the cited definition includes all acts of corruption, both in the public and private sector, in domestic as well as international relations.

Incidentally, it is noteworthy that on the basis of the quoted definition, the Polish definition of corruption was formulated in the Act of 9 June 2006 on the Central Anti-Corruption Bureau (Journal of Laws of 2016, item 1310 as amended). According to Art. 3 of this Act, corruption means an act that: 1) involves promising, proposing or giving by any persons, directly or indirectly, of any undue advantage to a person performing a public function for themselves or any other person, in return for acting or omission to act in performing the person’s function; 2) involves demanding or accepting by a person performing a public function, directly or indirectly, of any undue advantage for themselves or any other person, or accepting an offer or promise of such advantage in return for acting or omission to act in performing the person’s function; 3) is perpetrated in the course of business, covering the accomplishment of the obligations toward the public authority (institution), involving promising, proposing or giving, directly or indirectly, of any undue advantage to a person who manages a unit which does not belong to the public finance sector, or who works for the benefit of this unit in any capacity, for themselves or any other person, in return for acting or omission to act, which breaches their obligations and constitutes a socially detrimental reciprocity; 4) is perpetrated in the course of business, covering the accomplishment of the obligations toward the public authority (institution), involving demanding or accepting, directly or indirectly, of any undue advantage by a person who manages a unit which does not belong to the public finance sector, or who works for the benefit of this unit in any capacity, for
themselves or any other person, in return for acting or omission to act, which breaches their obligations and constitutes a socially detrimental reciprocity.

Corruption catalyses other dangerous phenomena, such as money laundering, within the meaning of Art. 2 sec. 9 of the Act of 16 November 2000 on the Prevention of Money Laundering and Terrorist Financing (Polish Journal of Laws of 2016, item 299, as amended), defined as a deliberate action consisting of: 1) exchange or transfer of assets derived from criminal activity or from an act of participation in such activity, with the purpose of concealing or disguising the illicit origin of such assets, or providing assistance to a person who participates in such activity to avoid legal consequences of such activity, 2) concealing or disguising the true nature of assets or rights associated with them, their source, storage location, administration, the fact that they are being moved, with the awareness that such assets are derived from criminal activity or from an act of participation in such activity, 3) purchasing, taking possession or using assets derived from criminal activity or from an act of participation in such activity, 4) abetting, attempting to commit, aiding or inciting in the case of acts specified in sec. 1-3 also when acts leading to the acquisition of assets were conducted in countries other than Poland, or in the grey zone defined as the part of economy where manufacturing and sales of goods and services are not covered by the statistical registry system (https://mfiles.pl/pl/index.php/Szara_strefa). The occurrence of corruption is fuelled by a small degree of freedom of management, the lack of or little accountability of decision-makers for management decisions, as well as a significant degree of discretion in planning, executing and controlling tasks. Therefore, implicitly, the elimination of barriers limiting business activity, reduction of the state’s influence on economy to a necessary minimum, and at the same time ensuring the accountability of decision-makers should reduce the scope of corruption (Dobrowolski, 2015). Experiences of Scandinavian countries enable formulating a generalized conclusion that the most significant among the abovementioned solutions is the accountability of decision-makers. Combating corruption effectively is not possible without the implementation of integrity in the social life.

In Poland, corruption prevention is carried out at two levels. On the micro organisational level it consists of: 1) implementing managerial control in organisations; 2) introducing solutions to counteract nepotism; 3) counteracting the conflict of interests, among others, by obliging a certain group of officials to submit annual wealth statements. The author’s own research shows that the aforementioned solutions do not function properly. For instance, the scope of legal norms counteracting nepotism is limited and easy to circumvent.

On the macro organisational level, counteracting corruption is executed, among others, through regulating the rules for lobbying as well as through the
adoption of the Government Anti-Corruption Program for the years 2014-2019 by the Council of Ministers on 1 April 2014 with the resolution No. 37 (Monitor Polski, item 299). The success of this programme depends on the efficiency of cooperation, aptly defined by Lichtarski as a set of activities aiming at achieving objectives that are not contradictory to one another (Lichtarski, 1992, p. 12). In the case of organisations with an often varying scope of entitlements, it requires the implementation of coordination mechanisms. A sine qua non condition of the effectiveness of this coordination is mutual trust, swift, uninterrupted data transmission, as well as organisational closeness. The anti-corruption programme mentioned above features established objectives and directional activities of its participants. Coordinators were appointed and institutions set up. However, we do not know the level of trust between the representatives of organisations participating in the government programme. Although the phenomenon of coopetition exists in the activities of public organisations (Brandenburger, Nalebuff, 1996), its impact on the effectiveness of the anti-corruption programme is unknown. Meanwhile, coopetition may generate opportunism of programme participants. Therefore, the study needs to resolve the following research problem: to what extent the phenomenon of coopetition in the public sector impacts the effectiveness of the anti-corruption programme?

None of the solutions would be successful without the implementation of particular values in the activities of the management and employees of public organisations. This is why the premises of the Government Anti-Corruption Program, which consists of supplementing curricula and training programmes for public officials with anti-corruption content, merit a positive appraisal. It leaves no doubt that the faster anti-corruption education will include the members of a particular community, the more thoroughly and deeper the process of internalisation can go, in which heteronomous norms would transform into autonomic norms (Dobrowolski, 2015, p. 64).

Finally, it should be mentioned that factors distinguished among the causes of pathologies include improper relations in organisations, including: neurotic desire for power, limited trust, artificial behaviour, reduction of interest in psychological needs, degeneration of altruistic and empathic behaviours, degeneration of dialogue, and conflict of roles (Stelmach, 2010, p. 18, Laszczak, 1999, p. 51, Bolesta-Kukułka, 2003, p. 247, 248, 228). It makes one aware of the fact that the phenomenon of organisational pathology can constitute not only the subject of interest for management studies, but also other academic fields and disciplines, and interdisciplinary approaches, such as subsymbolic cognitive science (Dobrowolski, 2015).
Summary

Pathologies affect various areas of management, although they are the most visible in the area of human resources management. All solutions that serve the prevention of the occurrence of organisational pathology are justified only in the situation of a successful implementation and internalisation of ethical solutions in organisations. It should be accompanied by disintermediation and despatialisation of information, as well as the coordination of preventive actions, countering the reduction of the overall effect of the actions taken. It requires taking into account and counteracting negative consequences of public organisations’ coopetition. The study identified and formulated the following research problems: what are the reasons of the failure to ratify the civil law convention on corruption by all its parties, and how does it impact the effectiveness of corruption prevention? To what extent the phenomenon of coopetition in the public sector impacts the effectiveness of the anti-corruption programme?

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CHAPTER 3
MANAGEMENT OF TERRITORIAL DEVELOPMENT IN TIMES OF UNCERTAINTY

Aleksander Noworól, Paweł Hałat

Introduction

Management of territorial development constitutes at the moment a compelling and dynamically changing element of public management. This requires each of the terms to be interpreted. Thus, it is not obvious what this “territory” which is being managed is – a unit of administrative division, or a functional urban area. Nowadays, the notion of socio-economic (including – territorial) development is questioned, by proving the deficiency in the definition of this term, often equated with the growth of gross domestic product, and proposing an alternative model of territorial change in the form of the so-called de-growth. As a result, the approach to the management of thus outlined processes of territorial transformation is changing. The key question emerges: to what extent these processes occur spontaneously, releasing endogenous forces of social self-organisation, and to what extent they are steered by authorities and public administration? The authors’ reflections will be centred around these questions and dilemmas.

The basis of these considerations are analyses of theoretical works concerning territorial development and public affairs management, as well as the authors’ direct participating observation in managerial processes. It involved preparing analytical papers, expert opinions, and operational strategies and programmes for the Polish Government and local governments.

Territory in the volatile reality of the 21st century

The first decades of the 21st century reveal specific moving forces that necessitate the revision, or perhaps just the renewal of the examination of the contemporary world. It would be useful to evoke a number of phenomena and theoretical approaches:
The complex identity of public management: aims, attitudes, approaches

• development of ICT, quality-wise different compared to the 20\textsuperscript{th} century, and its consequences:
  
  – for social communication – control of connections established in Internet networks enable to control values, including political and economic values (Dawson, 2008, pp. 128-147).
  
  – for the development of the Internet of Energy and Logistics that build the comprehensive intelligent infrastructure of the 21\textsuperscript{st} century, dubbed the “Internet of Things”, using big data and indirectly creating advanced intelligent management solutions (Rifkin, 2016).

• globalisation of the socio-economic life, based on the use of personal computers and the Internet, which transforms the plane of cooperation from a vertical to a horizontal one, and causes an increase of the importance of creative individuals, who nowadays compete with huge organisations; it is linked to the metropolisation and introduces imbalance in the spatial layout of development processes (Davezies, 2015; Jewtuchowicz, 2013; Markowski & Marszał, 2006).

• adverse demographic processes (Okólski & Fihel, 2012).

• the increase of social awareness and the need to impact development processes and current operations of territorial units, which forces more openness on the part of authorities and public administration to the influences of residents, and supports social consultations, or even the implementation of social participation in territorial management processes (e.g. The Act of 9 October 2015 on Revitalisation).

The abovementioned conditions change the understanding of what territory is. The attempt to describe the essence of the concept should take into consideration its dynamic and transformative character. Based on the open systems theory (von Bertalanffy, 1984), territory – as human habitat – was defined as a system of relationships encompassing the following, overlaying components (subsystems): spatial environment (living and inanimate matter), human capital (people), organisation – relationships between people and between people and spatial environment, as well as territorial system management, as a special component of the “organisation” subsystem (Noworól, 2007, pp. 18-26). Territory is therefore a phenomenon in which the aforementioned elements remain in a constantly changing correlation. Taking notice of material and immaterial aspects of territories is emphasised in a – popular nowadays – concept of the so-called territorial capital. It is defined as a set of localised (immobile) resources: natural, human, artificial (cultural), organisational, and cognitive, which constitute the competitive potential of the territory (Camagni, Caragliu, & Perucca, 2011, p. 61).
Noteworthy is the fact that the presented definitions of territories do not refer exclusively to the units of administrative division, but include the category of functional urban systems (Markowski, 2011, pp. 75-77), whose structure-building elements are links and flows: of people and goods, financial and accounting operations, and information (Domański, 2006, pp. 26-29).

**Development and management of territorial development**

Taking into account the dynamic understanding of the term “territory,” territorial development can be described as oriented changes that by stimulating driving forces, such as: entrepreneurship, balancing endo- and exogenous factors as well as competitiveness and cooperation, lead to processes consisting of creating new configurations of the system’s building elements, conditioning its more efficient (more effective and more economic) operation. These new configurations of elements include: increasing the complexity and flexibility of the subsystems, enhancing their self-regulating properties, increasing creativity and innovativeness of the subsystems, while being able to adapt the dynamics of changes and intensify contacts with the environment (Noworól, 2013, p. 21).

Using this conceptual pattern, the territorial management process must be regarded as an interdisciplinary problem, integrating numerous fields with diverse industry profiles and a high level of complexity. Development management, as a part of territorial unit management, is connected with the sphere of political life as well as urban development policy. Development management involves animating the development of territorial subsystems (spatial environment, human capital, public, social and economic organisations as well as existing territorial management systems), by the aforementioned changes (complexity, self-regulation, innovation, dynamics of changes, openness to the environment). The next step to the conceptualisation of development management are management attitudes toward civilisational challenges that stem from the evolution of the understanding of public management, as well as understanding the essence of development policy (e.g. territorial vs. sectoral approach, exogenous vs. endogenous, etc.). Development management cannot overlook the significance of industry subsystems, including political, social, economic, spatial, and technological issues concerning the functioning of territories. Finally – stimulating growth must include the stages of the territorial unit management process (more broadly in: Noworól, 2013, pp. 38-47).

We should emphasise that particularly in the socio-economic sphere, development has a quantitative dimension (growth of: capital, investment, production, employment, income, consumption), but it is also connected with qualitative changes: increasing the competitiveness of economy, technical progress, innovation,
connections of the economy, its size and ownership structure, and finally – increasing qualifications of the workforce. Unfortunately, usually – in the public discourse – the issues of development are reduced to the GDP growth, which does not enable explaining many contemporary social and territorial dilemmas, particularly those connected with the understanding of environmental issues, and the threat of climate change. As a result, we can observe a growing popularity of the so-called post-growth concept, drawing attention to the fact that liberalisation of economic policy and other policies promoting GDP growth cannot be a substitute for policies sensitive to environmental and social issues (Arrow et al., 1995).

Changing the institutional order vs. development management

The aforementioned civilisational processes influence the shift in the institutional order in which we live. As a result of the ICT development, and the subsequent multi-dimensional globalisation, for the last several dozen years, reforms have been introduced in the public sector. Due to them, managerial relationships between the public, social, and economic sectors are changing. Relations – often informal – between the entities of all three sectors are growing in importance, in the conditions of being rooted in diverse territorial scales: from the continental, to national, regional, and to the local dimension.

It is worthy of note that contemporary public management departed from traditional patterns and ideas, connected with the Weberian concept of administration and bureaucracy (Kulesza & Sześciło, 2013, pp. 49-51). Nowadays, the citizen “sees government as only one of the many institutions in a free-market society” (Stivers, 2009, p. 1095). Against the background of this new view of the role of public administration, the concept of governance was born. Ch. Pollitt and G. Bouchaert describe governance as a process that requires steering society through partnership networks between the public sector, enterprises, and civic society associations (Pollitt & Bouchaert, 2011, p. 21). Notions of “network” and “partnership” have fundamental meaning in this respect. In this context, R.A.W. Rhodes raises the issue of the significance of self-regulating inter-organisational networks, indicating their four distinctive features: (1) mutual interdependence of organisations, which means taking into account entities outside of the public sector, and breaking “boundaries” between the public, private, and social sphere; (2) continuous interactions between network members, caused by the need for a constant exchange of resources and negotiating objectives; (3) interactions with game-like features, based on trust and regulated by rules, negotiated and agreed on by members of the network, and as a result – (4) significant level of independence from the state, stemming from the fact that networks are
not accountable to the state; the state does not take a position of authority toward networks, but it can steer them indirectly (Rhodes, 1997, p. 53).

In the times of the growing popularity of social media sites, such as Facebook, 6 processes characteristic of information society described by J.S. Brown and P. Duguid have been growing in importance: despacialisation, demassification, decentralisation, denationalisation, disintermediation, and disaggregation (Brown & Duguid, 2000, p. 22). Especially disintermediation, which involves eliminating intermediaries and easier access to the information source, created new possibilities of creating relations between organisations from all sectors and between organisations and independent individuals who – in network systems – often become equal partners of organisations. It supports the creation of partner relationships and creates grounds for a characteristic alienation of public entities that manage development.

Driving action in a reality where numerous interactions occur between institutions/organisations from the public, economic, and social sectors takes the form of the so-called multi-level governance (Sroka, 2009). The multi-level aspect refers to empowerment of not only public authorities on multiple levels (multi-level), but also other entities connected within overlapping networks (multi-entity) in the management process. The foundation of the multi-level governance is the conviction that governance – despite being the domain of the state and local governments – should go beyond it, taking into account the private and the social sector. In this context, inter-organisational cooperation of multiple local actors gains key importance. As a result, a change occurs in the institutional and organisational order in which territorial communes operate. It also directly affects loosely associated residents, as members of the civic society, feeling responsible for local, national, and global issues. These are social movements usually organised around social media websites.

Endo- and exogenous models of territorial management

If we treat development as change, then – in the context of the described modifications of the institutional infrastructure of management – we can view changes in territories today from two perspectives. We shall describe them as an endogenous and exogenous perspective of development management. The core of the endogenous approach will be the influence of grassroots movements on shaping development processes. The term “exogenous perspective of development

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1 An example can be provided by Avaaz.org, a global community with over 44 million users, dedicated to making beliefs and views of people around the world which shape global decisions. Avaaz actions are joined by citizens of 194 countries. The Avaaz team operates in 18 countries on 6 continents, using 17 languages, including Polish (avaaz.org).
management” will be used in a situation where significant impact on the steering of territorial changes remains at the discretion of public administration, however, operating within conditions of multi-level governance.

**Endogenous perspective – urban movements**

Some of the actors of development policy who actively participate in development management processes are urban movements. In Poland this type of social activity appeared in the first decade of the 21st century, over 20 years after the phenomenon was described by M. Castells (1983), and it is consistent with two phenomena: increasing interest in “urban issues” in the broadest sense, and development of the sector of non-formalised social activity (community activism, fourth sector) operating side by side with, or in opposition to formalised NGOs undergoing professionalisation (Bogacz-Wojtanowska, 2015).

In the context of the premises presented above, it would be useful to outline the factors that impacted the development of urban movements, which in the Polish reality are a mixture of global and specifically Polish features of a post-socialist society. The first factor is accelerating processes of urbanisation, globalisation and metropolisation as well as the weakening position of the state. In the post-Fordian, knowledge-based economy, cities become the principal driving force of development, but they also play an increasingly important role in mobilising social resources and creating identity in a globalised world (Kubicki, 2016, p. 73). The heightened and lively discussion about the city in Poland can be interpreted as an expression of the accelerated modernisation after the accession to the EU, occurring within the Polish society which, previously deprived of socio-cultural foundations of urbanity, now acquires traits of urban society, redefining its identity (Kubicki, 2016; Pobłocki, Mergler, & Wudarski, 2013, p. 20). The expression of this process, which can be interpreted as accelerated social urbanisation (cf. Jakóbczyk-Gryszkiewicz, 2008, pp. 175-177), are also tensions between the expectation of infrastructural modernisation (including housing infrastructure), especially in dynamically developing metropolitan areas, and requirements of sustainable development and social and territorial cohesion.

The second, perhaps decisive factor of the emergence of urban movements is the growing – not only in Poland – criticism of the neoliberal urban development model, moving from the city focused on providing public services for its residents to the “entrepreneurial city” whose priority is the creation of investment climate that enable gaining the best position in global flow networks or driving consumption (Mayer, 2000; Pluciński, 2014a; Pobłocki et al., 2013). Globalisation is conducive to the adoption by local governments of strategies aiming at aggressive competition, taking into account mostly zero sum activities,
in which the success of one territory is achieved at the expense of another (Turok 2004, pp. 1074-1075), and the subordination of local development policy primarily to the strongest actors of the “game of cities” possessing the greatest political and lobbyist power. In Poland, it was accompanied by violent commercialisation of areas that determine the quality of life in the cities, such as housing, transport, or public space management (Jacobsson, 2015), as well as an inefficient spatial planning system and lack of institutional solutions that would force the management of functional zones development in the cities.

Yet another noteworthy aspect are deficits of traditional institutions of representative democracy that focuses on the act of voting, particularly at the national level (Poblocki & Mergler, 2010). It is accompanied by the criticism of routinised, and often feigned or forced participation in making decisions relevant to residents (Olech & Sobiesiak-Penszko, 2012, p. 1).

The complexity of urban movements manifests in the great number of issues with which they occupy themselves (from housing, ecology, and transport to heritage preservation, and cultural or education policy), as well as forms and organisational structures (from informal neighbourhood initiatives to associations registered in the National Court Registry), or even in the territorial scale of their operations, as the concept of urban movements includes sub-local initiatives as well as regional or national cooperation agreements and networks (e.g. Polish Congress of Urban Movements). The diversity of undertaken activities is also significant. These include watchdog initiatives, lobbying and influencing local and central government authorities as well as supporting residents in the realisation of their vital needs, development of participation and direct democracy (Herbst, 2013). Ideological motivations of urban movements are equally varied – there are “middle-class” modernisation movements, protest movements (including NIMBY) and social movements (Pluciński, 2014b; Poblocki et al., 2013). The matter of how political the movements are is ambiguous as well. Among their number, there are community activists who declare their apolitical status, urban think-tanks, and organisations that (often successfully) run in local elections, or even report the need to form an “urban political party” (Erbel, 2014; Kubicki, 2016; Poblocki et al., 2013).

The analysis above indicates that the notion of urban movements and their role in development management are not easy to define. In sociological analyses, urban movements are framed as new social movements, defined in the opposition to social movements typical for the industrial society – mass movements associated with class struggle for economic interests. New social movements, characteristic of the post-industrial society focus on socio-cultural issues, interests or levels of conflict such as environmental issues, equal rights or human rights, and their electorate is not connected with any particular social class.
However, this division is not rigid, and what becomes evident nowadays, also in the case of urban movements, is mixing socio-cultural postulates with economic postulates, or even the increase of importance of the latter (Kurnicki, 2013; Roth, 2000). In contrast to old social movements striving to transform themselves into a hierarchical organisation based on formal membership, new movements are fluid, non-hierarchical and take the form of extended networks (Paleczny, 2010; Pluciński, 2014a).

As indicated above, an important role in the creation of the new type of social movements is played by the Internet and Information and Communications Technology, including the social media. It is noted by M. Castells who analysed great protest movements in the first decades of the 21st century. Networks-based social movements start to operate in the new hybrid public space, located between urban space and the new media space, providing autonomous communication. Its hybrid nature does not negate the territoriality of movements – it only extends their reach from the space of places to the space of flows (Castells, 2012, pp. 14, 24-28, 70).

M. Castells distinguishes three features of urban movements: self-definition through the reference to all matters concerning the city or community, local roots and territorial definition, and focus centred around three goals: improvement of collective consumption/public services quality (i.e. utility value of the city), cultural identity, and political involvement – understood as citizenship (Castells, 1983). One of the features of contemporary urban movements is a holistic approach to the city – manifested in the willingness to participate in all areas of urban policy, and treating the city as a cohesive entity, both in the process of urban processes analysis, and in public activities (Erbel, 2014). A distinctive feature of urban movements is also the ideological context in which they operate, based on the idea of “the right to the city” developed by H. Lefebre (2012), and defined by D. Harvey as the power to shape urbanisation processes, a right to change and reinvent the city more after our hearts' desire (Harvey, 2012, pp. 22-23). A certain operationalisation of the right to the city takes the form of “9 Urban Theses” adopted by the Polish Congress of Urban Movements in 2011, and then expanded to 15 in 2015.²

The second idea that connects urban movements is urban democracy – the entirety of all forms of representative, direct and participatory democracy that function in the city (Mergler, 2011, pp. 163-164). Localness and locally developed solutions are supposed to be the answer to systemic ailments of democracy on the national or transnational scale (Pluciński, 2014b, p. 131). It is exemplified, among others, by the concept of site-specific narrative – as a tool for rebuilding,

² https://kongresruchowmiejskich.pl/tezy-miejskie/
on the local level, a democratic community consolidated around the idea of the common good and breaking ideological divisions, enabling joint action oriented on solving problems of residents, taken up by individuals and organisations emerging from various ideological sources (Poblocki et al., 2013).

Following Sztompka, urban movements can be regarded as intermediaries in the chain of social processes – at the same time their product and vehicle, but also the creator and catalyst of changes (Sztompka, 2010, p. 258). The emergence of urban movements can be on the one hand treated as the effect of social transformation in Poland: urbanisation, development of information society, changes in civic attitudes, and adopting Western patterns of development. But they have also become a significant catalyst of the change in the approach to urban policy, and redefinition of the way of thinking about development – both on the local and state level.

**Exogenous perspective – from the neo-Weberian model to hybrid partnerships**

The exogenous perspective on development management assumes exerting deliberate and organised influence on development processes through the centres of authority and public administration, formally appointed to perform this role. Contemporary interpretation of such a perspective is provided by the so-called new regional policy. Due to spatial constraints of this publication, we have to limit ourselves to the presentation of the main indicators of such an understanding of this policy. They include:

- taking into account territorial consequences of such phenomena as: globalisation of economic, social, and cultural processes, climate change, unfavourable demographic processes, mounting energy costs;
- basing to a larger extent on the endogenous development potential of a territory, and to a smaller extent – on exogenous support mechanisms;
- territorialisation of intervention (place-based policy);
- introducing territorial distinctions in development policy, with the use of functional urban approach;
- strategic approach that consists of the focus on key priorities and efficient management;
- evaluation of the actual impact of intervention (evidence-based policy);
- taking into account the importance of the growth of actual and virtual social mobility;
- development of the formula of contracting development (territorial contracts);
taking into account the role of various layers of governance and management, as well as various sectors within the multi-level management (Noworól, 2013, p. 124).

The evolution of social communication and contemporary ways of community organisation (e.g. via social networks), changes the understanding of public management, including development management. In relation to territorial issues, it is possible to indicate two main directions of the conceptualisation of such management. On the one hand, the so-called neo-Weberian concept is still functioning; it involves expanding the classic approach to public administration with elements of New Public Management and public governance (Kattel, 2015; Pollitt & Bouckaert, 2011). The model in this concept is the domination of impersonal, apolitical public administration, with a slight modification that lies in a superficial opening up to social and governance processes, connected to modern civilisational shifts. Some examples include: the popularity of participatory budgets, which usually concern the least significant part of cities’ budgets, or administrational absorption of surrounding communes (or municipalities), or their parts by core cities, with social consultations, but also with the support of state authorities. It creates a safety buffer for public feeling, and feigning the inclination toward “social openness” of the management system in urban zones.

On the opposite pole of the quest for a territorial management model, numerous concept function parallelly, all built around such notions as governance, networks, partnership, transparency, and trust (Pollitt & Boucaert, 2011, p. 11). Thus grows the significance of multi-level management, i.e. inter-organisational relationships in multi-level and multi-sector systems. Multi-level means the empowerment of entities other than administration entities in the process of management. The institutional infrastructure of territorial management includes both cooperating and competing institutions and organisations responsible for the functioning and development of these units, as well as a broad array of stakeholders\(^3\), situated in various sectors and at various levels of management. Multi-sectoral – hybrid – partnerships of public administration with entities from other sectors are increasingly growing in importance. Authorities and administration also open up to the participation of society through various forms of social consultations and – more broadly speaking – social participation.

In conclusion, it needs to be remarked that in contemporary territorial management, the key issue is to determine relationships – based on competition or cooperation – within a group of very diverse entities, legally and organisationally wise, operating in the public, social, and private (economic) sphere. Such an

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\(^3\) An example can be provided by the relations of Integrated Territorial Investments and local action groups – new instruments of the European Union’s cohesion policy.
organisational environment produces conditions for weakening the position of public administration.

The openness described here enables incorporating to the territorial management also social/urban movements, functioning as self-organising structures, here dubbed endogenous factors of change. Hybrid partnerships of authority and public administration with entities from the economic or social sector and urban movements create a dynamic institutional infrastructure that strengthens institutional change and forces political agents to listen to the voice of the society.

Summary

The management of territorial development entered the period of rapid civilisational changes, resulting from the growing importance of ICT in political, social, economic, and cultural life. Political and social consequences are difficult to determine, but an increasing influence of technology on every domain of life can be observed, including communication facilitations and the use of big data. In this situation, development management must approach dispersed sources of information on socio-economic processes, so – outside the sphere of authority and administration – take into account the increasingly diverse institutional infrastructure of steering territorial processes. Opening up management to entities from economic and social sectors is not sufficient. It becomes necessary to respect social movements – including urban movements – that bring into management systems not only new values, but also new mechanisms of dialogue and participation.

References


CHAPTER 4
THE CONCEPT OF PUBLIC VALUE – SELECTED ECONOMIC PROBLEMS

Rafał Musialik

Introduction

The connection between the theory of public sector management and economics is strong, albeit not always openly expressed. In this respect, issues that present themselves for discussion include the valuation of the public sector product, costs of public sector operations or establishing action objectives. These are the matters to which this paper is devoted. It is especially concerned with economic problems that emerge in connection with the concept of public value. It is a relatively new idea in the theory of public sector management (Alford and O’Flynn, 2009; Talbot, 2009), dating from the publication of M.H. Moore’s book Creating Public Value (Moore, 1995). Its influence on the theory of the public sector management is relatively weak. A review article from 2011 (Williams and Shearer, 2011) counted approximately 80 publications that raise this issue, which is a small number compared to the number of works on New Public Management or Public Governance.

The concept of public value has the advantage of expressing explicitly the opinion about the manager’s action objectives in the public sector. Using it as an example, it is possible to discuss economic problems connected with setting action objectives in the public sector as well as certain related issues. Therefore, the objective of this study is not an analysis of the concept of public value from the perspective of public management, but a presentation of underlying economic problems of its premises and often imprecise phrasing. The thesis of this paper is a claim that the concept of public value cannot be reconciled with the neoclassical paradigm in economics.

What is public value?

In Creating Public Value (Moore, 1995), the author explicitly distinguished between the two values that entities maximise – private value and public value. The notion of public value serves Moore as a criterion to assess public sector
managers’ performance and is analogous to the notion of private value. The ultimate measure of the performance of public sector managers is supposed to be the achieved public value. However, *Creating Public Value* is not entirely clear on defining public value and at least two basic understandings of the term can be distinguished.

Initially, Moore introduces the concept through the analogy to private value, understood as the sales value of products over the cost of their production. In this view, public value is the effect of the production of goods and services of the public sector, reduced by the cost of their production. To calculate public value, it is therefore necessary to know the side of costs and value of what has been produced. While the side of costs does not raise many doubts, the problem we encounter is the difficulty in valuating the production of the public sector. In Moore’s view, such valuation is difficult due to the lack of independence of the recipients of public sector services. What it entails is the fact that decisions in this sector are made by the authorities on behalf of citizens, and financed by compulsory taxes. Meanwhile, independence – which we encounter on the free market – means that consumers make purchase decisions on their own, based on their own income and preferences. This lack of independence leads to disturbing the relationship between people’s preferences and decisions about the size and structure of public sector spending. Since consumers of public services are not independent, it is impossible to ascribe value to the public sector production. It is worthy of note that this outlook is different from the standard view adopted in economics, where to explain difficulties in the valuation of the public sector production, we refer to physical aspects of public goods (non-rival and non-excludable) that prevent the emergence of markets.

Moore solves this problem on the basis of the observation that in a sense, citizen’s decisions are, after all, voluntary, as they are made in the course of a democratic process. But “voluntarily” does not mean “individually”, as according to the author of *Creating Public Value*, this is how (i.e. within a democratic process) a collective entity is created. "*It is the only way we know how to create a ‘we’ from a collection of free individuals*” (Moore, 1995 p. 30). As this collective entity was created through citizens’ voluntary decisions, it can legitimately decide about the use of available resources. It follows that it is possible for it to determine the value of services provided by the state. Interestingly enough, thus we move to another understanding of public value – as a net surplus of the aforementioned collective entity. Based on Moore’s text, it is difficult to determine which of the presented ways of understanding public value is more important and what the relations between them are (Musialik & Musialik, 2015).
The problem of public value entity

The definition of public value refers us to the question of who or what is the subject of this value, i.e. for whom public value constitutes worth, and who makes the decision to strive after this value. The aforementioned concept of the collective entity would suggest that it is the proper subject of public value. However, this conjecture does not move us further in the understanding of the discussed issue, as neither Moore’s nor his followers’ texts settle the matter of how this collective entity should be understood. In Creating Public Value, we can find at least three definitions of this notion. Firstly, it is a collective being existing independently of the members of the community. Secondly, a group of certain members of the community, in particular the politicians who are the recipients of actions taken by public sector managers. Thirdly, a collective entity is a kind of shortcut for techniques of transitioning from the preferences of individual community members to collective decisions (Musialik & Musialik, 2013).

One thing is certain, however – the notion of public value entity has strong collectivist connotations, because action objectives of public sector managers are set in a collective political process. Both Moore and many later authors put great emphasis on that point. This process must ensure the most accurate possible adaptation of what is collectively decided to individual preferences. It is the key aspect of the concept of public value, as full participation of subjects in the determination of action objectives of the public sector is a condition of subjects’ independence, which, in turn, is the necessary condition for creating public value.

In conclusion, it is noteworthy that this collective “we”, at least within the first understanding, is something entirely different from the entity whose behaviours are the object of description and explanation in neoclassical economics. Economic methodological individualism is juxtaposed to collectivism, perhaps not entirely defined, yet remaining in stark opposition to the assumption that the point of departure in the analysis of social and economic reality is an individual entity.

The issue of deciphering and aggregation of preferences

As early as 2002, Kelly, Mulgan and Muers (Kelly, Mulgan & Muers, 2002), expanded the notion of public value, following the Moore’s second intuition. They claim that in the public sphere, public value can be understood as value of services provided by public sector organisations, legal regulations, and all other actions taken by the government, reduced by the cost related to their production. The authors found an interesting way to solve the problem of measuring public value. More or less explicitly they state that it is made within the decision-making process, whose object is the provision of public services and
production of public goods. If citizens are willing to make sacrifices, financial and others, in order to cause certain actions in the public sphere, then by definition these actions have public value. Instead of a measurement made before the decision is taken, here the measurement is made during the decision-making process. From this point of view, citizens’ preferences with regard to public goods and services are essential – as they are the factor influencing the decisions made. According to the cited authors, preferences are to be in some way deciphered and aggregated. Unfortunately, in their paper, the question of potential ways of deciphering is not systematically analysed; these are supposed to include e.g. statistical methods and media participation. Later works elaborate rather on the issue of public value measurement. This is made in various ways, including outlining the technical details of such a process (see for instance: Cowling, 2006; Hills, Sullivan, 2006; Mulgan, 2011).

However, we should mention that the quest for methods to decipher preferences stems from a deep conviction about the deficiency of the traditional political process that consists of decision-making executed by politicians elected in elections. It is an important thread, differentiating the concept of public value from the traditional management model, as well as new public management. In these older concepts, the objectives of public sector managers were supposed to be simply assigned by politicians, while the public sector was to be subsequently accountable for its execution. Meanwhile, it seems that theoreticians of public value, operating on the normative level, see the need for a direct connection of citizens and public sector institutions, so as to ultimately respond to the expectations of the former. As a matter of fact, this brings forth a very important question from the perspective of public management: a question about relationships between its managers and the political sphere (Rhodes, Wanna, 2007; Alford, 2008; Hartley, Alford & Hughes, 2015; Mintrom & Luetjens, 2015).

A separate issue, connected with the problem of deciphering preferences, is shifting from individual preferences to social decisions. It seems that this question is not regarded by the theoreticians of value as a problem. They focus on the political process of deciphering preferences (in a broader sense than it is traditionally understood), while the question whether a social decision can meet the requirements of cohesion and rationality is entirely disregarded. Therefore, they pass over important economic findings made by Arrow (1963), who questions the possibility of taking coherent social decisions.
The issue of multiplicity of public values

Regardless of the ambiguities in *Creating Public Value*, it is certain that Moore distinguishes private value from public value, and what follows, there are at least two values within his concept that are the objective of entities’ actions.

Benington goes further (Benington, 2009); firstly, he clearly differentiates between public value and individual satisfaction, and secondly, he distinguishes various kinds, or aspects of public value:

- environmental value,
- political value,
- economic value,
- social and cultural value,
- public satisfaction.

The description of the world of values made by Benington is more complex than what Moore proposes. Public value itself is not homogenous, as evidenced by the list above. Especially interesting is the fact that the author mentions public satisfaction. We can guess that he replicated the idea abandoned by economics, of measuring welfare as a sum of individual satisfactions. Although it is not expressed explicitly, Benington’s concept seems to be based on the opposition of individual satisfaction and complex public value. It follows that it implicitly assumes the existence within the entity – whether it is understood individualistically or collectivistically – of separate individual and public preferences.

Van der Wal and van Hout go even further (van der Wal & van Hout, 2009). They claim that there are multiple public values which are grouped by public sphere entities in sets that serve as a basis for their actions. Moreover, these sets are usually different for each entity, and often lack internal coherence. It is clearly divergent from Moore’s initial concept which firstly has economic connotations – public value is modelled after consumer surplus, and secondly – there is only one. The idea of van der Wal and van Hout can be called the concept of heterogeneous public value.

All variants of the public value concept presented above are pluralistic, because they always include at least two values – public and private. When it comes to the pluralism of values, which is the key feature of the public value concept, a considerable theoretical problem appears, namely: inconsistency of thus described preferences of entities with the standard economic consumer theory that explains people’s choices. According to this concept, the level of the so-called utility of a given person can indeed be interpreted purely instrumentally, but it leaves no possibility for differentiating between separate private and public preferences. Mainstream economics assumes that preferences are described with
a single utility function, and that there is a single ordering of bundles of goods that fulfills the condition of coherency, i.e. consistency, transitivity, and reflexivity. The level of a given person’s utility may depend on other people’s bundles of goods or the level of public goods’ production, however, it is a single utility. Meanwhile, theoreticians of public value use the notions of private and public preferences differently – as if for the entity (whether it is understood individually or collectivistically), there existed two types of advantages – individual and public.

The inconsistency with the theory of economics itself seems to be a sufficiently acute problem – more on this subject below – but the problem is much deeper. Because we expect every reasonable theory concerning human behaviour to be able to explain their choices, or at least to assume such explanations can be provided by other sciences. The economic consumer theory, so in fact, a theory explaining human choices, may have numerous flaws, but it is a cohesive theoretical device that constitutes a base for the remaining part of economics and other sciences. The concept of public value silently rejects this device, without offering anything in its place. A mere statement that people are motivated by various values and not only economic utility, opens up the field for inquiries rather than closes the discussion. Because an important question appears: how people choose various bundles of goods, or more broadly, in a situation where they are motivated by different values?

It is not a completely unstudied subject. On the margins of the economic consumer theory, there is an ongoing debate about the so-called multiple-utility concepts. Within this discussion, the supporters of the concept of multiple utility give two kinds of answers to this question. The first one states that it is possible to indicate a particular meta-ordering of values that allows the decision-making mechanism to function. A good example of that is Thaler’s and Shefrin’s concept concerning the intertemporal choice (Thaler and Shefrin, 1981). The other one claims that a kind of “balancing act” occurs between values. This type of concepts is represented by the works of Margolis (Margolis, 1982), or Etzioni (Etzioni, 1988). Both answers are facing criticism, because as opponents of multiple-utility note, they in fact reduce the world of values to a single value, which is a return to the neoclassical concept. In the first case it is meta-value, founding meta-preferences. In the second one, it is claimed that the description of the mechanism of balancing assumes the equivalence of values in terms of a particular trait, and therefore it also reduces the world of values to a single principal value. The result of the aforementioned discussion notwithstanding, it needs to be acknowledged that its key premise – concerning the multiplicity of values and preferences – puts it beyond the framework of mainstream economics that is based on monism of utility, or the ordering of bundles of goods.
Summary – the problem of the assumed paradigm

New public management seems to be based on economic principles stemming from the neoclassical paradigm (O’Flynn, 2007; Musialik, 2015). The concept of new public management, which is a normative proposition explaining how to manage the public sector, is based on the following economic theories: public choice theory (challenging the effectiveness of public sector actions), agency theory, transaction cost theory, and competition theory. We can add to that the key premises derived from economics: about the rationality of entities operating in the public sector, and individualism (Bozeman, 2007). Since from the perspective of methodology, the unification of various theories is a demand made toward science, then new public management, which is built upon mainstream economics and cohesive with the current economic paradigm, fulfils this requirement in full.

Meanwhile, it is easy to notice that the concept of public value which was intended by its creators as an alternative to new public management, is in many points contradictory to the neoclassical paradigm, or it adopts statements that cannot be proven on the grounds of this paradigm. Let us present some of them, without making any claims as to the completeness of the list below.

1. The definition of public value (public values), as separate from private value is contradictory with the monism of mainstream economics.
2. There is no description of the mechanism of selection of an entity motivated by multiple goals.
3. More or less explicitly, studies elaborating on the idea of public value feature a collective entity.
4. The source of the inability to valuate public sector services is not the nature of the produced goods, but the lack of consumers’ independence.
5. Without sufficient evidence, the possibility of adequate deciphering and aggregation of entities’ preferences is assumed (shifting from individual preferences to social decisions).

The concept of public value seems to be devoid of foundations. Moreover, some of its assumptions engender questions that do not have answers; and this last issue is crucial. It is because the contradiction, or lack of cohesion with the current economic paradigm is not in itself disqualifying. Nevertheless, a lack of an answer to important questions, including the one about the mechanism of making choices by the subjects of decisions, is a serious deficiency.

Public management studies are applied sciences and as such, they will always need background knowledge. It follows that if one wants – like the supporters of the public value concept who even claim that it is the new paradigm in public management (Stoker, 2006) – a complete rejection of the new public
management paradigm, they must wait for the change of the current economic paradigm. If we are to reject the neoclassical paradigm, we need something in its place.

References


CHAPTER 5
SOCIAL PARTICIPATION IN THE PROCESS APPROACH IN PUBLIC ORGANISATIONS (ILLUSTRATED BY THE EXAMPLE OF TSU)

Justyna Maciąg, Agnieszka Szczudlińska-Kanoś, Janusz Sasak

Introduction

The current trend in developing models of public organisation management moves toward combining the concepts of New Public Management and good governance. It is believed that these concepts are complementary, and they indicate the direction of action taken by today’s public organisations (Flieger, 2012, p. 67). This is why improving management standards has become an important dimension of building relations between the public organisation and society (Dobrowolski et al., 2016, p. 79), and in particular public authorities’ implementation of modern management concepts based on the process approach, including the quality management system compliant with the requirements of the ISO 9001:2015 Standard. Therefore, a question can be asked about how new process management concepts support the concept of good governance, including the idea of social participation? Thus formulated research problem implies detailed research questions: What are the conditions for the implementation of process approach in public organisations? How is the idea of social participation in the process approach understood? Which main aspects of good governance, including participatory management, can be supported in the process of implementing process management using the ISO 9001 Standard in public organisations such as cities and communes?

The objective of this article is the presentation of the approach to social participation, its role and importance in the context of implementing the process approach (as exemplified by the ISO 9001 Standard) in public organisation on the example of territorial self-government units (TSUs). The article was prepared on the basis of an analysis of the literature and normalisation documents. Conclusions were formulated based on deductive reasoning.

1 In view of the fact that the ISO 9001 Norm was amended in 2015 and so far, no commune or city in Poland implemented its modified version, the article cannot provide practical examples with an analysis of conditions and outcomes of the implementation.
Social participation in TSUs

Through the years, on the rising tide of New Public Management, numerous concepts and methods of public affairs management emerged, inspired by the concept of public enterprises (Osborne, 1993). It was assumed that in public organisations, different in their essential nature, these methods will bring the same success as in business. Opponents of NPM emphasised that differences between relationships in the public and the private sector are so vast that transferring management methods from one to the other without their proper adjustment to the specifics of the new sector is almost impossible (Cf. Klickert, 1997, p. 733). The main indicated limitations in the model of rational management in public organisations are as follows: limited approach to people, not taking into account organisation’s learning and knowledge management mechanisms, and not combining theory with practice (Denhardt, 2011, p. 157). The previous management model based on the NPM concept, existing mainly in the area of the Anglo-Saxon culture, turned out to be too strongly market-oriented, and basing public management exclusively on economic indicators, omitting social needs, exhausted the formula of the model (Denhardt, 2011, p. 145; Maruszak, 2012, p. 270; Raczkowski, 2015, p. 30). It proved to be imperfect and ill-fitting to the rapidly developing modern civic society (see Castells, 2012).

Civic society is characterised by the fact that its members voluntarily and consciously participate in public activity, understood as a kind of public-private partnership of the self-government and residents, which serves taking action for local development. Such a definition of the partnership stems from legal, social, financial and technical premises (Dobrowolski et al., 2016, p. 75), related to globalisation and democratisation processes (Radzik-Maruszak 2012, p. 42), as well as ICT development (Castells, 2012).

The criticism of New Public Management and the analysis of possible solution scenarios for the observed problems contributed to the development of a management theory called ‘governance,’ which takes into consideration society’s participation in management processes, and therefore the application of concepts based on social participation (see Denhardt, 2011, p. 194). Social participation is typical for the mobilisation model of governance, where the emphasis is put primarily on acting with local communities, and only then – for them (Radzik-Maruszak 2012, p. 61).

The notion of “social participation” means citizen’s participation in managing the affairs of the community to which they belong (Hausner 1999, p. 41). In the broad sense, social participation is the foundation of a civic society, and in a narrower sense – the term defines a public-legal partnership of the self-government of the commune or municipality and its residents, which serves
taking action for local development (Hausner, 1999, p. 41). Social participation in public decision-making processes on the one hand constitutes a civic right, and on the other hand – an obligation of public authorities, particularly self-government (Dobrowolski et al. 2016, p. 76). Buczkowski emphasises that currently the principle of subsidiarity involves a more participatory model of society, enabling individuals and social groups to negotiate the shape of the social life organisation, and rules that govern its development (Buczkowski, 2001, p. 21).

The expression of social participation is the activity in the process of creating subsequent civic groups and NGOs cooperating with public organisations, which is particularly visible at the level of the commune and the city. Classic tools of social participation such as elections, referendums, social consultations, administrative procedures, and direct actions, are considered its essential tools. Including residents in the process of making decisions important from the perspective of local communities constitutes nowadays one of the mechanisms of encouraging participation in cities and communes in Poland. The multiplicity and diversity of actors participating in the process of local development determines the need to coordinate their actions, but also building partner relations that can enable obtaining synergy – enter the concept of network governance (Denhardt, 2011, p. 194).

Currently, there are multiple models of social participation functioning both in practice and in theory of public management. One of them is a “participation ladder” (Arnstein 1969). According to this approach, development of participation is evolutionary in its character. In this respect, the minimum standard of action for democratic authorities is the execution of the right to access public information (or more broadly – the process of informing). The next step is consulting, namely expanding the relationship with citizens to include information exchange in the process of consultations (expecting feedback from citizens). Further deepening of the relationship means creating with (organised and unorganised) citizens multidirectional, interactive, and lasting (permanent) network relations with their direct inclusion into the public decision-making process. It means that on the level of relations that go beyond informing, the purpose of engaging citizens is to obtain feedback, necessary for public management². The next challenge is active participation, or acknowledging citizen’s right to discuss and generate independent options of public policies. Analysing the current state of participation processes in Poland, it must be stated that in most cases territorial self-government units (TSUs), prefer the participation on the second level of the relationship, i.e. consulting (see Olech, Sobiesiak-Penszko, 2012; Krajewska, 2014).

² In the paper Engaging Citizens in Policy-making, OECD Public Management Policy Brief No. 10 July 2001, OECD indicated that active participation constitutes the new frontier for member states.
To conclude this thread, a question can be posed whether and how the idea of social participation, so important in current public management, can be developed through a modern approach to the management of public organisations, such as process management.

**Process approach in public organisations**

The process approach was launched in the 20th century in manufacturing companies (Davenport, 2008, p. XV). Supported by the development of computer systems and automation as well as changes in work organisation (self-control, flattening structures, increase in employees’ knowledge) (Grajewski, 2003, p. 7), it led to a departure from classic concepts of management, and became the basis for creating modern methods and models of organisation management in the process approach (e.g. Statistical process control, Total Quality Management, Business Process Reengineering, ISO 9001, Lean Management, Six Sigma, Lean Six Sigma). Process management is based on the TQM philosophy of constant improvement, and it includes rules and techniques of operational management, i.e. Lean and Six Sigma, and combines them with the capabilities of IT for the optimal translation of an organisation’s strategic goals to business processes (Dumas et al., 2013, p.7).

On the tide of NPM, the process approach started to be used also in public organisations in order to improve management effectiveness and performance (Izdebski 2007, pp. 12-13), flexibility of operations through the adoption of customer’s perspective in undertaken actions and launching pro-quality and pro-effectivity initiatives (Flieger, 2012, p. 36). However, the constituting principles, conditions, and the characteristics of activity are the sources of discrepancies in the approach to process management between business and public organisations. Areas of discrepancy are presented in Table 1.

**Table 5.1 Process management in a business organisation and public organisation – areas of discrepancy**

<table>
<thead>
<tr>
<th>Areas of discrepancy</th>
<th>Business organisation</th>
<th>Public organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer and ways to meet their needs</td>
<td>Customer’s desires are the priority. Customer satisfaction is crucial. The customer is involved in the processes to a minimal and indispensable extent (does not participate in subsequent stages, is the recipient of the end product),</td>
<td>The condition of quality assessment is not customer satisfaction, but primarily compliance with law and promptness. The priority is meeting customer needs through equal and universal access to public services – the so-called public interest. The necessity of customer participation in subsequent stages of the process execution due to the lack of databases integration.</td>
</tr>
<tr>
<td>Control</td>
<td>Ownership control</td>
<td>Public and political control</td>
</tr>
<tr>
<td>Authorities</td>
<td>Election of authorities determined by the owner, often based on economic performance. No terms of office for authorities.</td>
<td>Democratic choice of authorities determined by law (districts, communes). Element of the election struggle. Terms of office for authorities.</td>
</tr>
<tr>
<td>Measures of processes and results/effects</td>
<td>The ease of determining performance measures. Performance indicators: quantitative (mainly financial), and qualitative. Systematic monitoring of processes as a basis for improvement.</td>
<td>Difficulty in the measurement of processes and results due to its complex and multi-dimensional character. Main quality and non-financial indicators. The necessity to monitor and control selected processes stems from the provisions of law – it is not the basis for improvement.</td>
</tr>
<tr>
<td>Social structure</td>
<td>Employees create a relatively uniform group that carries out the mission and strategy of the enterprise.</td>
<td>Employees organise themselves in informal interest groups on the level of departments.</td>
</tr>
<tr>
<td>Stakeholders of the organisation</td>
<td>Entities in the environment with whom the enterprise has relations, often building business networks based on market and/or bureaucratic coordination.</td>
<td>Participation of multiple entities in the management process (contracting services, outsourcing, participatory management, partnerships and network governance). Significant dependence from the legal environment.</td>
</tr>
<tr>
<td>Objectives of actions</td>
<td>Clearly stated, stable and unchanging strategic objectives connected with quality objectives, cascaded to operational objectives at the level of processes and employment positions. Monitoring strategic and operational objectives in connection with the improvement of organisational processes.</td>
<td>Ambiguity and diversity of action objectives – objectives are multidimensional, economic profitability is not a boundary condition in decision-making and process assessment in public organisations, necessity to integrate objectives with the objectives of management control. The long horizon of strategic goals execution, their realisation made difficult by political influences and authorities’ terms of office.</td>
</tr>
<tr>
<td>Attitude to costs</td>
<td>The reduction of costs as an autotelic value based on a deep understanding of the processes executed in the organisation.</td>
<td>Automatic approach, not supported by a deep analysis of the core of processes. Simple cost-reducing operations. Cost policy based on immediate objectives and group interests.</td>
</tr>
<tr>
<td>The relationship between the number of customers and employees</td>
<td>The loss of customers is equal to bankruptcy and loss of work.</td>
<td>The lack of a direct link between the reduction of customer numbers and the reduction of jobs in public offices. No threat of the possibility of declaring bankruptcy.</td>
</tr>
</tbody>
</table>


Despite the indicated discrepancies, the process approach is successively implemented in public organisation both in an operational and strategic dimension. Attempts are made to develop original and reference models of process management (e.g. EAP; Bugdol, 2015b, p. 48). In the operational dimension, mostly tools and IT systems are used, as well as e-government solutions that
require the implementation of the process approach (Bugdol, 2011, p. 128; Krukowski, 2011, p. 1). Both the literature and practice allow indicating numerous legal, psychological, technical, and organisational barriers to the implementation of e-services (Bugdol, 2015a), that may also result from the discrepancies presented in Table 1.

In the strategic perspective, a popular tool for implementing organisational and social changes in the process approach in public organisations is the ISO 9001 Standard, specifying requirements for the quality management system (Bugdol, 2011, p. 123; Batko, p. 93; Flieger, 2012, p. 100). The need for a better adjustment of the standard to the character of service organisations and challenges of the modern economy and society became the reason for its revision in 2015. Fundamental changes concern the introduction of such elements as: specifying the context within which the organisation operates, managing opportunities and risks, managing change, managing knowledge, more flexibility in the approach to documentation and reinforcing the process approach. The revision of the Standard also sets new challenges for public organisations in terms of its implementation in the context of new management models based on the paradigm of governance and the concept of social participation.

**Social participation in the process approach illustrated with the example of the ISO 9001 Standard**

The idea, concept and principles of process management and social participation, a category related to good governance, has grown from various sciences and disciplines, which fundamentally differentiates their perspective in relation to public organisations. Process management fits within the domain of organisation and management studies, and it focuses on the organisation in micro scale, while good governance is derived from public administration studies (Izdebski, 2007, p. 11), and it is a domain of public management which goes beyond the framework of a single organisation and its connection to the environment, it expands its field of interests to the entire national economy and the entire state (Sudoł 2013, p.203). Social participation is a term connected with the concept of good governance, so it refers to external stakeholders of the organisation (citizens and various forms of representation of their interests and needs, including formalised and informal communities, non-profit organisations, entrepreneurs, media, and various levels of public institutions), as well as the way of building relationships with them by informing, consulting and governing a self-government unit (understood as an open organisation). It is proposed that the terms “governance” and “participatory management” should be used interchangeably (Sześciło, 2014, p.53) to denote methods of public management.
Meanwhile, the concept of process approach defined in the ISO 9001 Standard specifies the approach to public organisation as an entity distinct from its environment legally, economically, technically, socially, and organisationally. From this point of view, the notion of social participation is defined in the context of employee participation, and the objective of participatory management (management through participation) is the increase in subordinates’ activity and fulfilment of their higher-order needs (self-actualisation, esteem, social belonging), in the course of their participation in making decisions in the organisation (Bieniok, 2001, p. 207), while this kind of participation is not the subject of the present paper⁴. Therefore, in the ISO 9001 Standard, the term “social participation” is not used directly with reference to its external stakeholders, but its core is expressed by definitions, quality management principles, and requirements of the standard in the following areas:

- Determining the context of organisation.
- Defining relevant interested parties.
- Analysis of customers’ needs and requirements.
- Assessment of services quality.
- Analysis of risks and opportunities.
- Management of knowledge.
- Management of change.
- Improving the organisation in relation to its objectives and context

Below, the main conclusions of the analysis of the ISO 9001:2015 Standard requirements are presented.

**Determining the context of an organisation**

The revision of the standard introduced a significant group of requirements concerning the obligation for managers to determine the so-called context of the organisation. Organisational context is defined as the combination of internal and external factors that can influence the organisation’s approach to setting and achieving its objectives (clause 3.2.2, ISO 9001). The organisation should determine internal and external factors that can – positively or adversely – impact the meaning of its existence and capability to achieve the intended objectives and performance results. The point of the organisation’s existence can be expressed through its vision, mission, policies, and objectives. The external factors can include e.g. cultural, social, political, legal, financial, technological, economic,

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⁴ Such an assumption constitutes a certain deliberate simplification used to achieve clarity of the present study. Employees of the municipal and communal office as well as other territorial units are also citizens, residents, and leaders of local organisations, hence the previously unexamined area of relations and connections between employee participation and social participation.
and competitive conditions on the international, national, regional, or local level. Internal factors usually include values, culture, knowledge and effects of the organisation’s operations, and internal requirements concerning performance results. Understanding the context of the organisation is a process. This is why these factors should be monitored and reviewed on a regular basis (both on the level of processes and the entire organisation). It can be executed through audits and management reviews. Through the use of social participation tools, i.e. informing, consulting, and governance, residents can be included, and directly and indirectly impact the determination of key elements of the quality management system, such as mission, vision, scope of the quality management system, processes, policy, quality objectives, risks, and chances of their execution in the city or the commune. Including local community can be of critical importance in the process of defining and understanding public organisations.

**Defining relevant stakeholders**

A part of the process of understanding the context of an organisation is also the identification of relevant interested parties. The standard requires the public organisation to identify interested parties relevant to the quality management system, as well as their requirements and to review this information (ISO 9000, p. 6). Interested parties are those that create considerable risk to the sustainable development of the organisation when their needs and expectations are not met, which can constitute a source of risk (clause 2.2.4, ISO 9001). Whether a particular requirement of an interested party is relevant for an organisation’s quality management system, remains at its discretion (ISO 9001, p. 31). The organisation should manage relations with interested parties for the purpose of optimising their impact on the effects of its actions. Residents and their representatives as well as non-public organisations cooperating with the municipal and communal offices in the realisation of their tasks, can be included into the category of relevant interested parties. Unanimity of the purpose and direction of action as well as social participation enables connecting the requirements of the interested parties, the development strategy of the public organisation, processes, and resources.

**Analysis of customers’ needs and requirements, and the quality assessment of services**

According to the ISO 9000:2015 Standard, the fundamental objective of quality management is meeting the requirements of customers and stakeholders of the organisation, and making effort to exceed their expectations. In the approach based on NPM and the governance paradigm, the customer – resident
or their representative, or another organisation – becomes the entity in relations with the public office and has the opportunity to influence the quality of services. Therefore, social participation can occur at the stage of designing public services (e.g. examining needs and requirements), co-creating/co-producing public services (Sześciło, 2015, p. 14) e.g. joint creation of service provision standards and the assessment of their quality (satisfaction surveys and other measures of process effectiveness and performance, i.e. time, costs, compliance). The measure of public organisations’ success is gaining and maintaining the trust of its customers and other interested parties. It is possible by involving customers and other entities in the process of making decisions about the type and forms of providing services. Each aspect of the interaction with customers constitutes a chance to create greater value for them. As the Standard emphasises, understanding current and future needs of customers and other interested parties contributes to a public organisation’s lasting success.

**Risk-based approach**

Risk-based approach ensures identifying, considering, and overseeing risk in the course of designing and functioning of a quality management system in a public organisation, as well as specifying the ways to handle risk. Risk is defined in the ISO 9000 Standard as the effect of uncertainty (ISO 9000, p. 26). In the context of ISO 9001, risk refers to uncertainty of achieving the main objective of the standard, i.e. ensuring that the public organisation is capable of constant provision of products and services in accordance with customer requirements, and strives to increase customer satisfaction. Risk is most often regarded in the negative sense, whereas risk-based approach can also help to identify opportunities for a public organisation. The notion of “opportunities” is connected with exceeding expectations and set objectives. From the perspective of social participation, the main source of risks and opportunities identification is the analysis of the context of the organisation, monitoring processes from the perspective of the impact on compliance and capability to increase customer satisfaction as well as corrective actions. According to the requirements of the Standard, risks and opportunities should be planned, there should be specific procedures

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4 The norm draws attention to the following dimensions of uncertainty: uncertainty causes deviation from expectations – positive or negative; uncertainty is as well a state, also partial, of the lack of information related to the understanding or knowledge about an event, its outcome or probability. The norm emphasises that risk is often determined in relation to potential events and its outcomes or combinations thereof. Risk is also often expressed as a combination of an event’s outcome and related changes in the probability of its occurrence. ISO 9000: 2015, clause 3.7.9, p. 26

5 Opportunities may arise as a result of a situation that favours the achievement of intended objectives, such as: a set of circumstances that enable the organisation to acquire new customers, develop new products and services, reduce waste or improve productivity, an open new markets (0.3.3). ISO 9001:2015 sec. 0.0.3 Risk-based approach, p. 8
in place to handle and monitor them, and the effectiveness of actions with regard to risk and opportunities should be taken into account during management reviews. Therefore, in the management quality system model, risk is built into the entire management system, it is present in all processes and actions.

**Knowledge management**

The reviewed standard takes into account the need to specify and manage knowledge maintained by the public organisation, in order to ensure the functioning of processes and achieving the compliance of products and services (ISO 9001, p. 32). The basis of the organisation’s knowledge is experience. The organisation’s knowledge can be based on internal sources (e.g. intellectual property, knowledge gained from experience, from mistakes and successful projects, lost opportunities, the improvement of processes, products and services), and external sources (e.g. standards, conferences, seminars, knowledge acquired from customers and external providers, also through various forms of social participation). When considering the changing needs and trends, the public organisation should consider its current state of knowledge and determine how to acquire all necessary additional knowledge and required update or gain access to it.

**Change management**

The standard also contains requirements concerning introducing changes at the system level and the operational level. After specifying processes, the organisation should identify risks and opportunities connected with these processes, as well as the necessity to introduce changes. The need to introduce changes may stem from e.g. feedback from customers, residents, and other organisations obtained with the help of various tools of social participation, customer complaints, feedback from public office employees, innovation, identified risks and opportunities, results of an internal audit, results of a management review, and identified non-compliances. These changes can be connected with any element of the process, i.e. inputs, resources, people, actions, supervision, measurements, outputs, etc.

**Public organisation improvement**

Improvement is defined as the action taken to enhance performance (clause 3.3.1, ISO 9000), while continual improvement is a set of recurring actions that are carried out in order to enhance performance (clause 3.3.2, ISO 9000). Clause 10.1 of the ISO 9001:2015 Standard specifies that a public organisation should determine and select opportunities for improvement and initiate all necessary
actions to meet customer requirements and enhance customer satisfaction. Such actions should include:

- improving products and services to meet customer requirements, and taking into account future needs and expectations, e.g. through the social participation process;
- correcting, preventing or limiting unwanted outcomes of initiated actions and processes;
- improving the functioning and efficiency of the quality management system.

Improvement can include correction, corrective actions, continual improvement, crucial changes, innovation and reorganisation. Improving the quality system is based on the PDCA cycle.

In conclusion, it should be noted that in the ISO 9001 Standard, social participation manifests itself in multiple dimensions. The process of social participation can be executed through external relations (citizens and organisations as an element of the TSU operational context). Social participation can also be executed at the strategic level (context of the organisation), and operational level (service quality assessment, setting shared standards of services). It can take the form of a vertical (concerning the relationship between the public organisation and citizens and organisations, e.g. informing, co-deciding, and consulting), and horizontal participation (which manifests itself in cooperation to achieve the shared objective, building cooperation networks – network governance). The conclusion which can be drawn from the analysis conducted above is that the idea of a system based on the process approach specified in the ISO 9001 Standard enables the transposition and inclusion of society and other stakeholders of a public organisation in the governance process, according to the idea of social participation. Participation of residents and other organisations is the condition of meeting requirements specified in the Standard with regard to: the context of the organisation, including identification of relevant interested parties, analysis of customer needs and requirements, services quality assessment, analysis of risks and opportunities, change management, knowledge management, and improvement of the organisation in relation to complex objectives.

Summary

The process management system compliant with the requirements of the ISO 9001 Standard, if it is implemented correctly and takes into account organisational and technical, as well as social and cultural aspects of a public organisation’s actions, supports the concept of good governance, including the idea of social participation. The 2015 revision of the standard made it more fitting to the
context of activities of a public organisation such as a city or a commune. It includes elements indicated as lacking in new concepts of public organisation management by researchers (cf. Denhardt 2011, p. 157), and it can effectively support TSUs in the realisation of fundamental postulates (Wiatrak 2005, p. 41) in terms of an effective execution of the social participation process through:

- clear orientation on residents and supporting their own objectives and tasks,
- simple and understandable values, action objectives, and tasks,
- ability to learn occurring changes and adapt to the changing circumstances,
- communicating with residents to acquire their approval for actions taken by the commune,
- exerting motivating influence on residents’ behaviour, according to the adopted strategy,
- broader consideration of the role of people as well as social, psychological, technical, and organisational factors of the work environment,

The standard is a result of several dozen years of international experience in building efficient and effective management systems in various organisations, including public ones, therefore it enables fulfilling the postulate of combining theory with practice (cf. Denhardt 2011, p. 157). The area outlined in this paper requires further in-depth studies, both in its theoretical and practical dimension.

References


CHAPTER 6
LEVELS OF THE ANALYSIS OF TRUST
IN PUBLIC ORGANISATIONS

Małgorzata Marzec

Introduction

Public institutions’ activities are strictly determined by provisions of the law. But foreordained procedures cannot secure trust in a public institution. Nowadays, trust is considered to be an indispensable element of building relations between various entities. The necessity to build trust concerns also the public sector. An appropriate level of trust in an institution providing public services enables creating positive relationships between this institution and its stakeholders. Trust is related to the subjective probability that the entity or person with whom we work will perform the assigned task adequately and that this action will not be harmful (Gambetta, 1988, pp. 213-238). Building an organisation’s credibility is influenced by numerous factors. Notable among them are: competences, intentions, predictability, results, and honesty. The objective of this study is to indicate the levels of the analysis of trust in public organisations. Trust seems to be the key factor which enables the achievement of success, understood in the broadest sense as meeting the needs of an organisation’s stakeholders. The study indicates the features of a trust-based public organisation. Types of trust that can be built by organisations operating in the public sector were presented. Trust is considered as a management tool (management through trust), which will result in the achievement of the objective. Trust can be also the result of the actions of the organisation.

The paper was prepared based on the analysis of the literature and the review of data concerning trust in institutions operating in the public sector.

The significance of trust in public organisations

Trust is an element of an individual’s functioning within society, and one of cultural features that initiates soft factors of success. It is often indicated that trust creates favourable conditions for effective cooperation. It is more than
The complex identity of public management: aims, attitudes, approaches

a buzzword and it can contribute to the achievement of set goals (Konopka, 2015, p. 25). The literature contains numerous definitions of trust. According to A. Lewicka-Strzalecka (2016), trust is a belief that the other party shares our values and adheres to the norms, and that they will work to our benefit, or at least not to our detriment (Lewicka-Strzalecka, 2016). Such a conviction can be expressed, among others, toward a person, institution, company or other type of organisation. Trust facilitates starting a relationship, because it increases the subjective conviction of both sides about the possibility of its success. R. Hardin points out that trust is an emotion expressed toward various objects. It is connected with the faith in good intentions of the entity which we trust. Moreover, we believe that the subject of our trust is capable of achieving what we expect of them (Hardin, 2009, p. 25). Therefore, trust means readiness to take actions based on an expectation that people and institutions will be acting in a manner beneficial for us. Trust is always connected with the conviction that the other party of the relationship is honest in their intentions and actions toward a given entity.

According to F. Fukuyama, trust is a mechanism based on the assumption that other members of a certain community are characterised by honest and cooperative behaviours based on mutually shared rules (Fukuyama, 1997, p. 38). Therefore, the foundations of trust are norms observed by all members of a particular community or organisation. Meanwhile, P. Sztompka believes that trust is “a bet about the future”. It is not only the hope, but it also involves commitment, and making a decision that contains risk. If we trust someone, it means that we expect that their actions will be beneficial for us, or at least that they will not be harmful (Sztompka, 2007, pp. 309-310). According to Sztompka, trust is not only a belief or a conviction, but it also involves taking action and risk – by trusting someone, you are ready to work with them, without always being certain that it will end successfully (Sztompka, 2007, pp. 310-311).

Trust may be regarded and analysed from various perspectives. Most often trust is analysed as: the element of social capital, foundation of social interactions, resource of an organisation, expectation of future actions of other persons or groups, and as relationships within a particular organisation. Trust is voluntary, since partners in the relationship make the decision themselves whether to trust other parties in the relationship. Trust involves risk, because each party must take into account the possibility of their partner’s dishonesty and uncertainty of the realisation of the relationship’s outcome. The important aspect of trust is the fact that it cannot be gained permanently. Trust is dynamic and it changes with time, which means that it can be lost at any point. Moreover, it is built based on experiences and knowledge not only of the entity that wants to trust, but also other entities.
The act of trusting consists of taking actions connected with the expectation that people and institutions will be acting in a manner beneficial for us. Trust is always connected with the conviction that the other party of the relationship is honest in their intentions and actions toward the given entity. The table below presents definitions of trust from the perspective of organisational management.

**Table 6.1 Definitions of trust from the perspective of organisational management**

<table>
<thead>
<tr>
<th>Author, Year</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paliszkiewicz, 2013</td>
<td>Trust is a belief that the other party will not act against us, will be reliable, will act predictably and in a manner beneficial for us</td>
</tr>
<tr>
<td>Sankowska, 2011</td>
<td>Trust is the readiness to become sensitive to other party’s actions, based on the assessment of their credibility in the situation of co-dependence and risk</td>
</tr>
<tr>
<td>Grudzewski, Hejduk, Sankowska, Wańtuchowicz, 2008</td>
<td>Trust is a directed relationship between two individuals, one of which is trusting, and the other one – the trustee. Trust manifests in the situation of dependence between the one who trusts and the trustee, which is marked by risk.</td>
</tr>
<tr>
<td>Gambetta, 1988</td>
<td>Trust is a resource that is supposed to contribute to achieving economic results, It plays an important role in the economic life and enables the execution of an effective market exchange.</td>
</tr>
<tr>
<td>Mayer, Davis, Schoorman, 1995</td>
<td>Trust is the readiness to accept other party’s behaviours without the need to control and monitor behaviours; we are ready to take the risk.</td>
</tr>
<tr>
<td>Hardin, 2009</td>
<td>To trust someone means believing that the person is driven by good intentions and is capable of what we expect of them.</td>
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</table>


The level of trust depends on the features of a particular community (the so-called tendency to trust), and moral principles of particular communities. The literature features various levels of trust analysis, according to which trust is regarded as (Grudzewski et al., p. 22; Lewicka, Książek, Krot, pp. 41-56):

- a disposition (individual expectations) related to the subjective attitude toward the other party. It consists of issuing a certain assessment or predicting certain behaviours. It involves confiding, renouncing control in favour of trust, the belief in the stability of the social order, competence and standards of people in whom we confide.

- an emotion expressed toward various recipients of trust, linked to the belief that the trusted person (entity), has good intentions and is capable of performing the action we expect of them.

- a decision, or intention, connected with relying on a certain subject of trust (subject or object), which makes the trusting party dependant on the other party,

- behaviour that stems from the act of entrusting oneself to the other party.
• social structure where trust has not only individual, but also social character. Interactions are complex, creating networks of trust, strengthened by the history of relations and norms shared by a particular group.

Trust analysis allows distinguishing determinants that shape its creation. Usually, the following elements are listed: competence, risk, credibility, responsibility, good will, kindness, predictability, and reliability. From the perspective of the organisation’s operations, trust is one of the key factors determining the achievement of the intended objective and development of the organisation, and it constitutes its intangible asset. It builds positive relations both within a particular organisation, and with its external environment. Another aspect, which is often indicated, is the importance of trust for the improvement of efficiency and speed of functioning as well as creation of a positive image of a particular entity.

Regardless of the adopted definition, perception, or selected bundle of traits, advantages related to trust should be emphasised. If trust exists, individuals take joint actions, they are prone to cooperate and support those they trust, and trust-based actions enable limiting strict control, which yields economic benefits. Equally important are shared values and norms of those who trust and those whom they trust.

With reference to the public sector, a definition formulated by P. Sztompka (2005) can be used, which states that trust: “is an expectation expressed in action toward the partner (institution) that their reactions will be favourable for us. (…). It often even means a conviction of one of the parties of the fact that the motivation of the other party is being honest and willingness to do good. Trust is a bet made about uncertain future actions of other people or institutions (…). We trust a person – an entity – whom we believe will advise us well, thinking about us, and not about themselves” (Sztompka, 2005, pp. 312, 326). It should be emphasised that trust in public organisations “constitutes a solution for a particular brand of problems connected mainly to the social risk”.

Trust is the key notion for the understanding of economic and social reality. Increasingly often it is treated as the fundamental ingredient of society, social capital, or as an organisational resource, psychological state, readiness to accept another person’s behaviour, expectation toward other people as well as oneself (Sztompka, 2007; Hardin, 2009; Bugdol, 2010; Kożuch, 2011). Within this understanding, trust becomes an important element of reality, particularly in the world of interdependencies, increased uncertainty and risk, when methods and instruments are sought to ensure effective functioning of organisations, and reliable ways to assess persons, social roles and institutions are in demand. Trust

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1 At this point, we should provide a definition of risk: danger, threat of failure and unfavourable outcomes caused by particular actions we have taken.
enables functioning in the world in a situation where universally accepted norms and rules disappear. It gains particular significance in the sphere of public sector management, where it can become a shared value for all stakeholders working with a public organisation. Due to the character of public organisations, the top priority and at the same time the condition of efficient functioning of such organisations should be maintaining a high level of trust. Trust between public institutions and society can enable their mutual cooperation. On the one hand, citizens should trust public organisations. On the other hand, an appropriate climate of trust in public organisations should enable the development of general social trust.

Profiles of trust in public organisations

Trust constitutes a non-tangible asset of an organisation and it is one of the key elements that guarantee its success and development (Kapuścik, pp. 135-149). Furthermore, it enables building positive relationships in the internal and external environment of an organisation, with various groups of stakeholders. Trust must exceed the limits of the public organisation operating in the wider context. The priority of a public organisation should be shaping trust for various groups of stakeholders. Therefore, trust is an important tool for effective communication of a public organisation with its environment and stakeholders. Particular groups of stakeholders have various expectations toward an organisation, which change with time and are subject to priorities. According to Hillman and Keim (2011), outcomes of processes in public organisations should balance the needs of various groups of stakeholders (Hillman, Keim, 2011). Public organisations are supposed to create adaptation mechanisms appropriate for the changing environment and expectations of stakeholders. The effectiveness of these mechanisms guarantees the successful functioning of public organisations in their environment. Moreover, trust plays a considerable role in the process of creating informal networks and impacts the shaping of social bonds, which, as a result, contribute to the initiation of various social activities.

Organisations with a high level of trust operate on the basis of ethical and fair practices, they keep their promises. As opposed to organisations with a low level of trust, they are simply reliable. The table below features examples of behaviours of members of an organisation characterised by a high and low level of trust.

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2 The author adopts the definition formulated by E. Freeman: the stakeholder is “every person or group that can have impact on the particular organisation or, on which the organisation can have impact” [Freeman, Reed 1983].
Table 6.2 Examples of actions taken by members of organisations with a high and low level of trust

<table>
<thead>
<tr>
<th>Organisations with a low level of trust</th>
<th>Organisations with a high level of trust</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Distorting or manipulating the facts</td>
<td>1. Open sharing of information.</td>
</tr>
<tr>
<td>2. Concealing information or holding them in store</td>
<td>2. Tolerance for errors and treating them as a way to learn.</td>
</tr>
<tr>
<td>3. Bending the truth to one’s own benefit</td>
<td>3. Atmosphere of innovation and creativity.</td>
</tr>
<tr>
<td>4. Rejecting/opposing new ideas.</td>
<td>4. Loyalty toward the absent.</td>
</tr>
<tr>
<td>5. Covering errors and oversights.</td>
<td>5. Speaking directly and discussing existing problems</td>
</tr>
<tr>
<td>7. Organising “meetings after meetings”</td>
<td>7. Willingness to share credit.</td>
</tr>
<tr>
<td>8. Many items “undiscussed”</td>
<td>8. Not many so-called “meetings after meetings”</td>
</tr>
<tr>
<td>9. Too many promises, too little actual work.</td>
<td>9. Transparency as a universally accepted value.</td>
</tr>
<tr>
<td>10. Pretending that bad things did not happen or not admitting them.</td>
<td>10. High responsibility as the norm of behaviour.</td>
</tr>
<tr>
<td>11. Feeling unproductive tension – sometimes even anxiety</td>
<td></td>
</tr>
</tbody>
</table>


The nature of the process of building trust in public organisations is multidimensional, and it should take into account numerous elements. Table 3 contains a compilation of major factors that shape trust in public institutions.

Table 6.3 Determinants shaping profiles of trust in public organisations

<table>
<thead>
<tr>
<th>Determinant</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Shared values</strong></td>
<td>shared beliefs, objectives, norms, behaviours; the greater the convergence of values is, the greater is the commitment of public organisation stakeholders to relationships</td>
</tr>
<tr>
<td><strong>Communication</strong></td>
<td>the fundamental element of cooperation, maintaining the dialogue, specifying needs, expectations and norms; it can be formalized or not, the important thing is that the parties use a common language and rules of communication</td>
</tr>
<tr>
<td><strong>Opportunistic behaviours</strong></td>
<td>are connected with one party’s aspirations to maximise benefits, objective of the cooperation; they can result also from differences between the expected and obtained advantages of one of the parties in the relationship; failure of the parties to compromise can lead to a decrease in commitment</td>
</tr>
<tr>
<td><strong>Calculation processes</strong></td>
<td>connected with the analysis of costs and benefits that can be incurred/gained by one of the parties of the relationship, when acting not in keeping with the common interest</td>
</tr>
<tr>
<td><strong>Abilities</strong></td>
<td>concern competences, capability of relationship entities to fulfil their promises toward the partner; both parties must be certain that stakeholders have sufficient knowledge and resources to achieve the intended objective</td>
</tr>
<tr>
<td><strong>Predication processes</strong></td>
<td>they are connected with the possibility of predicting the conduct (behaviours) of stakeholders – partners in the relationship</td>
</tr>
<tr>
<td><strong>Intentions</strong></td>
<td>connected with the ability to interpret behaviours and words in such a way as to make partners in the relationship believe in their mutual good will and the willingness to achieve the intended objective</td>
</tr>
</tbody>
</table>

Source: based on Zak, 2017.
In the literature, we can find multiple levels of trust analysis. In the context of the present study, it is important to indicate those types of trust that are significant from the perspective of building relationships with public institutions' stakeholders. It is useful to indicate the following types of trust (Bratnicki, Strużyna, 2001; Hopej, 2004; April, 2012):

1. Social – connected with the acceptance of an ethical norm referring to a certain belief, norms of actions adopted in a given society or profession. Social trust stems from cultural features of society that determines honest and cooperation-based behaviour. It is the most general level of trust.

2. Calculation – based on a simple estimation of costs and benefits from a particular relationship. In this respect, trust is based mainly on the calculation of profits and losses of a particular relationship. In this case, the calculation is linked to the analysis of benefits stemming from trust toward a public institution.

3. Institutional – that puts emphasis on formal regulations. Clear rules regarding tasks, rights and responsibilities enable building cooperation based on trust.

4. Perception – understood generally as the process of perception of other people’s actions. This type of trust can be based on information obtained from the entity’s environment, as well as the observation of internal processes of the entity’s functioning. It is related to the assessment of impressions after contacts with a given person or institution.

5. Cumulative – described also as trust based on knowledge. It assumes building trust based on a long-term process of gathering knowledge and gaining experience about the entities’ rules of operation.

6. Empathy-based – connected with a low level of assurance. This type of trust is based on the value of establishing a dialogue, and it is connected with a high level of openness, sensitivity, and tolerance.

7. Based on the participation of internal and external stakeholders. It is connected with performing various tasks by members of a particular organisation as well as by external entities. It is connected with a high level of managers’ competences with respect to shaping interpersonal relations. The significance of individual features of the members of the organisation and relationships between them are important here.

8. Based on identity and commitment to the execution of the organisation’s particular goals. It is shaped on the basis of a high level of shared responsibility, the sense of shared goals and mutual relationship.

In the trust analysis we should also consider what could constitute its sources. The basis for trust may be familiarity resulting from certain stable relationships between the parties (trustee and trusting) calculation based on the estimation of
profits and losses resulting from a given relationship, and value connected with the trustee’s adherence to the norm which increases the positive belief in their honesty and good will (Hirsch, 2016, pp. 5-10). The sources of trust can change in the course of the relationship of exchange, and as a result of a cumulation of experiences. Public organisations should take into account all three elements of trust building.

Trust can be treated as a particular kind of faith in the particular entity’s principles of operation. This belief is based on the observation of the entity’s operational culture and on the way it communicates with its stakeholders. A trustworthy public organisation should be characterised by openness, honesty, reliability, and competences, and it should identify with high moral standards and values. Moreover, it must have precisely determined objectives. It would be useful to indicate factors which can be important for building trust by a public organisation with various groups of stakeholders. Based on the review of the literature, it is possible to indicate several important elements. The most important ones among them are (Benson-Armer, Stickel, pp. 20-26; Grudzewski et al. 2009, p. 166; Wereda 2015, p. 221):

- Trust can limit weaknesses in various situations.
- Trust can provide a buffer for the risk and learning from mistakes.
- Trust should be built by displaying confidence in employee competences and intentions, and by limiting prejudice, expressing respect and establishing mutual expectations of the parties.
- Trust should not be blind (unconditional).
- Trust is not permanent.
- Trust can be built not only based on past experiences, but also predicted future actions of the organisation.
- Trust can reduce uncertainty through strict specification of employees’ roles and shared value systems, as well as through communication and the way it is shaped.
- Trust can be built not only long-term, as a result of gathered experience, but also in short-term through the execution of short-term goals.
- Trust should be built intentionally.
- Trust building is accelerated by indicating detailed rules of cooperation and providing concrete results of work.
- Confidence is the feature of the trusting entity, whereas the commitment concerns the entity in which trust is placed, in this case – the public organisation.
- Trust is one of the quality assessment criteria of relationships between various stakeholder groups and the public institution.
• A positively evaluated public entity is considered a trustworthy partner. A positive assessment of the partner is equal with the expectation of their kindness, as well as honest and responsible actions.
• In relationships conducive to trust, the emphasis is shifted from dictating actions to expecting results.

Trust should become the key resource of a public organisation that cannot be substituted. Modern societies increasingly often indicate the importance of honesty and open communication between the parties in the relationship. The indicated features condition building and maintaining an appropriate level of mutual trust. Public organisations should influence the trust that is placed in them. They can achieve this by: the capability (skills) to perform certain actions, kindness that engenders acting in the good interest of the parties, and honesty resulting from the consequences of abiding by specific rules (Sankowska, 2012, p. 3). Trust-building strategies should involve all groups of public organisations’ stakeholders on various levels. Through shaping trust in themselves, public organisations influence general behaviour and create the conditions for the development of the climate of trust.

The level of trust in the public sector – a review of research results

In Poland, the level of trust is systematically monitored. There are studies available on general social trust as well as trust in various institutions. Some of the available studies include those carried out by CBOS Public Opinion Research Center, TNS Global, a report “Diagnoza Społeczna” (Social Diagnosis), and the results of a trust survey in an international cross-section conducted by the Edelman Trust.

Polish society is characterised by a low level of trust in state institutions and public sphere organisations (Figure 1). Moreover, Poles declare a relatively low level of general trust in comparison with other countries (Figure 2).

The low level of trust in public institutions among Poles is also indicated by studies carried out by the Public Opinion Research Center (CBOS) in 2016. Entities which enjoy the most trust are the military (79%), the police (65%), local/communal authorities (64%), and the Polish Ombudsman (63%). Slightly less Poles trust public administration officials (50%), and courts (45%). Poles place the least trust in the government (38%), the Constitutional Tribunal (37%), and the Sejm (lower house of the Polish parliament), and Senate (30%).
Figure 6.1 Net trust* in public institutions in Poland in 2016

*net trust in pp: percentage of answers “definitely agree” plus “mostly agree” minus the percentage of answers “definitely disagree” and “mostly disagree”.

Figure 6.2 The percentage of people aged 16 or older who trust other people – comparison of various countries in 2006, 2012 and 2014

*data from 2012


Summary

Trust is an indispensable value for the functioning of public organisations and it should become its key organisational resource that cannot be replaced. Modern societies increasingly often indicate the importance of honesty and open communication between the parties in the relationship. Public institutions should pay attention to trust in the relationship between the entity and its stakeholders, but also in inter-organisational relationships. The process of building trust is difficult and lengthy. Public organisations should build trust both in themselves and generalised (social) trust.

Public organisations can build trust through several elements and on various levels. Figure 3 presents a compilation of the levels of building trust by public organisations.
The notion of trust concerns many elements, such as: expectations, relying on someone, risk, probability, and uncertainty. Trust enables cooperation between entities and its stakeholders on various grounds. A high level of trust in public organisation can facilitate the process of providing public services. Entities that believe that public organisations act in their interest, do not have any hidden agenda and attempt to achieve the intended objectives in the best possible way, will be able to trust them. Trusting stakeholders will believe that public organisations operate in the best possible way. Public organisations should build trust based on various elements, at various levels of trust. Managing trust in public organisations should constitute a deliberate and continuous process that cannot be imposed or regulated with legal procedures. Conditions for generating trust in public organisations should take into account the following factors:

1. Public organisations and society must be sure that the goal of the action are shared values.
2. Shared values must be clearly translated into concrete objectives of a public organisation’s activities.
3. Expectations of public entities and society must be complementary (match one another).
4. Trust must be reasonable and verifiable with empirical information and particular actions of public institutions.

The determinants listed above should be subject to constant assessment by public organisations.
Levels of the analysis of trust in public organisations

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CHAPTER 7
DIRECTIONS OF CHANGES IN THE
MANAGEMENT OF POLISH NGOS
IN PROCESSES OF GOVERNMENTALISATION
AND MARKETISATION

Ewa Bogacz-Wojtanowska, Jan Meisel-Dobrzański,
Katarzyna Peter-Bombik

Introduction

In the recent years, non-governmental organisations have been affected by the process of hybridisation, i.e. gradual blurring of differences, in which organisations from various sectors start to resemble one another, and creating networks of interdependencies (Bogacz-Wojtanowska, 2013) sometimes termed absorption, or institutional isomorphism (Craig, Porter, 2004). These processes, identified in the 1970s, are particularly visible in countries with a well-developed NGO sector (Kramer, 1998), while in Poland they are only at the initial stage of development.

Hybridisation processes can be linked to two changes occurring in many NGOs. Firstly, the development of products and services in the NGO activity, resulting in the reinforcement of business activity in NGOs (“marketisation”, used interchangeably with “commercialisation”). Secondly, NGOs that use the public sector’s support can gradually become similar to public organisations through the bureaucratisation of the ways in which they operate, stiffening their organisational structures or changing their organisational culture (“governmentalisation”).

The objective of this paper is a critical presentation and assessment of the major directions of development of NGO management with reference to marketisation and governmentalisation processes. From a number of existing directions of changes, three were selected: financial management, quality management and management of learning (knowledge) processes in the organisation.
Hybridisation, governmentalisation, and marketisation as processes affecting third sector organisations.

Hybridisation of NGOs is well identified by researchers of the third sector, and it manifests in (Bogacz-Wojtanowska, 2013):
- homogenisation of organisational cultures, especially in the area of organisational behaviour patterns;
- adaptation for the non-governmental sector of management methods and techniques, previously typical only for enterprises;
- creation and proliferation of new organisational forms: quasi-non-governmental, or quasi-private organisations called hybrids (e.g. popular in Poland corporate foundations created for the purpose of executing social objectives, but promoting enterprises that create them).
- creating new organisational structures, adapted to intersectoral networks.

Hybridisation of NGOs is also accompanied by processes of differentiation of the civic sector as well as recombination and refunctionalisation, which lead to the creation of new organisational forms (Romanelli, 1991; Anheier, 2006). Recombination means the introduction of new management methods and techniques and organisational structures not typical for organisations from the selected sector (e.g. marketisation). Whereas, refunctionalisation means the move of NGOs into the area previously occupied by public or private sector organisations, as well as processes of governmentalisation and commercialisation (Bogacz-Wojtanowska, 2013).

Academics approach the concept of governmentalisation in two ways. L. M. Salamon (1987, 1993) believed that the cooperation of public organisations and NGOs, that has been developing since the 1980s, is built on the principle of partnership, symmetric relations and it does not cause the increase of power, domination or advantage of one of the parties. Whereas M. Lipsky and S. R. Smith (1989) were of a different opinion, claiming that through the cooperation with the public sector, NGOs loose independence, which increases the influence of the public sector. Governmentalisation leads to the loss of autonomy, stronger formalisation and changes in creating organisational missions and objectives, particularly in areas on the border of or in cooperation with the public sector (Bogacz-Wojtanowska, 2013). The increase of the non-governmental sector’s importance in providing public services is for some an evidence of an intersectoral partnership (Salamon, 2003), while for others it is a dangerous trend from the perspective of the traditional functions of NGOs (the ideal of independence), which proves their gradual governmentalisation. It is also remarked that
intersectoral cooperation in the conditions of the dominant position of public organisations or the traditional administrative culture (particularly in the countries of the former Eastern Bloc) may deepen the phenomenon of governmentatisation in correlation with social processes such as low social activity, weakness of civic bonds, or low level of mutual trust (Swianiewicz, 2008, p. 82).

The process of marketisation or commercialisation of the third sector (Eikenberry, Drapal, Kluver, 2004, pp. 132-140), is understood as a progressive activity in the area of business activity. It means employing business strategies to acquire resources, market methods, and values for the purpose of acquiring contracts from the public sector and developing social entrepreneurship, and finally making NGOs similar to business enterprises in terms of structure, culture, and manner of operating (Bogacz-Wojtanowska, 2013). Development of the economic function, particularly social entrepreneurship (as one of the areas of marketisation of the third sector) is considered a way to become independent from the public sector financing, and avoid its pathologies (Hausner, 2012). On the other hand, it can result in the decrease of social legitimisation and possibly limitation of access to resources. It can also contribute to the decrease of trust and relationships between the organisation and its cooperants, weaken social networks, and lead to a decrease in volunteers’ commitment (Backman, Smith, 2000). It should be also taken into account that marketisation processes can involve a more universal use of the form of NGOs for business activity, which enable profiting from third sector tax privileges, so rather shady intentions. However, the results of studies carried out in Poland since 2003 have unambiguously indicated a systematic decrease in the income from business activity of NGOs, while the income from paid statutory activity has been growing (Herbst, Przewłocka, 2011, p. 76).

**Financial management in NGOs**

One of the factors that determine initiating activities by organisations, including NGOs, are financial resources. The financial dimension of an organisation’s functioning does not concern only the amount of financial means at its disposal, but also their character, understood as sources of financing, manner and frequency of acquisition, stability and possibilities of planning income. In a competitive environment, the ability to identify and use new sources of financing and their diversification is of no small importance.

The observation of NGOs operating in Poland allows speaking about a certain specificity of such organisations. Studies show that the financial situation of NGOs is gradually improving. It is expressed in the increasing level of NGOs’ income, the reduction of the percentage of the poorest organisations, and the
expansion of the so-called “middle class” of the organisations. A visible correlation exists between the age of an organisation and its financial situation, which means that the longer the organisations operate (the “older” non-governmental sector), the larger its resources are (more broadly: Adamiak, Charycka, Gumkowska, 2016). Unfortunately, huge diversity of Polish organisations leads to a considerable stratification of the sector. It means that a small group of organisations (10%), manages the majority of the sector’s resources (80%). The characteristic feature of a significant part of the sector is also the lack of financial stability. To a large extent this is the result of a strong connection with public partners, which can lead to the aforementioned governmentatisation of these organisations and cause certain negative consequences. On the other hand, we can observe taking actions typical for business entities, i.e. marketisation in the broad sense of the term. As a result, it is possible to indicate several action directions (strategies) of Polish organisations in the area of finances which are not mutually exclusive.

Financial strategies of the third sector

The specificity of the first – “public” – direction lies in financing an organisation’s operations with funds from the public sector. Data concerning the financial situation of NGOs in Poland from the last several dozen years indicate that it is the most popular form of NGO financing (understood as the number of organisations using a given source). It is true that organisations increasingly often point to membership fees, but this is a form available only to associations and it is significant primarily for small organisations. Within such an understanding, means derived from self-government sources, declared by over a half of the organisations, play the key part (Adamiak, Charycka, Gumkowska, 2016). The idea of handing to organisations means for a better execution of public tasks stems from a conviction about a better identification of problems and ways to resolve them by entities located “closer” to the citizen, greater efficiency of actions, or a higher level of social trust. Such a mechanism allows both entrusting public tasks to be executed in full (including their full financing), as well as the support for the execution of these tasks (co-financing with the requirement of an organisation’s own contribution); but it has its limits, including the asymmetry of parties, or dependence on public partners in the economic dimension (problems in the case of the limitation or lack of public funding), and organisational dimension (change in the way the organisation operates).

There are two ways of using public funds. On the one hand, the organisation plays the role of the “executor” of the public task and on the other hand, it becomes the “intermediary”. It is connected with the so-called regranting,
a two-step mechanism of outsourcing public tasks, in which public funds received by an NGO are distributed among other organisations in the form of grants – the organisation that transfers these funds becomes “the operator” responsible for handling the public task (for more, see: Schimanek, 2016). It is difficult to compare the aforementioned roles of “the executor” and “the intermediary” (currently dominant is the mechanism of direct contracting of tasks), but these types of actions can be considered as one of the more promising directions of functioning and acquiring funds by organisations.

One of the most important features of NGOs is the way they are financed, which combines income from commercial activity with public and private funds. What becomes important in this three-part model of NGO funding (Salamon, Anheier, 1999) is the determination of proportions between these elements, and their diversification to avoid dependency from the biggest donors (Toepler, Anheier, 2003). In this context, the key aspect needs to be the development of fundraising capacities.

The point of departure for fundraising actions of the organisation is the generosity of individuals, institutions, and business entities. However, while in the USA and Western Europe philanthropic behaviour constitutes a constant element of functioning or operational culture, it is not possible to say that such behaviours are established in Poland. Nevertheless, fundraising means the possibility of an alternative to public funding in financing an organisation’s own activity by using such sources as public fundraisers, donations, or the 1% mechanism. Thus, beside the “public” direction of actions in the financial sphere, also the “private” direction emerges, and it is necessary to use it – by acquiring individual and institutional donors and tying them permanently to the organisation (a focus not only on the current and long-term action objective of the organisation and its values – cf. Peter-Bombik, 2015) – in order to ensure financial diversification and stability.

Financial stability is an organisation’s ability to operate in the long term, in changing circumstances – including financial ones. It means that the organisation (as the “stabiliser”) has resources that in situations of crisis can be used without risking the loss of liquidity and threat to operations. An important role here is played by endowments. This capital, understood as “the set of funds generating profit which is used to finance the execution of statutory objectives” (Liżewski, 2016), must be kept intact without the possibility to be used for current expenses, and it constitutes the basis for funding future activities. It is a “working” capital which – with proper management – should grow and with time be able to replace (at least partially) other sources of financing. Creating capitals that remain intact is not a popular practice in Poland (no tradition, current needs), and possible investments include bank deposits or debt securities.
Non-governmental organisations and their financing

The system of financing NGOs based on public funds is characteristic of small entities, particularly organisations operating in rural areas. Unfortunately, their undoubted effectiveness and activity often goes together with the incapacity to seek out and acquire other sources of funding, which leads to an organisation’s dependency on public partners. On the other hand, assuming the role of an “intermediary” is typical for organisations that in their circles (usually local as well) function as leaders. To a large degree it stems from their openness to changes, aiming at the activisation of local communities, building networks of cooperation and larger organisational potential. In the case of fundraising activities, it would be difficult to point out any characteristics of NGOs for which such activities are typical. It should be emphasised, however, that as the research shows, the number of organisations declaring multiple sources of funding, including non-public ones, is growing. Fundraising capability depends to a large extent on the activity and skills of an organisation’s managers, as well as the level of trust in its activities.

The presented roles of the organisation in the financial sphere can be complementary. A good example of Polish NGOs that skilfully combine the discussed directions (“executor”, “intermediary”, “diversificator”, and “stabiliser”) are local funds. Some of their more noteworthy features include: gathering endowments that remain intact, providing services for benefactors, actions for local communities – often in the role of a leader. Despite the small number of local funds (currently there are over 30 operating), these organisations are thriving, based primarily on financing from such sources as donations, grants, and stipends. However, this activity is possible thanks to resources at funds’ disposal that come from both private donors and funds which constitute a part of the continuously increasing endowment (also by investing in real estates). Moreover, funds – due to their leadership role – often function as operators in regranting activities, as well as contractors of public tasks contracted by local governments.

Quality management in the non-governmental sector

In the 21st century quality is not regarded as an area connected exclusively with production or providing services (Szczepańska, 2011), but as a general management philosophy which determines strategic thinking (Lisiecka, 2002), supporting ethical dimension of organisation’s operation (Halil et al., 2007). The broadening of the conceptual spectrum resulted in the forming of the so-called Total Quality Management (TQM) – a concept encompassing a number of general indications of qualitative thinking (Harari, 1993; Hackman, Wageman, 1995),
rather than the set of specific management tools (Svensson, 2005; Wolniak, Skotnicka-Zasadzień, 2010).

Due to this universalisation, the spread of quality beyond the private sector was observed (Schroeder et al., 2005). It was assumed that TQM is an adequate concept for non-governmental entities as well – in this case, it was pointed out that these organisations are more inclined to allot a financial surplus for improving standards of operations (Cleveland, Krashinsky, 2009), and undertake innovation (Bode, 2014). It was suggested that the orientation on quality supports building social legitimisation, constituting the way to ensure independence of third sector entities from norms and limitations of the public sphere (Buckingham, 2010; Powell, 2013; Bode, 2014). Managerial benefits, resulting from the application of certification practices in non-governmental entities were emphasised as well (O’Reilly et al., 2013).

At the same time, transplanting the concept of quality management to civic activism was not free of controversy. The danger that was indicated lies in imposing on NGOs an economic perspective which defines their role as marketised providers of social services rather than guardians of civic society values (cf. Gliński, 2012; Bode, 2014). It was suggested that by promoting concepts inadequate for the third sector, its entities may lose their identity (cf. Paton et al., 2000; Botcheva et al., 2002). The influence of quality management techniques on the increase in the effectiveness of third sector activities remained a moot point as well (cf. Cairns et al., 2005; Chesteen et al., 2005; Decker, 2008; Suda, 2011).

Despite controversy, NGOs started to adopt the TQM perspective. On the one hand, the third sector realised the utility of these concepts in their activities (Boerner, 2004); on the other hand, it was forced to adapt to the increasing pressure of external expectations from both individual donors (Forbes, 1998, Eisinger, 2002; Wing, 2004, Bode, 2014), and the public sector (Schuster, 1997; Eikenberry, Kluwer, 2004; Henriksen et al., 2012). In this context, certain researchers formulated opinions to the effect that TQM could constitute a tool of oppression toward non-governmental activities (Bode, 2014).

**Quality in Polish non-governmental organisations**

Depending on the dominant source of funding, two extreme perspectives of regarding the issue of quality can be discerned, causing various consequences for the role of non-governmental entities in society and the strategic capability of their development. On the one hand, less affluent organisations – most of the Polish NGO sector – are forced to use public funds and adopt its managerial perspective. In this context, quality management can be considered as a tool strengthening marketisation and governmentatisation tendencies. On the other
hand, entities that are more affluent or have access to alternative sources of funding are in a comfortable enough position to adapt quality management concepts to their needs, which enables them to maintain independence and execute their social mission more efficiently.

**Quality management in organisations financed by public means**

In entities that base their activity on public funds, quality assumes an economic-production form, becoming the same as ensuring effectiveness. In this case standards are imposed top-down, and refer to the administrative perspective of legitimacy, standardising and uniformising actions. In organisations that use grants, conformism toward imposing norms by the public sector can be observed – also in relation to the idea of certification – which should be considered as a case of advanced governmentalisation.

An example of an organisation of this type can be a foundation from Cracow that conducts activities in the area of promoting culture and art – the organiser of a large artistic event of international renown. Due to its field of activity, it uses local government funding, which in the framework of an agreement binding for many years, provides enough funds that the organisation – despite its status of a public benefit organisation (Polish Journal of Laws 2003 No. 96 item 873 as amended) – does not conduct promotional campaigns to obtain funds through the 1% mechanism.

The strategic perspective of the foundation demands focus on meeting the expectations of the local government which is regarded as the key stakeholder-recipient of activities. Any kind of evaluation (e.g. audience surveys) is carried out exclusively to meet a project’s requirements – they are not used as valuable feedback. In the work of the management, it is more important to develop relationships with persons responsible for allocating funding (officials, politicians) than caring about developing competences of employees whose role amounts to executing centrally prepared decisions.

**Quality in organisations financed from private donations**

These non-governmental entities that build organisational capabilities regardless of the public sphere, consider quality in more flexible terms – as an ethical obligation to continually better themselves, the support of strategic reflexion. In such cases norms are not imposed top-down, but designed by an organisation’s stakeholders (mostly employees and recipients of activities) in the course of consultation processes. In these entities, certification appears as an opportunity for development, rather than a set of rigorous norms and guidelines.
An example of an entity that implements this thinking can be provided by a Polish branch of an international movement for environmental education and environmental protection advocacy. To avoid a conflict of interests, the organisation decided to develop independent fundraising practices (eliminating sponsoring and public funding). Despite initial difficulties (the need to take a loan from the international central), the current income from individual donors enables its independent project activity, assessed exclusively with reference to internally developed criteria. It is noteworthy that the organisation did not adopt the marketised perspective of effectiveness, focusing instead on the growth of social legitimacy of their activities.

Bearing in mind the ontologically motivated ambition to enhance its own efficiency, the organisation developed a number of managerial practices that relate to the pro-quality perspective. A lot of attention is paid to employee competences and knowledge management (e.g. creating an IT database of executed projects). Despite an elaborate and decentralised structure, the application of indicators adopted to the specificity of activities not only enables to coordinate the extended project portfolio, but also supports innovation in its activities. Thus, the organisation expands the circle of its donors and volunteers, and increases organisational capabilities, playing an increasingly important role in the process of establishing public policies.

**Learning in non-governmental organisations**

NGOs consider the necessity for learning and knowledge management to be increasingly important for fulfilling their function. Aspects that are regarded as significant are the organisation’s absorption capacities, i.e. learning, expanding knowledge and experiences; ability to recognise the value of the new information and knowledge in the environment, to learn and apply it to achieve objectives more efficiently and effectively (Cohen, Levinthal, 1990).

Organisations require various types of knowledge (Rathi, Given, Forcier, 2016):

- about management and organisational practices;
- about financial, physical, human, and intellectual resources;
- about people in the organisation, donors and the community they serve;
- areas/sector in which the organisation operates, or a domain or specialised knowledge required to achieve organisational objectives;
• contextual external knowledge (i.e. from outside the organisation, community, and sector), that can potentially influence the activity of the organisation.

There are three ways to develop learning by the organisation – passive, active, and interactive, and each of them provides diverse knowledge (Lane, Lubatkin 1998, p. 462). Passive means absorbing open and easily accessible knowledge at various conferences, seminars and workshops. Active involves gaining knowledge through benchmarking from other organisations. Both of these ways serve acquiring available knowledge which is not unique in its character. Only the interactive way concerns the tacit and unique knowledge, rooted in the social context of the organisation’s operation, obtainable only through interactions (Lane, Lubatkin, 1998, p. 463). Acquiring easily accessible, but still new knowledge, can be a way to confirm the possibility of realising the mission, and proving that the organisation can be trusted and entrusted with financial means to execute its activities (Bogacz-Wojtanowska, 2013). Usually, the absorption of knowledge in NGOs occurs in a little formalised way, with a small involvement of resources – the focus on the realisation of objectives and mission causes a lack of interest in knowledge management (Hume, Hume, 2016).

Knowledge acquired by the organisation must be processed by it – therefore knowledge management in the third sector does not mean only knowledge acquisition, but also the ability to recognise its value and adapt it to the organisation’s needs. According to S. Zahra and G. George (2002, pp. 189-191), absorption of knowledge may depend on the following skills:

• identification and acquisition of external information and knowledge;
• assimilation – initiation of processes of analysis, interpretation, and understanding of the acquired information and knowledge;
• transformation – development and improvement of action processes thanks to a synergic combination of the already existing with the newly acquired and assimilated knowledge;
• usage – application of knowledge.

Absorption capacities and knowledge management lead to the creation of intellectual capital related to intangible resources of the NGO (knowledge, employee experience, customer trust, IT systems, patents, trademarks, brand, etc.).

Complementary to NGOs’ absorption capacities is the ability to diffuse their solutions to other organisations, which is called desorption, and constitutes one of the areas of knowledge management in the organisation. In commercial organisations, this capacity most often means the ability to transfer technology (Lichtenthaler, Lichtenthaler, 2010, pp. 157-159). In the case of NGOs, knowledge diffusion means the identification of the possibility of transmitting
ideas or developing ways to operate as well as the support of the organisation that receives and absorbs the idea. An NGO can inscribe in its own strategies a gradual introduction of social change, develop a way to effectively solve problems in the local community, implement the way to execute the social service. Often it can use experiences of other organisations – it subjected itself to diffusion, for instance thanks to a foreign NGO. The basis for this type of capabilities is the ability to prepare an idea, implementation of a replicable service, or identification of other organisations potentially interested in the implementation, as well as transmission and support of the receiving organisation. Identified obstacles to sharing knowledge outside the organisation result from weak social interactions and the lack of the organisation’s social network, weak organisational culture and undeveloped organisational structures, staff turnover, operational and strategic weakness of the organisation as well as competitive attitudes toward other third sector entities (Bloice, Burnett, 2016).

Knowledge in Polish NGOs in relation to governmentalisation

Knowledge, considered to be an organisational resource that impacts the execution of an organisation’s objectives (Kożuch, 2011), enables as well to balance financial weaknesses. The possession of knowledge in terms of expectations and social needs can sometimes be the cause of initiating cooperation with the public sector. NGOs are regarded as those that have explicit and at the same time difficult to obtain knowledge about selected areas of the social reality. What is important, unique knowledge can determine the success of an NGO and its relationships with other sectors – familiarity with problems combined with social sensitivity, empathy or involvement yields the effect of synergy, attractive for public and private organisations (Bogacz-Wojtanowska, 2013). At the same time, a certain portion of NGOs in Poland do not have knowledge in the area of their operation, but have both a positive and demanding attitude toward cooperation for the purpose of resource acquisition (Bogacz-Wojtanowska et al., 2010).

It should be noted that knowledge absorption enables civic organisations their continuous development, execution of organisational goals, and long life (Chen, Hung, Tseng, 2010). Wanting to acquire knowledge from their partners, NGOs must first demonstrate their intent to learn, susceptibility to and orientation on knowledge, as well as transparency (Hamel, 1991). The level of these factors can result in various outcomes in the form of actions taken as a result of the acquired knowledge.

In Poland, the absorption occurs within relations between non-governmental and public entities, as the public sector requires concrete information from the non-governmental sector, recognising its competence in the area
of its own activity (Bogacz-Wojtanowska, 2011). The execution of public tasks by an NGO requires also using its intellectual capital – especially substantial knowledge concerning the planned tasks. Therefore, an NGO that received from the Polish local government an assignment to prepare a trip for senior citizens, should organise it, ensure safe travelling conditions for the participants, according to the regulations, as well as appropriate entertainment. What is required for this purpose is information about the needs of senior citizens, as well as the knowledge about how to meet them.

As to social consultations, for organisations that are just starting their cooperation, they can be a source of knowledge about other organisations, local government, and the environment in which they operate. Meanwhile, those that have been participating in consultations for years, diffuse knowledge to the local community and other organisations.

It should also be added that for certain NGOs, particularly small associations, learning from other third sector organisations within networks and forums can be an impulse to take up new tasks, previously regarded as difficult.

**Absorption and diffusion in an NGO**

Absorption of knowledge, to varying degrees, concerns practically every NGO. Rarely, however, do NGOs undertake desorption to other organisations. An example of absorption and desorption of knowledge are infrastructural organisations providing services for others, which makes them centres of knowledge diffusion.

An example of both absorption and diffusion of knowledge in Polish NGOs is one of the national associations conducting activities for children in danger of breaking family ties. The organisation runs its own children’s homes, and supports other homes and facilities financially. The absorption started when the organisation acquired the licence to use the American training programme for the candidates for foster and adoptive parents. The association adapted the programme to Polish conditions as many as three times, in the last instance introducing numerous points connected with the reform of the foster care system (according to the Act on Family Support and Foster Families introduced in 2011). Starting in the year 2000, after each adaptation, the organisation prepared coaches to train foster families. The diffusion of the approach was not caused by the organisation’s own decision – during meetings and conferences organised by international partners, the foster care community fully accepted the organisation’s ideas. The effect of the diffusion in the course of 12 years is 250 programme coaches trained by the organisation and 150 cities benefitting from
the programme. What is important, the diffusion flowed from an NGO to the public sector, and the absorption – from another NGO.

Summary

The recent years brought worldwide development of managerial thinking and practices in the third sector, but these processes are barely identified within the Polish non-governmental sector. Polish organisations are considerably more influenced by the public sector, which often results in too close relationships, dependence from public financial resources, and advancing institutionalisation. Perhaps the state’s retreat from a broad partnership with NGOs, widely regarded as disadvantageous and dangerous to the Polish democracy, that could be observed for the past two years at the central level, will turn out to be the saving grace and will stop the processes of governmentatisation. In search of the sources of funding other than public, increasing the quality of services and learning new rules, relations and principles; perhaps we will witness the emergence of a new formula of the third sector in Poland. Keeping in mind, of course, the leading principle of heterogeneity and diversity of NGOs’ objectives, stemming from unlimited human needs.

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CHAPTER 8
THE STATE AS THE EMPLOYER OF LAST RESORT – THE IDEA AND SELECTED APPLICATIONS

Dariusz Grzybek, Małgorzata Lendzion

Introduction

In recent years, the idea of full employment has again become the subject of public debate. At the same time, in many countries, governments have taken actions aiming at direct creation of jobs. In this context, such terms as Job Guarantee, Public Sector Employment or The State as Employer of Last Resort are used. These actions were usually a reaction to crisis situations, particularly in less developed countries, but it seems that they require careful consideration in the context of more advanced economies. It is because we are dealing with a rebirth of an idea, which had once been a declared goal of many governments in the most developed countries. Therefore, the purpose of the article is to present the idea of the Employer of Last Resort (ELR), and selected examples of its execution in India and Argentina as well as a consideration of the ELR application in Poland, based on the potential of social cooperatives.

Renewal of the full employment idea

Full employment has once already become the declared objective of many governments in the most developed countries. Governments and political elites of Anglo-Saxon countries during World War II recognised a high employment rate or even full employment as a political objective for the time of peace (Arndt, 1994; Barber, 1996, pp. 153-171). Ideas that dominated that period are best expressed in the title of William H. Beveridge’s book Full Employment in a Free Society (Beveridge, 1945). However, several decades later, the conviction which prevailed in the mainstream economics was that the observed high unemployment rates cannot be eliminated by the means of economic policy. The main argument for this position can be found in the concept of the natural rate of unemployment, or Non-Accelerating Inflation Rate of Unemployment which found
its way to school textbooks and significantly influenced the public opinion (Friedman, 1977; Phelps, 1995). According to the idea of the natural rate of unemployment, expansive fiscal and monetary policy, through the increase of total demand, leads to temporary reduction of unemployment, but it initiates the process of price inflation, which decreases the total production and raises the rate of unemployment over its “natural” level. The consequence are oscillations of the unemployment level around the natural rate. The political conclusion of theories of this kind is the recommendation to influence rather the total supply, thus stimulating economic growth in the long term.

It seems that in the mainstream of the economic and political debate, the idea of full employment was abandoned in favour of the discourse about economic growth. However, those who believe in an egalitarian value system cannot come to terms with such a state of affairs. Unemployment is only a part of the problem; part-time employment, low salaries, and job insecurity of a considerable part of the workforce are important issues as well. The loss of prosperity is also connected with the fact that when some work too little, others work too much, feeling the effects of the lack of free time, which is an important ingredient of a dignified life. The situation on the job market is functionally linked to the division of income within the society. Increasingly well documented and growing inequality of incomes, among numerous other negative outcomes, threatens the foundations of democracy (cf. Stiglitz, 2013). Significant inequalities engender resentments and social conflicts; Beveridge understood it, and in his book, he included the motto: *misery generates hate*. There is no shortage of evidence that lower levels of inequality are correlated with a lower level of negative social phenomena that destroy the cohesion of modern societies (Wilkinson, Pickett, 2009).

In this situation, adherents of the return to full employment began to lean toward the theory that to achieve this goal, it is necessary to introduce institutional changes in the organisation of the labour market. It was expressed most emphatically by a post-Keynesian economist Hyman P. Minsky in his book *Stabilizing an Unstable Economy*, published in 1986. According to Minsky, in a developing market economy there is no possibility of achieving full employment automatically, as capitalist economies are characterised by an immanent instability stimulated by the financial system. Financial markets cyclically generate unrecoverable debt. The cause lies in the fact that investors expect financial instruments to yield them at least a market, risk-free rate of return, whereas real financial outlays often bring lower profits or losses. The mechanism of competition for the capital leads to taking increasingly risky actions. Cyclical financial crises lead to disturbances of economic growth. The stable growth in the three decades after WWII was a temporary departure from this pattern. As a result of
this fundamental instability of capitalist economies on the labour market, cyclical unemployment occurs. According to Minsky, overcoming this unemployment by stimulating private investments is highly problematic, as it creates strong inflation pressure, which makes it difficult for the private sector to earn profits sufficient to pay off its debts. In the face of these adversities, Minsky proposed a more radical policy of overcoming unemployment: *The main instrument of such policy is the creation of an infinitely elastic demand for labour at a floor or minimum wage that does not depend upon long- and short-run profit expectation of business. Since only government can divorce the offering of employment from the profitability of hiring workers, the infinitely elastic demand for labour must be created by government* (Minsky, 2008, p. 343). This is precisely the role of the state as the *Employer of Last Resort*: a state agency could offer employment according to the unified payment rate to every person of working age who remains unemployed. A historical precedent that Minsky invoked were institutions from the New Deal era: Civilian Conservators Corps, National Youth Administration, and Work Progress Administration (WPA), which in the period of its greatest activity employed over 2 million people in public works. The establishment of an agency similar to WPA would allow replacing cyclical fluctuation of the unemployment level with the changes in the employment by WPA. In Minsky’s opinion, establishing an ELR-type agency would be possible at a cost amounting to 0.55% of GDP. It would mean replacing the system of benefits with income from work. Other social profits would be created as well: *These permanent programs will provide outputs – public services, environmental improvements etc., that a transfer-payment government does not yield, as well as the creation of human resources* (Minsky, 2008, p. 347). Therefore, an ELR-type programme would not be an ordinary money transfer, although funds for its running should be provided by the state. According to the author of *Stabilizing an Unstable Economy*, the state supplying jobs for every interested person should not disturb the market mechanism, because salaries within the ELR would remain at a level lower than in other sectors of economy. Therefore, it will be easy to acquire workers employed through ELR programmes to work in other jobs. The payment rate, stable and uniform across the country, should also be a factor that stabilises prices. Minsky believed that the execution of the idea of the state as the ELR should not cause more inflation pressure that previously applied methods of macroeconomic policy.

Minsky remains a prominent figure for the post-Keynesian current (see also: King, 2003; Toporowski, 2005), however post-Keynesians themselves are in the position of outsiders to the mainstream economics. For a dozen or so years, the idea of the state as the ELR was discussed only in a narrow circle of post-Keynesians and leftist institutionalists. Its most enthusiastic supporters were
Mathew Forstater (1998), Randall Wray (1998; 2000), and Pavlina Tscherneva (2005). In the older generation of economists, William Vickrey supported the notion of the possibility of reconciling full employment with price stability, although he had a slightly different idea than Minsky and his disciples. Vickrey was a supporter of transferrable rights to apply a mark-up on costs, and according to his idea, if someone wanted to raise prices, they would have to buy the right to do so from someone willing to lower their prices (Vickrey, 1992). The lasting high unemployment rate has lately been a concern also for mainstream economists. One of them is Edmund Phelps who proposed to subsidise the wages of low-income workers, which would encourage employers to employ more of them (Phelps, 2007).

Selected programs of the Employer of Last Resort type

Within the last several years, the idea of the state as the Employer of Last Resort was applied in the economic policy of certain countries. This refers mostly to the countries outside the North-Atlantic circle, European countries spend only a meagre percentage of their GDP for direct creation of jobs (Atkinson, 2015, pp. 141-142). The largest programme of this type is still the National Rural Employment Guarantee Scheme in India introduced in the framework of the National Rural Employment Guarantee Act (NREGA) which was adopted by the parliament of the Republic of India in 2005. The programme replaced local programmes of public works that had previously existed in certain states; it was gradually introduced in the years 2006-2008, and covers the territory of India with the exception of urbanised areas. The scope of the programme is enormous, considering that two-thirds of the population of the country resides in rural districts. Thanks to NREGA every resident of the Indian countryside acquires the right to be employed for at least 100 days a year in public works organised by the programme, and is entitled to a salary equal to the statutory minimum wage. The central authorities ensure the funding for the programme, while detailed plans are prepared by the authorities of each state, as well as local authorities (NREGA 2005). Most works in the framework of NREGA concerns the maintenance and expansion of the irrigation system, which is of key importance for Indian agriculture. The programme clearly serves two objectives: on the one hand – the improvement of agricultural productivity and development of local infrastructure, and on the other hand, it guarantees the effect of redistribution, preventing extreme poverty among rural residents (Bhagwan, 2009). The research on the functioning of NREGA seems to confirm that the programme enables supplying work and income to the rural residents without causing the effect of driving out work from previously existing jobs (Jeyaranjan, 2011). However,
it is not always possible to complete ambitious employment plans, which in certain cases seem to stem from the fact that wages proposed by NREGA are not attractive for people employed in agriculture (Dey, Bedi, 2010). It seems that the policy of subsidising rural labourer’s work plays an enormous role in maintaining elementary social cohesion in a vast and dramatically diverse society. India’s rapid economic growth is based on the development of industry and services located in urban areas, while the majority of the population remains within the confines of traditional economy, where the mechanism of agrarian overpopulation is still present and active. The goal of India’s government is to enable rural residents access the share in the profits of the economic growth, as well as the retention of population in rural areas. In India, with its 1.2 billion people, spontaneous migration to cities could lead to the overpopulation of cities on a scale incomparable with anything we have ever seen before.

One of the largest ELR programmes is Argentinian “Plan Jefas y Jefes de Hogar Desocupados (Jefes de Hogar)”, implemented in response to the economic crisis that occurred after the collapse of the peso in 2001. A sharp rise in unemployment and the collapse of income of most households had led to demands of swift action from political authorities. The interim government of president Eduardo Duhalde announced Jefes de Hogar, which was directly inspired by the idea of the state as the ELR. According to the decree of 2002, every head of a household (both women and men), with dependants under the age of 18, received for an indefinite period a monthly income in the amount of 150 pesos, which involved the obligation to work for at least 20 hours a week. These wages were lower than the minimum monthly wage at the time, which was 200 pesos. In the first months after the launch of the plan, the number of participants reached almost 2 million, to later dwindle down back to 1 million. The plan was executed with relatively low fiscal cost of 1% of GDP (Kostzer, 2008; Galasso, Ravallion, 2004; Tscherneva, 2005; Iturriza, Bedi, Sparrow, 2011). At least some objectives of the programme were successfully achieved: families affected by poverty gained income, performing at the same time useful jobs. It could be assumed that spending this money for ongoing consumption resulted in the multiplier effect stimulating the rebirth of the Argentinian economy. There is no doubt that the functioning of the Jefes de Hogar programme was correlated with the rapid economic growth and reduction of unemployment. More problematic is the role of the programme with regard to the return of the unemployed to the labour market. Research carried out by Iturriza, Bedi, and Sparrow (2011) suggests that people involved in the programme were less willing to enter the regular job market. However, the interpretation of these results is difficult. It is evident that most programme participants are women, and furthermore, the participation of women has increased with time. It can be explained by the fact that
a significant part of participants are people that had previously remained outside the job market. Meanwhile, the reluctance of men to participate in Jefes de Hogar was explained by the fact that they were working in the informal sector, leaving the participation in Jefes de Hogar to their spouses (Tscherneva, 2005; Iturriza, Bedi, and Sparrow, 2011).

Table 8.1 Characteristics of NREGA and Jefas y Jefes de Hogar programmes

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<th>INDIA</th>
<th>ARGENTINA</th>
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<tr>
<td>Programme</td>
<td>Mahatma Gandhi National Rural Employment Guarantee Scheme (NREGA).</td>
<td>Jefas y Jefes de Hogar</td>
</tr>
<tr>
<td>Scope and initial actions</td>
<td>From 2005 (launch in 2006); Execution in 200 of the most backward rural areas of India, finally ca. 600 districts covers. The programme included approx. 74 million people in 47.9 million households.</td>
<td>From 2000 (launch in 2001); Execution in the entire country – both urban and rural areas. Main effects of the programme were observed in non-urbanised areas.</td>
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<td>Circumstances of making the decision on the execution of the programmes</td>
<td>Overpopulation of the countryside and differences in the speed of development between rural areas vs. cities. Avoiding uncontrollable influx of population to the cities and development of slum zones.</td>
<td>Negotiations with the IMF and the World Bank on the subject of the execution of a corrective programme as well as money transfers under the condition of the implementation of a programme in support of employment. A low enrolment rate among teenagers below the age of 18. Loss of social legitimisation, and collapse of the political system.</td>
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<tr>
<td>Premises of the programme – key actions</td>
<td>Employment in public works up to 100 days a year, with the minimum wages at the level of at least 100 rupees a month, instead of money transfers paid out by local authorities. Mainly simple physical labour.</td>
<td>Working 20h a week in the areas indicated by the programme – socially useful tasks, education, social welfare, infrastructure, and services. Global approach to the issue, reduction of unemployment, integration of excluded groups, social support.</td>
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<tr>
<td>Addressees of activities</td>
<td>Unqualified persons from rural areas; Parity, at least 33% women.</td>
<td>Persons from excluded groups, working on the informal market; Additional financial support for people coming back to school before the age of 18.</td>
</tr>
<tr>
<td>Further activities</td>
<td>Continuation NREGA 2015.</td>
<td>Barriers in the realisation of the project and the lack of continuity of work caused projects in certain regions to be halted.</td>
</tr>
</tbody>
</table>
Empowerment of women and disintegration of caste and tribal influences were indicated; Main beneficiaries became persons working on the informal market (particularly agriculture) who remained unemployed as a result of natural disasters, and who earned less than the minimum wages in the programme; An increase in the cost of work in agriculture was noted where NREGA programmes exist, including tea plantations, by approx. 10% (according to the data of Reserve Bank Governor).

Main recipients turned out to be persons under 35, mainly women and people previously unemployed or working on the informal market; Certain areas of agricultural and food production noted an increase in salaries which had been below the minimum threshold. Limitations of access to employees in agriculture, since planned work was less “seasonal”.

Corruption among the officials responsible for reporting demand, registration and settlement of participants of the programme. The least developed states have also the least developed infrastructure; Misuses – reporting large groups of people to work, losing application cards, delays in payments, middlemen in the process of paying out funds, discrepancies between funds received by employees and declared by officials.

Depreciation of qualifications of a part of people and their subsequent difficulties in returning to the open job market induced upskilling trainings for people who had worked previously; Too small an allowance, according to a part of the participants; Development of a benefit pay-out system – through bank accounts and in cities – debit cards that entitled to additional discounts.


Social cooperatives in Poland

In the context of the Polish reality, the potential to develop into an ELR programme exists in social cooperatives. They are institutions of subsidised work, established to employ people who belong to groups that are difficult to employ on the open labour market. Their development was enabled by social policy transformations in Poland, when in 2003-2006, work on a set of five “activation acts”1 coincided with Poland’s accession to the European Union, which was reflected in the adopted institutional and legal solutions “preferred” by the Member States (Szarfenberg, 2008; Rymsz, 2014, pp. 139-167, in: Karwacki, Kaźmierczak, Rymsz, 2014). Their subsequent amendments enabled to prepare a catalogue of the so-called active labour market instruments, which include actions that influence both supply and demand for work. Influencing the demand is executed, among others, through: public works, intervention works, and loans for the unemployed to start business activity, including establishing social cooperatives. The latter, as an integral part of active social policy, are

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supposed to serve social and professional integration of groups in danger of exclusion (Franczek, Laurisz, in: Franczek, Hausner, Mazur (Eds.), 2012, pp. 157-177).

Apart from specific acts, the place of a social cooperative in the state social and employment policy is determined, among others, by: the National Action Plan for Employment (2015-2017), National Action Plan against Poverty and Social Exclusion 2020, National Social Economy Development Programme (2014) as well as particular regional programmes for social economy development or Regional Operational Programmes for the years 2014-2020. As Barbara Godlewska-Bujak and Cezary Miżejewski remark, defining the relationship between the public administration and social cooperatives indicates the entitlement of the former to reinforce the position of cooperatives as an instrument of social policy, which eventually should contribute to the achievement of social cohesion and integration (Godlewska-Bujak, Miżejewski, 2012, pp. 12-15).

Establishing social cooperatives by natural persons is supported by the funds from the Labour Fund, State Fund for Rehabilitation of Disabled Persons (PFRON), or funds from the European Social Fund. This group of founders from the very beginning has been dominated by the long-term unemployed (63.4%) as well as persons with disabilities (14.4%) (Information for the years 2014-2015, p. 42). Moreover, cooperatives can be run by legal entities – NGOs, church legal persons, and territorial self-government units (TSU). These, in turn, according to the idea, are supposed to play the role of partners in providing assistance and social integration conducted by social welfare centres, e.g. by providing temporary employment within the so-called beneficiary reintegration track, or to enable working off tenant debt (National Poverty Prevention Programme) (2014 pp. 69-86). The fragmentary nature and the lack of cohesive research in particular regions do not allow assessing what percentage of cooperatives indeed conducts business activity and remains on the market. However, it is estimated that a greater ability to stay on the marked exists in social cooperatives founded by or associated with legal entities. However these, even though their number gradually grows, constitute a smaller percentage in comparison to social cooperatives founded by natural persons (27.8% to 72.2%), and in over 83% of them one of the founding members is an NGO, while in 51% a TSU (Information for the years 2014-2015, pp. 37-40). The total number of registered social cooperatives in Poland in the years 2009-2015 increased from 187 to 1266.

The dynamic increase in the number of social cooperatives since 2011 was caused by projects financed by the Human Capital Operational Programme 2007-2013 (HCOP) (Izdebski, Oldak, in: Żołędowski, Oldak, 2015, p. 18).

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However, it should also be remarked that in the years 2010-2014, the amount of the funds transferred within the formula of entrusting the execution of public tasks with social cooperatives increased from approx. PLN 1 million to PLN 19.7 million. While in the formula of support in the same period, the amount increased from PLN 30,000 to PLN 436 million (Information for the years 2010-11, pp. 14-15; Information for the years 2014-2015, pp. 25-26; Report for the years 2014-2015, pp. 13-33). It means that public administration bodies increasingly often decide to cooperate with social cooperatives. This, in turn, can translate into their stability and achievement of social and economic goals that serve reintegration into society and securing jobs for people in the groups most likely to be affected by social exclusion.

Table 8.2 Selected statistics concerning social cooperatives in the years 2009-2015

<table>
<thead>
<tr>
<th>Year</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Means from the Labour Fund for the establishment of social cooperatives</td>
<td>PLN 839,800</td>
<td>PLN 2,135,900</td>
<td>PLN 819,600</td>
<td>PLN 1,759,300</td>
<td>PLN 1,423,100</td>
<td>PLN 2,717,900</td>
<td>PLN 2,133,100</td>
</tr>
<tr>
<td>No. of people covered by LF assistance</td>
<td>77</td>
<td>189</td>
<td>75</td>
<td>140</td>
<td>105</td>
<td>88 (incomplete data)</td>
<td>49 (incomplete data)</td>
</tr>
<tr>
<td>Total no. of social cooperatives in the NCR</td>
<td>187</td>
<td>276</td>
<td>425</td>
<td>615</td>
<td>936</td>
<td>1,226</td>
<td>1,266</td>
</tr>
</tbody>
</table>

Source: Based on Information about the functioning of the Act on Social Cooperatives from the years 2010-2015; Statistics of the Department of Funds of the Ministry of Family, Labour and Social Policy, based on data received from the District Employment Agency; National Court Register.

The dynamic increase in the number of social cooperatives since 2011 was caused by projects financed by the Human Capital Operational Programme 2007-2013 (HCOP) (Izdebski, Oldak, in: Żołędowski, Oldak, 2015, p. 18). However, it should also be remarked that in the years 2010-2014, the amount of the funds transferred within the formula of entrusting the execution of public tasks with social cooperatives increased from approx. PLN 1 million to PLN 19.7 million. While in the formula of support in the same period, the amount increased from PLN 30,000 to PLN 436 million (Information for the years 2010-11, pp. 14-15; Information for the years 2014-2015, pp. 25-26; Report for the years 2014-2015, pp. 13-33). It means that public administration bodies
increasingly often decide to cooperate with social cooperatives. This, in turn, can translate into their stability and achievement of social and economic goals that serve reintegration into society and securing jobs for people in the groups most likely to be affected by social exclusion.

Summary

The issue of employment seems particularly important in view of the changes occurring in the current economy. International competition and technical progress destroy currently relatively stable and well-paid jobs in industry, but instead create jobs in services. Despite the increase in productivity in the global perspective, and the creation of new jobs, the latter are usually unstable and not as well-paid. Hence the expansion of subsidised employment seems to be an action more conducive to resolving difficult social issues than the current expansion of the welfare sphere. Quite recently still, in line with the theory of compensation (or job resorption), economists believed that the market mechanism effectively cushions the effects of technological changes, creating at least as many new jobs as it eliminated. It seems, however, that this mechanism gradually stops working, the increase in productivity of highly qualified work acts to the detriment of the workforce with medium and low qualifications, decreasing their share in the national income, and partly also eliminating them from the labour market (cf. Acemoglu, Autor, 2012). Many people who belong to these groups, not being able to find employment, become marginalised to the sphere of those living on welfare. In this context, it is worthy of consideration whether social cooperatives, receiving constant, and not temporary subsidies or occasional support from public institutions, could become the foundation of a Polish ELR programme, eventually contributing to permanent reduction of unemployment among the weakest groups on the labour market. This idea can be deemed bold, but is this not precisely what we need in the face of the occurring changes?

According to the standard economic theory, technical progress destroys some part of jobs, as it replaces humans with machines. At the same time, however, it creates new ones, firstly in manufacturing of these machines, secondly, a decrease in prices and increase in real income caused by technological progress drives demand for all goods, which generates secondary increase of demand for work. The net effect of all these processes may be negative in the short-term, but in the long-term it should at least compensate for the initial reduction of jobs. This theory is as logically correct, as it is in conformity with stylized facts from economic history. However, it features significant problems: (1) resorption occurs at the level of global economy, but not necessarily at the level of domestic economies; (2) technical progress increases demand for highly qualified work, and decreases demand for low qualified work, which leads to long-term unemployment and (or) low income in the latter group. Cf. Kwiatkowski, 2002, pp. 46-57; Vivarelli, 2012.
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CHAPTER 9
DESIGN THINKING IN PUBLIC MANAGEMENT

Grzegorz Baran, Mateusz Lewandowski

Introduction

Design thinking, derived from the practice of the best designers, is an approach to creative problem-solving through designing innovative solutions focused on the needs and experiences of users. The increased interest in this approach identified in the recent period prompts a closer look at its output. The noteworthy aspect of the analysis of the achievements of design thinking is the broad spectrum of undertaken practical problems – from typical design issues, to supporting business in designing innovative products and services, to solving social problems, and increasingly often, also public ones. It is quite surprising, considering that design, from which the approach is derived, is usually equated with art and architecture.

Therefore, the objective of this study is an attempt to present design thinking as an effective way of approaching the process of solving problems of the contemporary public management, as well as to outline future directions for research. The article is a review, and it is based primarily on the method of analysis and criticism of the design thinking literature and public management in a broad sense of the term. The aforementioned research method is supplied by an initial attempt at a synthesis of the resulting findings, which partly exhausts the premises of the method of logical analysis and construction. Its objective is to reveal the framework which the studied concept could assume for the purpose of public issues problem-solving.

Design thinking – its essence, origin, and importance for management

On the website of IDEO (a company credited with a considerable part in the popularisation of the design thinking approach) we can read that human-centred design is what can make modern organisations more competitive in a creative

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1 Mateusz Lewandowski prepared the publication as a result of the research project registered under No. 2016/21/D/HS4/00716 and financed from the funds of the National Science Centre, Poland.
way which helps leaders and companies to evolve and grow by adapting to people (IDEO, e-document). This creativity in the method of building competitiveness of the organisation seems to be particularly important for public organisations that often operate in a derivative, or programmed way (unreflexively executing statutory provisions; unreflexively also due to omitting people as recipients of services). On the other hand, design thinking is a methodology atypical for management studies and still little recognised in this discipline.

Considering the above, design thinking requires a deeper analysis and a more extensive description for the purpose of the research objective stated in the introduction. Due to the aforementioned weak recognisability within management studies, before proceeding to a detailed analysis of the advantages and ingredients of this process relevant to public management, it would be advisable to familiarise the readers with the essence of this approach, the history of its origin and at least its fundamental properties. The explanation of these issues is what we will focus our attention on now.

Design thinking as a way to solve problems (design problems in the past, now almost any problem) is according to A. Dziadkiewicz and P. Maśloch associated primarily with art and architecture. However, since the 1960s it has started to gradually enter the language of business and management, supporting problem-solving in the domains of industry, science, and technology (Dziadkiewicz, Maśloch, 2013, p. 81). The long history of the design thinking development is indicated also by D. Sobota and P. Szewczykowski. Admittedly, the name itself appeared much later, but as early as at the beginning of the second half of the 20th century, this creative approach to solving problems was visible in the work of people representing various domains, especially among designers and engineers (Sobota, Szewczykowski, 2014, p. 97).

L. Kimbell points to the turn of the 21st century as the beginning of a strong interest in design thinking outside of traditional applications in designers’ work. The approached proved to be particularly useful for companies inclined toward innovation, and in seeking innovative solutions of social problems (Kimbell, 2011, p. 285). Meanwhile, in the commentary to the Polish edition of T. Brown’s book Change by design (2016), M. Wszołek and M. Grech present an in-depth analysis of the theoretical foundations of this approach in project methodology pointing to, among others: Human Centred Design, Design Participation, Donald Norman’s cognitive reflection, or heuristic methods headed by Alex Osborne’s concept of brainstorming, some of which date back to the 1960s (Wszołek, Grech, 2016, pp. 11-16). Their detailed discussion at this point would not be justified, but the evoked arguments indicate a considerable utility of design thinking for solving management problems, despite the clearly non-managerial lineage of the methodology itself.
The literature features at least three ways of understanding design thinking: (1) as a set of tools, a sort of toolbox, (2) as a method or methodology of the design process execution, (3) as an approach to solving (design) problems. The word “design” was purposefully put into brackets, as nowadays the scope of problems solved with design thinking goes considerably beyond traditional design problems.

In the case of certain authors, the prevailing belief is that design thinking is a set of useful tools, a kind of toolbox, which can be used by anyone to solve problems in an innovative way. Such authors include, among others, J. Liedtka and T. Ogilvie, who define design thinking quite broadly, simply as a systematic approach to problem-solving. The approach whose point of departure are customers and the ability to create for them a better future. (Liedtka, Ogilvie, 2011, p. 4). What is important, however, is that this ability is not any supernatural force, which seems to be a wide-spread belief concerning designers’ work. Therefore, the authors clearly emphasise the difference between design practiced by professional designers and design thinking which, in their opinion, should be nowadays taught to every manager. As a result, they deem it necessary to de-mystify and break the spell of design, and translate it from an idea which is quite abstract for many, to a set of practical tools that could also be used by managers (Liedtka, Ogilvie, 2011, p. 6).

Design thinking is defined in terms of a process, among others, by R. Razzouk and V. Shute. They describe it as an analytical and creative process that engages people in the possibility of experimenting, creating and making prototypes as well as getting feedback to further redesign them (Razzouk, Shute, 2012, p. 330). This is quite a general, model view of the design thinking process, which in practice can be adapted to particular design tasks executed in a particular context. It is also a consequence of a certain difficulty with clear determination of the course of this process, which, in turn, is related to its – as D. Braha and Y. Reich put it – exploratory, iterative, and sometimes chaotic character (Braha, Reich, 2003, p. 185).

D. Sobota and P. Szewczykowski define design thinking as simultaneously a method and a creative process. On the one hand, they view it as a codified technique that can be presented and imitated, and on the other hand as a concrete process – moving forward, making progress, happening on the path of its practical execution (Sobota, Szewczykowski, 2014, pp. 98-99).

The process dimension of design thinking is indicated also by T. Brown, who emphasises that it is primarily an exploratory process which involves a number of unexpected discoveries and thus it is not possible to give it a linear structure for ordered actions to follow (Brown, 2016, p. 48). However, he does not limit his understanding of design thinking to narrow confines of a process or
a simple, schematic method, quite the opposite – he puts it into a broader framework of an approach or attitude to creative work. He describes design thinking as a methodology which suffuses the full spectrum of innovative actions with the ethos of human-centred design (Brown, 2008, p. 86).

Such a broader perspective on design thinking is also present in other authors’ writings. M. Wszołek and M. Grech, who indicate various understandings of the concept of design thinking, beside defining it as a process, method or methodology, also write about an approach, a way of thinking, or a certain mindset (Wszołek, Grech, 2016, pp. 12-13). They invoke the words of R. Curedale, who defines the mindset as “a paradigmatic frame and a set of attitudes defining the way of doing something” (Curedale, 2013, p. 173, as cited in: Wszołek, Grech, 2016, p. 13). Thus, they emphasise that design thinking is not necessarily a certain precise algorithm of design work, but “diagnostic work which aims at understanding the design problem controlling at the same time the contexts: social, economic, and cultural” (Wszołek, Grech, 2016, p. 12).

In a certain way, the essence of design thinking is revealed in the words of T. Brown who diagnoses the phenomenon of increasing interest in this sphere of nowadays also business and social activity in the following way: “As the center of economic activity in the developing world shifts inexorably from industrial manufacturing to knowledge creation and service delivery, innovation has become a survival strategy. It is no longer limited to the introduction of new physical products but also includes new processes, services, interactions, entertainment forms, and ways of communicating and collaborating. These are exactly the kinds of human-centered tasks that designers work on every day. The natural evolution from design doing to design thinking reflects the growing recognition on the part of today’s business leaders that design has become too important to be left to designers alone” (Brown, 2016, p. 40). Let these words be the basis of the summary of this chapter’s discussion, which links the essence and growing importance of design thinking with a new spectrum of problems which we have to face nowadays, and to resolve which old methods turned out to be insufficient. Increasingly often we turn toward more interdisciplinary approaches and methods. This is precisely what design thinking is like, and A. Dziadkiewicz and P. Maśloch write that its limits are difficult to determine, as the discussion is still ongoing on whether it belongs more to the sphere of art and design, or business and management (Dziadkiewicz, Maśloch, 2013, p. 97).
The challenges of public management

The literature concerning public management indicates numerous challenges for the contemporary public sector. Among the most important ones, it is possible to list six essential, albeit not only, problems:

1. Contradictions of dominant paradigms/models of public management.
2. Changes in performance management.
3. Adaptation to the specificity of services (service-dominant logic).
4. Counteracting social exclusion.
5. Growth of innovation in the public sector.
6. Reconciliation of varying needs of various stakeholders.

Conflicts of dominant paradigms of public management are connected with its evolution, which has been demonstrated extensively in the literature in the recent years (e.g. Hood, 1995; Hood & Dixon, 2016; Xu, Sun, & Si, 2015). There are numerous models of public management, but several of them gained greater importance, or perhaps even dominance, which is reflected in the adoption of certain models as paradigms. The main change concerned the shift away from the classic public administration to New Public Management, and later to Governance (Hood, 1991; Kickert, 1997; S. P. Osborne, 2006; S. P. Osborne & McLaughlin, 2005; Pollitt & Bouckaert, 2011; Rhodes, 1996; Skelcher, Mathur, & Smith, 2005; United Nations, 2007). Governance was regarded as a possible solution to certain problems of NPM (Cepiku & Meneguzzo, 2011), as well as an alternative to the Anglo-Saxon managerialism in the public sector (Kickert, 1997). Some regarded NPM as obsolete, and even announced its end (Dunleavy, Margetts, Bastow, & Tinkler, 2006; Levy, 2010; Osborne, 2006). Nowadays, it is increasingly often believed that the premises of major models accumulate and mix together (Osborne, Radnor, & Nasi, 2013; Pollitt & Bouckaert, 2011). As an example, we can point to the distinction of neo-Weberism in the literature (Mazur, 2016; Pollitt & Bouckaert, 2011), or an attempt to describe how New Public Management, like a virus, absorbs various management concepts (Hyndman & Lapsley, 2016). Considering the above, it can be concluded that the process of distinguishing major paradigms has become saturated, and at the same time, practical problems in public management and public policy still wait for good solutions.

NPM draws the attention of practitioners to the necessity of monitoring and increasing the effectiveness of public organisations. Although there exists an extensive set of instruments for performance management in the public sector, directions of future changes are predicted (Dooren, et al., 2015). Firstly, using alternative control modes will allow for more flexibility in dealing with complexity (of the environment, problems, organisation, etc.). Secondly, decentralisation
of performance management, by locating it to a larger extent on the middle and lower level of management, will move the burden of making decisions based on information about performance closer to the actual source of problems. Thirdly, the objective ought to be striving for politicisation – in the sense of taking into account interests of various stakeholders – of the performance management process, which will enable easier adaptation to the political reality (Dooren, et al., 2015).

The literature also emphasises the necessity to depart from tools and management concepts created initially for production facilities, toward public management tools adapted to service-dominant logic (Osborne, et al., 2013). This change includes the promotion of governance through:

- Strategic orientation on residents and users as stakeholders indispensible in creating value in the processes of creating and executing public services and policies.
- Using marketing to adopt strategic goals to the expectations of service users and to the role of public sector employees, responsible for providing these services, as well as building relationships based on trust between these entities.
- Drawing from experiences and knowledge of service users in co-production processes.
- Ensuring effectiveness and efficiency of the process of providing public services through operational management.

An important challenge for public management is preventing and countering social exclusion. Social exclusion is a situation in which an individual or a social group, being part of the community, cannot fully participate in important aspects of this community’s life, and this limitation stems from factors entirely or to a large extent beyond the control of the excluded (Czapiński, 2014a). Sources of social exclusion are numerous, including: age 50+, disability, solitude, living in a rural area, education below the secondary level, substance abuse (alcohol, drugs), conflict with the law, sense of discrimination, poverty, and unemployment (Czapiński, 2014b).

There is an increasing need for implementing innovations in public sector management (Harris & Albury, 2009; Hughes, Moore, & Kataria, 2011). However, innovation growth depends to a large degree on, among others, people’s entrepreneurship (Schumpeter, 1960), also in the public sector (Boyett, 1996; Lewandowski & Dudzik, 2016; Lewandowski & Kożuch, 2017; Morris & Jones, 1999; Windrum, 2008). Nevertheless, the challenge of innovation is manifested in a particular way in the need to generate social innovation, understood as innovation created and delivered by third sector organisations, any innovation sup-
porting alleviation or resolution of a social problem, or new movements and social bonds within new social economy (Harris & Albury, 2009; Tarnawska & Ćwiklicki, 2012). In the literature, it is emphasised that social innovation should contribute to better accessibility and distribution of tangible assets and social values across the entire society, and that it should focus on simultaneous fulfilment of social needs (more effective than alternative solutions), and creation of new social bonds or governance (Bogacz-Wojtanowska, Przybysz, & Lendzion, 2014; Murray, Caulier-Grice, & Mulgan, 2010; Tarnawska & Ćwiklicki, 2012).

One of the distinguishing features of public management is the necessity of reconciling often contradictory objectives and expectations of main stakeholders of public organisations (Kożuch, 2004). Table 1 illustrates the core of the problem.

**Table 9.1 Objectives and expectations of public organisations’ stakeholders**

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Objectives and expectations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Internal</strong></td>
<td></td>
</tr>
<tr>
<td>Managers</td>
<td>Maximise satisfaction of public services’ customers, developing own career, also political</td>
</tr>
<tr>
<td>Employees</td>
<td>Employment security, level of reimbursement, job satisfaction, opportunities of advancement, organisational climate</td>
</tr>
<tr>
<td>Founders</td>
<td>Better fulfilment of public needs, chance for re-election</td>
</tr>
<tr>
<td><strong>External</strong></td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td>Utility of goods and public services, organiser’s willingness to cooperate with the customer</td>
</tr>
<tr>
<td>Community</td>
<td>Improvement of the quality of life</td>
</tr>
<tr>
<td>Partners</td>
<td>Building lasting relations, mutual benefits, ethical conduct</td>
</tr>
<tr>
<td>Suppliers</td>
<td>Sales increase, inclination toward permanent cooperation, timely payment</td>
</tr>
<tr>
<td>Public authorities</td>
<td>Cohesion of an organisation’s actions with politicians (state, regional), and development strategies (state, regional, and communal), supporting social infrastructure development</td>
</tr>
<tr>
<td>Creditors</td>
<td>Limiting risk for creditors</td>
</tr>
<tr>
<td><strong>Systemic</strong></td>
<td></td>
</tr>
<tr>
<td>Natural environment</td>
<td>Preservation and protection of the natural environment, environmentally-friendly actions</td>
</tr>
<tr>
<td>Law</td>
<td>Compliance with the law</td>
</tr>
</tbody>
</table>

Source: own work based on (Janusz Czapiniski & Panek, 2015; Kożuch, 2004; Lewandowski, 2011; Zerbinati & Souitaris, 2005).

Summing up, it must be stated that wishing to face up to the presented challenges, public sector management must look for new instruments. In this context, one of the key propositions will be including design thinking into managerial processes (Barzelay & Thompson, 2010; Radine, 1987).
Toward the framework construction of design thinking as a method of solving public management problems

The selected problems and challenges of public management, revealed in the previous chapter, cannot be easily resolved with traditional management methods. The reason is first and foremost the nature of these problems. They are often complex, open, and ambiguous, and finding a solution for them requires something more than standard application of methods and tools, often understood at the level of an algorithm describing actions that must be taken. The omnipresent tendency to accelerate actions, maximise effects and minimise outlays, leads to seeking immediate, simple, unreflective methods of dealing with everyday managerial problems.

Certain features of design thinking seem to fill in this gap and be a counter-balance for these worrying tendencies to simplify and accelerate everything. Therefore, we attempted a preliminary synthesis based on this approach, in order to propose a framework of a construction that this concept could take for the purpose of solving public problems. From the conducted analysis of design thinking properties, we abstracted those that seemed particularly adequate to answer the needs of problem-solving in modern public management. Their presentation, collated with the problems of public design revealed in the previous chapter, constitute another partial task distinguished in the research problem stated in the introduction.

Before moving forward to discuss the results of the conducted research activities, one more general remark has to be made. Without delving into broader deliberations about various ways of framing public management, we would like to emphasise that we understand them in a much wider sense that just management executed in public organisations. It is not the type of the organisation which executes management that determines our definition in this case, but first and foremost the nature and scope of problems, as well as attitude toward these problems, methods of solving them, and above all, people as users of these solutions. We deliberately use the term “user”, that will conceptually link recipients of outcomes of public management and design thinking, which is the subject of this paper’s interest.

The point of departure for the presentation of the juxtaposition announced above is the identification of the selected advantages of design thinking, according to the criterion of their utility in solving problems of public management. Since the volume of this publication is restricted, we will focus only on the most important advantages from the perspective of modern public management problems, such as:
• strong orientation on an individual as the user, and the improvement of user experience (with the organisation, its products, and services).
• stimulation to cooperation through the creation of interdisciplinary teams.
• long-term impact on the change of organisational culture.
• stimulation of creativity.
• stimulation of innovation.

In design thinking, the human being is the core value and this determines the specificity and extraordinary humanist appeal of this approach, as well as the remaining elements of the attitude toward problems and designed solutions. Actions focused more on the human being are also particularly important for public management based on the humanistic current. This significant presence and importance of people for the humanistic approach to management is discussed, among others, by: M. Kostera and J. Kociatkiewicz, who remark that it is “an internally consistent research programme that aims to explore and improve human lot in the world of organisations” (Kostera, Kociatkiewicz, 2013, p. 13). One might ask a rhetorical question: where then, if not in public management, such thinking should be particularly present? This humanistic orientation is clearly visible in the design thinking approach, constituting one of its paradigmatic foundations. T. Brown articulated this in a very poignant way: “Design thinking is not only human-centered; it is deeply human in and of itself.” (Brown, 2016, p. 37). This view is reflected in the IDEO methodology which was created to support, among others, improvement of the living standards in developing countries (IDEO, 2012). D. Sobota and P. Szewczykowski add that “the human being is both the starting and ending point of the entire process” (Sobota, Szewczykowski, 2014, p. 100). In this context, T. Lockwood indicates cooperation of designers, engineers, and users within one design team as a point of departure for the creation of more effective innovations, better products and greater satisfaction of people. At various stages of the process, involvement of particular members of the team varies, and it is adapted to the current needs (Lockwood, 2009, p. ix). The author explicitly mentions the need for cooperation and forming interdisciplinary teams as the condition of radical innovation and creating true value added, and not merely incremental improvements (Lockwood, 2009, p. xi). Whereas K. Knapp, presenting Design Sprint methodology created by Google (an adaptation of the premises of design thinking), draws attention to the quality of work performed by teams. It is believed that the improvement of teamwork processes should simply become an obsession (Knapp, 2016, p. 1). Since in Google Sprint the team works very intensively for five days, it is important that “team” was more than a name for a group of people
who work together, but that they constituted a real team capable of solving truly difficult problems. Therefore, K. Knapp also underlines the role of the atmosphere of cooperation which makes Sprint an extraordinary experience of the shared achievement of goals by people who do not necessarily agree with one another (Knapp, 2016, pp. 29-37).

What K. Knapp calls the atmosphere of cooperation referring to teams, also seems particularly important with regard to the entire organisation. On this level, we can discuss in much broader terms not only the extraordinary atmosphere in the design team, but the entire organisational culture supporting exploration and execution of innovative solutions. The necessity to build a design culture in the organisation is mentioned, among others, by A. Preston who claims that this process should combine a number of initiatives, starting with conferences, through improvement programmes, publishing handbooks, to emphasising the ethos of team cooperation (Preston, 2004, p. 210).

T. Lockwood presents this broader context supporting design thinking processes in the framework of an ecosystem. He claims that conscious and systematic application of design thinking requires key changes in the ecosystem of the entire organisation (Lockwood, 2009, pp. 23-34). His analysis included a number of properties of such an ecosystem. From his observations it appears that organisational ecosystems are often hindering and antagonistic to design and innovation processes. He draws attention to many necessary changes reaching the organisational culture: from greater empowerment and trust, to developing cooperation and sharing goals, to creating conditions for learning from mistakes and experimenting (Lockwood, 2009, pp. 23-34). Everything leads to creating real value in the long-term, and not continual ongoing settlements, internal competition which destroys people and organisations, incessant haste, execution of subsequent tasks and standardised projects at the expense of consideration, reflection, and mindfulness of another human being either inside or outside the organisation. Participatory design belongs rather to the model of governance, co-creation of innovation, and it strengthens the direction of evolution which moves away from New Public Management (Ansell & Torfing, 2014). On the other hand, it can be nevertheless assumed that what is necessary in order to alleviate paradigmatic contradictions, is a long-term change of the organisational culture carried out as a process of non-invasive shift of the value system in public organisations.

Design thinking is above all a relatively systematic way of creative problem-solving in a continuous relation to users’ real needs and experiences. Stimulation of creativity as the essence of design thinking is indicated, among others, by: M. Wszołek and M. Grech (2016), D. Sobota and P. Szewczykowski (2014), D. Kelley and T. Kelley (2015). M. Wszołek and M. Grech write: "Design thinking also – or perhaps first and foremost – involves stimulating creativity through
continuous prototyping of potential solutions according to the kaizen principle: correct as you go and improvement never ends” (Wszolek, Grech, 2016, p. 12). T. Kelley and D. Kelley dedicated an entire book with the telling title *Creative Confidence* to the importance of creativity for the successful implementation of design thinking (Kelley, Kelley, 2015). In the book, they demonstrate that despite the fact that most of us associate creativity primarily with artistic professions, it is not an innate feature. They call this misconception simply “the myth of creative thinking” (Kelley, Kelley, 2015, p. 17), and showcase a number of cases in which seemingly “uncreative” people achieved creative results. It seems that such creative confidence is nowadays lacking particularly in solving major public problems, and design thinking – described by D. Sobota and P. Szewczykowski as a creativity method (Sobota, Szewczykowski, 2014, p. 92), can be a valuable supplement to the palette of methods and tools of modern public management.

Creativity is inextricably connected with innovation. This opinion is expressed, among others, by B. von Stamm, the author of the book *Managing innovation, design and creativity* (Stamm, 2008). Innovation, on the one hand is present and particularly valued in management, including public management, and on the other hand it would be difficult to even evoke design thinking separately from innovation. In their book *Designing for growth*, J. Liedtka and T. Ogilvie claim that what TQM has once done for quality, design thinking can do today for development and innovation. If only we equip managers in appropriate tools and skills, they will be capable of generating growth and innovation in an exceedingly efficient manner (Liedtka, Ogilvie, 2011). Similar conclusions are presented by B. von Stamm. According to her, if the goal is innovation, then design must constitute the fundamental component in the process of its realisation (Stamm, 2004, pp. 10-19). From the perspective of public management, it would be useful to invoke one more thought of the same author, namely: innovation is particularly useful in creating value, due to improving what we already have at our disposal, or by creating brand new solutions (Stamm, 2004, p. 13).

In conclusion, the function of design thinking, outlined above, has the potential to solve the indicated problems of public management, and is already in use in the Polish public sector (PDR, 2013). However, identification of this potential is very limited and uneven. Studies of the literature in particular are necessary, preferably systematic reviews of the literature (Czakon, 2013), to put the current state of knowledge in order and identify detailed research problems wherever design thinking potential is found. Furthermore, in-depth exploratory research is also required, especially on the role of design thinking in the evolution of performance management, in shaping dominant models of public management and in preventing and combating social exclusion.
Table 9.2 Synthesis of the discussion on the framework construction of design thinking as a method of solving public management problems

<table>
<thead>
<tr>
<th>The challenges of public management</th>
<th>The potential of design thinking functionality in the context of challenges of management in the public sector</th>
</tr>
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</table>
| Contradictions of dominant paradigms/models of public management | • sharpening contradictions through the orientation on cooperation (Ansell & Torfing, 2014).  
• alleviating through long-term influence on the change of organisational culture, (Lockwood, 2009). |
| Changes in performance management  | (Research gap). |
| Adaptation to the specificity of services (service-dominant logic) | • strong orientation on an individual as the user, and improvement of user experience (with the organisation, its products, and services) (Brown, 2016).  
• stimulation to cooperation through the creation of interdisciplinary teams (Lockwood, 2009; Knapp, 2016).  
• long-term impact on the change of organisational culture, (Lockwood, 2009).  
• stimulating creativity (Wszołek, Grech, 2016).  
• stimulating innovation (Liedtka, Ogilvie, 2011; Stamm, 2004). |
| Counteracting social exclusion    | • stronger orientation of actions on users/people, and improvement of user experience with the organisation, its products and services (IDEO, 2012). |
| Growth of innovation in the public sector | • stimulating creativity (Wszołek, Grech, 2016).  
• stimulating innovation (Liedtka, Ogilvie, 2011; Stamm, 2004). |
| Reconciliation of diverging needs of various stakeholders | • stimulation to cooperation through the creation of interdisciplinary teams (Lockwood 2009; Knapp, 2016).  
• stronger focus of actions on users/people, and improvement of user experience with the organisation, its products and services (Brown, 2016). |

Source: own work based on the literature.

Summary

Design thinking is a relatively new method which changes the way organisations are managed and problems are solved all over the world. Increasingly often it is used also in public management, but its potential has not been well recognised. The outlined proposition of the framework is the first step in that direction. In particular, the strong focus of actions on the human being, cooperation, interdisciplinarity, and creativity create the foundation for generating innovation and long-term change of the organisational culture. All these aspects create grounds for increasing the responsiveness of instruments of public management to its challenges and key problems.

A significant constraint of the present analysis is the focus only on selected problems of public management, and certain advantages of design thinking. Expanding the theoretical framework should be one of the next stages of the
conceptualisation of the role of design thinking in the public sector. Furthermore, what seems to be particularly necessary are systematic reviews of the literature in all of the described areas, as well as exploratory research, especially concerning the role of design thinking in the evolution of performance management, in shaping dominant models of public management and in preventing and combating social exclusion.

References


CHAPTER 10
PUBLIC POLICIES AND PROJECTIFICATION PROCESSES

Beata Jałocha¹, Grażyna Prawelska-Skrzypek

Introduction

More and more activities for which the public sector is responsible are executed in the form of projects. The causes of this phenomenon, called “projectification” of the public sector, are diverse. Some of them include e.g. the ease of solving complex problems by various stakeholders within interdisciplinary teams, access to external means, liberation from excessive bureaucratisation of everyday activities or – in the European context – the influence of the EU cohesion policy (Godenhjelm et al. 2015; Chaib, 2017). According to Jensen, Johansson and Löfström (2013, as cited in Jensen et al 2017) there are three main reasons which have made projects a very popular tool for the execution of public policies: political (through projects, political actors can show initiative), administrative (projects enable the EU and local governments to execute the idea of governance), and organisational (local actors treat projects as a tool enabling them more liberal and flexible management than in traditional structures).

In a way, projects are the answer to a laundry list of accusations toward the public administration formulated in recent decades, which indicate incompetence in the performance of public tasks, action methods ill-suited to the changing environment, ineptitude, excessive bureaucratisation. Already 25 years ago, in their book (ground-breaking with regard to thinking about the way public tasks are performed), Osborne and Gaebler (1992) formulated a number of postulates concerning necessary transformations in the functioning of the public sector. Under public pressure, governments had to come up with a way to deliver more effective, flexible, and result-oriented services, and products. Projects seemed to be a perfect form for the execution of tasks in the new, “changed” public sector. They were like rain falling on dry ground, thirsty for change of the public sector. However, the initial drizzle before our eyes turns into a downpour, and sometimes

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even acid rains, flooding the entire public sector in a way which is difficult to predict. It should be remarked that despite the proliferation of projects in the public domain, including their mass use in the process of implementing public policies, their impact on the entire sector is unknown.

The purpose of this chapter is to analyse projectification processes in the context of shaping and implementing public policies. Our deliberations aim at joining the discussion about the consequences of project work for the execution of public policies.

**The origin and main premises of public policies**

Public policies are not an intellectual speculation, they are not created to show the reliability of the approach or the depth of reflection on some collective phenomena which public authorities handle. They are an expression of a responsible approach to the understanding of the public good and the way to manage the complexity of processes connected with securing such goods permanently. The growing complexity and the level of intricacy of real public problems, particularly strategic ones, or as M. Considine (2005, p. 21) writes problems “of the utmost urgency”, created the need for a reliable, multidimensional analysis of these problems and development of suitable solutions.

Complexity and changeability of public problems, which are their immanent features and determine their nature, are at the same time the source of difficulties in dealing with them. A. Zybała (2013, p. 14) believes that the growing complexity of public problems makes it impossible to reduce them to simple components, because there exists an organic interrelation between them, an interaction that creates the dynamics of the problem (and the policy around it), as its components to a large degree remain in dependency on one another. Solving complex problems first requires going beyond the framework of sectoral and industry actions. For instance, preventing pathologies among children and adolescents cannot be effective if we limit such a policy to the single education sector, or to the social welfare policy, or culture. In such case, interdisciplinary action is necessary. Moreover, very often effective solving of collective problems requires involvement – at the stages of defining, analysing, designing, and intervening equally – of various stakeholders representing the public, social, and commercial sector. Meanwhile, the nature of both problem-solving and the environment in which they are rooted changes with time, which on the one hand generates the need for a reliable, multidimensional analysis of complex collective problems and developing solutions in cooperation with various institutions and partners from the social and commercial sectors, and on the other hand – the need to seek flexible forms of action which would enable reacting to changing
and varying detailed problems, depending on their context. As a result, we observe the evolution in the approach to the understanding and being engaged in public policy. While this policy – at the design stage – used to be limited to designing legal rules and regulations which standardised behaviours of various entities toward particular public problems, and at the execution stage – to enforcing the adherence to the established norms, currently it is focused mostly on designing objectives and outcomes of policies, and at the execution stage – on coordinating activities of multiple entities that perform tasks in the area of a particular public policy. In the traditional view of public policy, creation of a policy was clearly separated from its implementation. Creation was the domain of politicians, while implementation belonged to the public administration – the bureaucrats. In such a policy, there was no room for projects. The criterion of the public policy assessment was the long-term effectiveness in the execution of declared objectives. Previously, revealing a collective problem led to the establishment of a new institution (in the broad sense of the term, as e.g. an agency, but also a new act). J.R. Adolino and Ch. Blake (2001, pp. 31-45, as cited in: Zybała (2013, p. 76)) argue that the condition necessary to execute particular public policies is developing an adequate institutional potential and favourable norms. Nowadays, the complexity and the level of these problems’ intricacy prompt the creation of networks that enable various entities to pool their resources and learn from one another.

Currently the situation in the environment, and also outside the organisation, changes so rapidly that sometimes the execution of one project changes the meaning of the entire policy. It is not uncommon to observe the effect of reversal, when the achieved project objective in the long-term has effects contrary to what was intended (Prawelska-Skrzypek, Lenartowicz, 2015, p. 96). Projects, especially if inappropriately selected, not stopped at an appropriate moment, uncoordinated, or not managed as a whole, in the course of their execution and through unexpected synergies can squander the adopted concept of public policy. The authors quoted above show how instead of the assumed increase in access to culture and increase in participation, the project results in the exclusion of entire social groups from participation in culture.

In public policy, the key issue is formulating the agenda. It is clear that in dealing with a certain sphere of public affairs, public authorities do not focus on all possible, detailed problems, but only on selected issues and solve them in a particular order. Creating the hierarchy of problems depends on numerous factors and is always a critical moment in the course of the public policy process. Mere definition of the problem is not sufficient to proceed to solve it (M.E. Kraft and P.R. Furlong, 2007, p. 74, as cited in: Zybała, 2013, p. 197). Traditionally, in public management, various techniques are used to alleviate conflicts
connected with assigning a high priority to a certain problem, because each of them is supported by particular interest groups. Thus, elements of the objectivisation of choosing the order of solving public problems are being introduced, according to the previously negotiated rules. The decision to include a given problem into the scope of a certain public policy opens up the field for the execution of projects aimed at solving it. It is easy to note that in this view, the process of public policy is considered as a linear process. In public policy studies, it is an important research current, connected with the analysis of the cycle of public policy, in which preceding and following phases are clearly identified. Meanwhile, the increasing complexity of public policies combined with the advancing projectification in the course of their execution turns linearity into a network of mutual influences, which gives the public policy process a completely different dynamic. It is especially difficult to separate the stages of formulating and implementing. In Poland, it is very well visible in incessant amendments of legislative acts, which are usually considered to be the conclusion of the formulation stage of a particular public policy. Even a single, isolated implementation changes the perception of public problems so significantly that it becomes necessary to change the principles of a given policy. Continuous modification processes of the legislation are the proof that in the course of the execution of the projectised public policies, new important problems and objectives of these policies emerge and they gain emergent character themselves.

Projectification of the public sector

The 1990s were marked by an unusual intensification of the application of projects for the execution of various tasks and the phenomenon was called “projectification”. In the text on projectification of the Renault company, Ch. Midler (1995) linked this phenomenon to the changes occurring at the level of organisation. However, it was soon revealed that it was only the tip of the iceberg, and dominated every domain of human life, both in the professional and private sphere. Increasingly often it is observed that we live on projects and in them. Jensen et al. (2016) argue that we are facing the “projectification of everything” – we are becoming a project society (Lundin et al., 2015), in which projects are omnipresent and constitute a kind of “human condition”.

Projectification is a phenomenon that inspires increasing anxiety. The concern of researchers who protest against projectification processes is caused by an array of emerging problems. These include questions connected to the absolute unpredictability of the process, concerns about various organisational pathologies and dehumanisation of activities, no possibility to predict ethical consequences of the assumption that the world consists of a pool of separate projects.
In his work, F. Jensen (2012) revealed the concept of the project society in relation to the concept of disciplinary society after Foucault. Through the comparison of the understanding of activity, space, time, and relationship, he indicated the traps awaiting in the jungle which the natives of the projectised global village inhabit. In a disciplinary society, activity was usually a recurring, space defined action (which occurred in one place), and human relationships existed within a strict hierarchy based on time and space. None of these rules are possible to uphold in the project society. Activities are unique and temporary, they define space (or spaces) where they are executed, and permanent relations are replaced by temporary connections, networks that serve the execution of the task (Jensen et al., 2016). However, consequences of this phenomenon are very difficult to predict, because we do not know what happens to communities which select project as the principal way to execute their ideas. Undoubtedly, they will be relevant, also for the public sector, particularly in identifying collective problems and looking for ways to solve them. Initially, projects “colonised” selected industries, such as construction or advertising, but subsequently, the public sector became projectised as well. This sector, until recently operating on the basis of a repeatable, predictable process driven by bureaucratic machine, underwent changes. But we do not know how it will function in the long term in a global project society. There are many questions that require answering, e.g. How to manage a state through projects? How to build communities around millions of micro-projects? How to prepare subsequent generations for life in a projectified world? Currently, under the influence of the public sector projectification, we can witness a kind of dichotomy in terms of permanent or temporary character of actions taken by public sector actors, which is reflected in the process of shaping and implementing public policies.

**Different perception of time in policies and projects – consequences for the integration of results and learning from projects**

The temporary nature of the project is the key element in a number of definitions of this notion. Beside financial and qualitative constraints, it is emphasised that what constitutes the core of the idea of the project is precisely its temporal constraints. The tension between change and permanence, temporary and stable character in the context of public organisations and projects is one of the major problems raised by public projects researchers (Forssell, Fred & Hall, 2013; Chaib, 2017). On the one hand, we observe that projects coexist with permanent organisational structures of public units. On the other hand, we are starting
to believe that in certain cases, they start to dominate the mode of operation of these organisations.

According to Lundin and Söderholm (1995) time can be perceived as a linear, cyclical or spiral value. Following this concept, they claim that in the case of an organisation, the perception of time is linear, therefore it represents something eternal. For temporary organisations, such as projects, as opposed to permanent organisations, time always runs out. An organisation’s insight and a project’s insight constitute two very different views on the perception of time, and they involve profound consequences for the way of thinking about the tasks of the public sector. People deal with uncertainty and time constraints of the project, and thus – with the fear of not being able to complete it in time, by dividing it into stages, fragments. It gives an often deceptive conviction about the possibility of controlling time and being more effective.

Despite the fact that projects are called one of the methods of implementing public policies, decision-makers, responsible for designing and implementing policies, do not always have a choice with respect to the form of executing their actions (Jensen et al., 2013). Often, as a result of various practices and pressures, e.g. political, they are forced to select a project as an action that can potentially bring immediate effects.

It is assumed that outcomes of projects are easily transferable to permanent organisational structures. However, it is increasingly often emphasised that projects can bring positive effects for their participants and beneficiaries, but they end in failure in the case of integrating these effects into comprehensive activities of the organisation as well as long-term policies. It means that projects sometimes become a kind of “parallel organisations”, with continuous external funding, but without cohesion with the organisation in which they are executed (Forssell et al. 2013; Löfström, 2010 as cited in Jensen et al., 2017).

The process of learning and achieving emergent results can be therefore decidedly more difficult than it is usually assumed. Firstly, the traditional, sequential model of project execution which the public sector copied from the business sector does not usually have the final stage which would allow the transfer of knowledge (Godenhjelm et al., 2015). The end of the project ends the learning process and the transfer of knowledge to the level of the organisation and public policies becomes impossible. Existing solutions are often ineffectively transferred to the level of practices on the general level of the sector, which can raise concerns as to the justifiability of conducting exclusively project work, which balkanises actions on the level of public policies.

Undoubtedly, investment projects are characterised by greater stability. However, not always the effect of such a project supports the realisation of policy objectives, which has been mentioned in the previous part of this paper ("reversal
effect”). In this context, settling projects from the perspective of their immediate effects, and not their contribution to the realisation of public policy objectives, is criticised. As a result of projectification, undertaking development challenges, especially on the level of rural communes, districts, and provinces, is narrowed down to a list of tasks, and not policy objectives. From the perspective of public policy, relationships built in the course of project execution are often more important than the objectives of isolated projects. It is particularly visible on the local and regional level.

Main challenges for the execution of public policies through projects

When considering the potential possibility of executing public policies through projects, we should also consider what type of social problems can be solved with the use of projects. Jensen et al. (2017) invoke the division of projects due to how complicated or complex they are. Applying the guidelines contained in various project methodologies, we can execute difficult public projects, e.g. construction of a gas terminal, a tunnel, or organisation of a massive sports event. At the same time, these practices do not allow us to equally efficiently solve the problem connected with e.g. social inequalities, ageing society, or pathologies of the labour market. It means that project is not the optimal form of solving every single social problem.

At the same time, due to projectification, problems that are easily operationalised (transformed into projects) are much more readily incorporated into the public policy agenda. It can mean that the actors of the process of public policy execution, dependant on projects, will be selecting these social problems which they can solve through projects, and more complex ones will be put on the back burner. When projects governed by a slightly different logic appear in the public sphere (the logic of external priorities and accessibility of resources for their execution), they are the ones that direct the policy to problems which can be solved through projects. We do not reach their core, or their significance for solving problems relevant to a particular community, but we have arguments concerning the possibility of swift, effective execution of particular projects and thus, resolution of particular matters – perhaps of little overall importance, but a solved problem can be presented as a success of public authorities. Sometimes problems and justifications of their importance are even being attached ad hoc to the arising opportunities (e.g. opening of a grant competition). In such a situation, no-one thinks about taking any pre-emptive action, as this would not give the bonus of political capital (and votes), and it does not allow showing that a burning social issue has been swiftly addressed and resolved, as promised.
That is the role fulfilled by systemic projects that concern permanent problems, indicating the area of permanent activities of public institutions (for instance, PCPR or WUP\(^2\) often execute such projects which are in fact mini policies, on a local or regional scale).

Nowadays, there is a universal agreement that public policy should be evidence-based. The utility of particular evidence is being discussed, but no-one questions the need to provide a rational justification of a decision and include it into development processes of territorial units. Meanwhile, due to projectification, the decision to undertake some action is often not preceded by a thorough study of the problem from the perspective of the legitimacy of a given project for the execution of policy objectives.

Policy is a continuous process connected with the improvement of the organisation and the fact that it is learning – also from its own experiences. Meanwhile, the project is a one-off enterprise. Often one attempt to solve a problem is actually a test that should be repeated at least twice. Therefore, often the project should be continued, for which there are usually no funds (with the exception of systemic projects that are governed by a different principle). In consequence, another project is undertaken. Many researchers note the lack of ideas on how to ensure the synergy of project effects. It is emphasised that actions of public organisations responsible for implementing policies cannot be limited to the selection of an organisation to execute the project. It has nothing to do with the accountability for the execution of the objectives of public policies (March, Olsen, 2005, p. 119). J. Arcimowicz and J. Śmigielska (2011, p. 330) underline further that a lack of cooperation between organisations executing projects leads to the fragmentation of a policy (multiple entities execute projects that are inconsistent with one another). Projects not only result in particular outcomes, but also create networks of relations and various influences. It contributes to the emergence of new problems and heightens the complexity of public policies in the course of their execution. This phenomenon can be observed, e.g. by following long-term systemic projects of PCPRs, which are a substitute of social policy on a local scale, when each subsequent year increases the complexity of undertaken actions and deepens the interventions.

Research also provides some data suggesting the emergence of certain pathological actions, e.g. negative subsidiarity related to the low quality of services provided by NGOs (Lewenstein, 2010, p. 40). It would seem, however, that a large portion of criticism of projectification does not concern projects as the way of organising actions aimed at achieving particular effects, but a lack of coordinated approach to this mode of operation which undoubtedly increases the

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\(^2\) PCPR – District Family Support Centre, WUP – Provincial Labour Office
efficiency and adaptability of public policies, and supports building relationships with partners. This, however, does not happen spontaneously, thanks to the acquired skills of efficient project management, but requires strategic, holistic planning of processes, as well as the awareness of a possibly destructive role of projects that cause the fragmentation of public policies.

**Case study – Lifelong Learning policies (LLL)**

Contemporary public policies are complex, complicated, and difficult also due to the fact that it is often impossible to indicate the actor with exclusive, or even more extended than others, competences with regard to the execution of a particular policy. There are numerous collective problems which are solved by various actors, and public policy is the outcome of their actions (most often – projects). One such example is the policy supporting lifelong learning (LLL). In a knowledge-based economy, the adoption of the learning attitude by the entire society is the critical condition of its successful development. Ensuring the development of competences in adults is the basis for building competitive advantage of companies that execute an internal human resources development policy and often in the case of regional clusters, support the development of particular qualifications on a regional scale. Local and regional authorities see to it, particularly through the activities of labour market services. In the recent years, a strong emphasis in school education was put on developing key competences, which constitute foundations for lifelong learning and flexible shaping of development paths. Many companies that specialise in training conduct their business activity in this area. Numerous NGOs, as well, support the development of the management staff of various industries and public organisations. In studying this policy, G. Prawelska-Skrzypek and M. Wiekiera-Michou (2016, pp. 79-94), were looking for the answer to the question about how, in the case of such a complex social phenomenon, and lack of public bodies’ formal competences to interfere with its various aspects, is it possible to steer the development of LLL in the region? The analysis of a case study from the Lesser Poland Province carried out by the authors enabled to show the activity of various actors of this policy, as well as the activity of the regional network for LLL, as a successful example of a relevant public policy.

The example will be used to illustrate the fact that the execution of a public policy through projects does not necessarily have to be destructive. To be able to diligently put the premises of a public policy into practice, it is necessary to take into account several assumptions, as presented below.

Firstly, according to Prawelska-Skrzypek and Wiekiera-Michou (ibid p. 4), the key to success of such a complex policy executed by numerous actors – to
a large extent autonomous in their decisions – is to create a communication space. The process of communication must fulfil the principle of informing one another about the needs, problems, challenges, trends, predicted changes in regulations as well as executed projects and their outcomes. It enables building a consensus as to directional objectives of this policy, and then creating conditions for soft coordination, soft influence on various stakeholders (that do not violate their autonomy), so that the outcome of their actions is in line with directional objectives of the public LLL policy.

In the studied province, as a result of the project carried out in the years 2006-2008 by the Provincial Labour Office, a network called “Lesser Poland Partnership for LLL” was established; it connects local government bodies, formal and informal education institutions, both public and private, cultural institutions and employers – entrepreneurs operating in the area of non-formal education, and NGOs (ibid. p. 7). In 2008, a partnership agreement was signed by 55 institutions and other organisations. One of the clauses of the founding declaration contains an assurance that “content developed jointly by the members of the Partnership network will be recognised by regional political and administrative authorities, and included in the public policy they execute” (ibid. p. 8). In the following years, institutions and organisations that created the Partnership executed numerous projects reinforcing the network and expanding the area of its operations (e.g. development of electronic communication tools, promotion, services provided to individuals and organisations interested in services in this area, numerous LLL promotional events, development and implementation of regional standards for education and training services, entity funding of education – introduction of a voucher for educational services). The achievements of the region in implementing the LLL policy were the reason why in 2014-2015 a pilot project of the National Qualifications System was carried out in Lesser Poland. The objective of this pilot project was “to prepare the Polish implementation of an Integrated Qualifications Register and the process of validation of effects of learning” (ibid. p. 11). In 2016, the Lesser Poland Partnership for Lifelong Learning included 148 member organisations. In the 8 years of operations, the number of partners increased almost three-fold. The network permanently participates in formulating the directions of the LLL policy in the region, and it supports its implementation through various projects (ibid. p. 11). The undoubted success of the network would not be possible without: strategic management of the Partnership by the Provincial Labour Office, the creation of the platform for close relationships that enable sharing experiences and outcomes of projects executed by various partners, as well as constant support from regional public authorities for the network and using experiences and outcomes of Partnership work in regional policy. The way of managing the Partnership is founded on
finding balance between various stakeholders, particularly in the decision-making process and it remains in line with the postulates of Hulstijn who states that equally important are: clear determination of tasks, roles, responsibility, rules of communication, members joining and leaving, as well as division of benefits and power (Hulstijn, 2015, p. 290). It should be emphasised that projects executed to implement the LLL public policy in Lesser Poland were not random. They were carefully selected and planned by various actors involved in the process of shaping and implementing the local LLL policy, and supported by systemic projects.

**Conclusion**

The hope placed in projects by actors involved in shaping and implementing public policies lies in providing rational, controllable products. This does happen quite often – projects enable the execution of difficult, complex objectives. Through rational planning and the application of rules and good practices people complete extraordinary creations, make important discoveries, change reality. At the same time, we should consider what consequences for the public policy can be brought about by the wave of projectification. Certainly, these consequences will not be uniformly positive, and their real effects are very difficult to predict.

However, invoking existing research and looking at examples of public policy execution through projects, it is possible to remark that projectification can have a different impact on different public policies. In the case of complicated, complex policies, adopting projects as the only form of activity appears to be a retreat into the safe idea of a project which feigns taking actions, rather than an effective action taken to solve a particular problem. In policies concerning perhaps difficult, but not overly complex issues, projectification seems not to cause as much damage. It certainly brings about changes, particularly in the pragmatic dimension, entangling persons involved in its execution in mechanisms of project work, based on rigid procedures and methodologies, but it does not allow achieving the objectives of this policy. Yet another, undoubtedly important factor influencing the execution of public policies through projects, discussed in this paper, is the tension between change and permanence, a temporary and stable character in the context of public organisations and projects. In conclusion, it needs to be underlined that there exists an urgent need for an in-depth scientific reflection and discussion about the impact of projectification on public policies, which in the long-term could enable minimising its negative effect on activities conducted for the realisation of public good.
References


CHAPTER 11
MANAGEMENT AND EDUCATION DURING
THE TIMES OF INTERREGNUM

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Introduction. Journey into the unknown

The greatest tasks, so those whose completion pushed human development, were the tasks that required cooperation. It remains true to this day, with a significant difference in that cooperation required today is cooperation that Richard Sennett (2013) calls difficult. In contrast with simple, tribal cooperation that engages people similar to us in activities for the success of our group, tribe, or nation, difficult cooperation requires the involvement of various groups, culturally, ethnically or religiously disparate. Sennett claims that only global cooperation will allow us to deal with the greatest challenges of the modern world.

These challenges are regarded as more difficult than anything we have experienced so far, even though they concern virtually the same areas. Since time immemorial, human beings have tried to establish their relationship with their environment: once, in the popular narration, men harnessed it, used its riches, nowadays, increasingly often they try to prevent the disaster they had caused. It is a catastrophe that threatens our existence. Another challenge, present since the dawn of time, has been explaining the world and choosing a development strategy. Religion and science are the main tools used for this purpose, but today they often fail – they do not provide simple solutions, quite the opposite, they complicate things even more. The third group of challenges has been the necessity to deal with oneself and one’s own fears. Who am I, and who are others? The answers to these basic questions have created our identity, and combined with the apprehension of strangers and conviction that inequalities are natural, they have determined people’s lives.

Today, the main interpretations of reality, great narratives and dominant so far visions of social development based on the abuse of nature, differences between people, competition, and conflict, are shaken to the foundations. We have understood that what not long ago had been enough for us to deal with reality, lost its relevance. According to Zygmunt Bauman, we live in the times of interregnum – a moment in history when old ideas no longer work, but the new ones
have not yet arrived (2017). It is a consequence of the collapse of the vision of the world, economies, and societies of continuous growth and development. With increasing clarity and despair we come to realise how unstable is today’s model of social relationships.

Jeremy Rifkin (2016) announced the close fall of capitalism, but he insists that a different world, based on a community of cooperation and motivated by common interest, is possible. When the ideas that change the world emerge? How to deal with the lack of ideas or, even worse, the fear of creative approach to one’s lot? What tools can prove useful in the task of constructing the world? How to conduct a debate about such theses as, for example, the one presented by Rifkin? Among various possibilities, we would like to emphasise the meaning of education and management. Education is a process that enables people to understand more, become better, and more efficient. Thanks to education (and work) people manage to overcome their own limitations and develop in an often unexpected ways, which results in social solutions that could not have been predicted some time before (particularly when education occurs in a group). Whereas, thanks to management, the nowadays popular form of human existence and the way of constructing society and knowledge, we know more and more about the specificity of how people function in organisations (Czarniawska, 2010).

The objective of this article is sketching a broader context which, as we believe, should nowadays constitute a point of reference for the way of thinking about directions of the development of educational management in schools, because without reacting to reality, management becomes a set of empty rituals, instead of a mechanism of handling challenges. Describing the context, we will refer to the selected major aspects of the contemporary world, that impact the condition of the world and the human condition, postulating mindful, responsible actions that take into account precisely these aspects in all management and educational management initiatives.

**Challenges. The end or the beginning?**

The conversation about the future and new ideas for the organisation of social, economic, cultural, and political life cannot happen without a reference to the context in which this life is led. We are living in the world which many scientists, philosophers, and commentators whom we will invoke in the subsequent parts of this article, judge rather harshly. In relation to the Western civilisation, it can be considered a paradox, since nowadays people live longer, healthier and in better conditions than ever before; they earn and eat more, rarely suffering from wars and other conflicts or famine and destructive plagues. The progress of technology enables things that were even quite recently difficult to imagine, for
instance in medicine – restoring sight and hearing, thought-controlled prosthesis, or reviving extinct species. Many diseases that used to decimate populations in the past disappeared, average life expectancy increased, and child mortality decreased by 40% between 1990 and 2012. In 1962, 41% of children did not attend school, now the percentage dropped below 10% (which is still too high). A not inconsiderable number of people worldwide live in a richer and safer world, but they are not content (Bregman, 2017, pp. 5-10).

We believe that the situation is bad, because our very diverse ambitions are enormous. On the one hand, the new kind of hunger, different than in the past because shaped by marketing experts not needs, hunger of total consumption, drives production. On the other hand, there is also a hunger for justice which drives the desire for a better life not only in terms of consumption, but also freedom, brotherhood and sisterhood, equality, etc. We cannot handle it, because we ran out of ideas for the future, and it is equally difficult to accept the fact that the vision of the future must be filled with something. Simply “more” or “cheaper” is not enough. Such solutions are over, and besides, we can see that in the world richer than ever before, millions of people still live in poverty. Even though we could resolve the issue of poverty here and now, we brought about a situation in which some people bask in unimaginable luxury, while others fight for their survival. We have great expectations, but we must eventually understand that without a fair vision, everything we have achieved is the progress of technology, not civilisation. Nowadays, politics is limited to crises management, voters vacillate between parties offering solutions that differ from one another only marginally, universities resemble factories where there is no time for reflection or debate, and freedom means the right to advertise rather than the right to express your opinions (Bregman, 2017). So even though things are better, we still see that they are bad, and we sense it in an unprecedented way. Things are so bad that we are afraid to talk about it – and we do not acknowledge the alarming data.

Negative phenomena cumulate in the areas mentioned above:

- in the natural environment, the ecosystem that permits our existence, and whose devastation brought us to a point where we started to wonder how much time humans have left on Earth.
- in the social environment, where catastrophic inequalities and deficits of justice destroy the possibility of sustainable social development which gives us a chance for survival not in the biological sense, but as people who can function only in society, in groups.
- in interpersonal relationships in which the fear of the unknown, i.e. closing yourself to diversity and otherness, generates the threat of armed
conflicts, terrorism, and also a humanitarian disaster related to the migration of enormous numbers of refugees.

An exceedingly concerning state of the natural environment, or more aptly: an environmental mega-crisis caused by our industrial civilisation and as a result of the emergence of new cities and agricultural areas along with chemical agents used in agriculture, is particularly visible in global warming, loss of biodiversity, and excess nitrogen. It inspires asking the question: when will we be forced to pay for this? Estimations vary: from irresponsible positions of certain politicians who do not believe in the threat and ignore it, to opinions of scientists who indicate the period until the end of the 21st century as the time we have left to change something, to those who prophesise an impending disaster soon, in 20-30 years, because we have already passed the point of no return (Pinchbeck, 2017; Klein, 2016).

The social environment, another area where serious challenges accumulate, is subject to erosion as well. For some time now, scientists have been raising the alarm, indicating how dangerous current inequalities have become for societies and nations. Societies that allow their own expansion, believing it is “healthy” for their development, are facing greater social threats, higher costs, and lower quality of life (Wilkinson, Pickett, 2011). Among scientists who raise the alarm on the subject of perpetuating inequalities by an unfair accumulation of capital, we should invoke the most quoted economist of the 21st century, Piketty, who leaves no doubts as to the possibility of people born into less affluent families becoming richer. The division into financial winners and losers was made a long time ago, and now it only deepens – the share of capitalists in the overall income will only grow, and the rest will be left with less and less (Piketty, 2014).

This unfair social reality has long since undermined the foundations of the social contract that enabled the existence of modern societies, although due to manipulations, socialisation and media, the message has not reached public awareness. Merciless markets, continuous economic growth, unfair taxes, immoral corporations in pursuit of profits, or the arrogance of owners are not responsible for the crisis, unequal distribution of goods, or endangered pension systems; according to these powerful opinion-forming forces, it is strangers who try to seize our way of life and our goods that are to blame for everything.

The third discerned area, where we can indicate serious challenges for modernity, is the area of identity, relationships with others, and the awareness of development opportunities. Who are we as people, as individuals, as groups in society? Admittedly, we gained more freedom to individually define our own identity and it seems that eventually an enormous diversity of human identities was accepted (in terms of skin colour, ethnic, cultural, or political affiliation, sexual orientation, beliefs, diet, religion, wealth, leisure, career model, or lifestyle),
yet at the same time a strong opposition to the fragmentation or atomisation of society is visible. Recent years mark the return of the popularity of nationalisms as well as the focus around the idea of a strong state or homogenous cultures, which can be a reason for concern if we consider diversity to be a value, and attempts at communication and cooperation between cultures as something desirable. It is alarming, but the bitter reflection on the vanishing interpersonal bonds, solidarity, or trust has been present in popular discourse about the state of public affairs for some time.

We are witnessing a crisis of thinking, imagination, and the crisis of the model of social development (production, consumption, leisure), resulting from the interaction between the liberal democracy and capitalism (Bauman, Bauman, Kociatkiewicz, Kostera, 2017). Are we the witnesses of the end of history, or the end of humanity? Climate, environmental, economic, political, and social problems intertwine. For instance, burning fossil fuels is a social, economic, and cultural problem, which makes finding a solution extremely difficult, but remaining within the circle of familiar solutions leads to an inevitable disaster. What we need today is a radical transformation of the vision of society, labour, and production.

Yes, we do live in the times of interregnum – a period that heralds something new, but as yet unknown – the old has not left, although it has ended, and the new has not yet arrived, although it has begun. It is a dangerous period, the time of stagnation and strife, but the crisis of legitimacy does not mean only the collapse of the old order, but also the time of new opportunities. It will be difficult, but it is worth trying to assume that when we lose something important to us, it would be enough to take a step in any direction to see the problem from a different, broader perspective, and it becomes immediately visible that instead of wasting time, we should become involved in the work for the new, always referring to moral values – once again connect labour with morality (and not only profit). Andrzej Leder (2016) believes that a profound change of the global order and valuation system is possible, but we must not ignore human rights, as we are responsible for the community, empathy, and global economy. The European community has always been founded on the consensus that the common good can be more important than the good of one of the member states.

The intellectual appeal of the capitalist system has worn out, and with increasing clarity, it becomes visible that it is nearing its end. The already mentioned Jeremy Rifkin (2016) argues that a new economic paradigm is slowly taking shape, based on the community of cooperation and the zero marginal cost revolution visible even today in the publishing industry, ITC, entertainment, education, or in research showing the possibilities of obtaining clean energy. The key role in these transformations is played by the new technological platforms –
the Internet of Communication and the Internet of Energy – the Internet of Things. However, we should still keep in mind that new technologies are a promise of a better future, but only if accompanied by the changing mental models, our intellectual software which helps us to function. Otherwise, the technological revolution as well will introduce a division into winners and losers, and profits will not be enjoyed by all. So far, even if new technologies are being implemented, they do not necessarily bring the expected results. Besides, a new group of the excluded emerged, consisting of those excluded from the technological transformation. New economy created new poverty. For instance, it was remarked that while in modern sectors wages increased by ca. 12% in the span of a decade, traditional sectors noted a ca. 4% decrease.

That is why today, the change of attitudes and shaping adequate competences is necessary. One of the interesting problems is the issue of differences between people and the effects of these differences visible in access to education, jobs, decent wages, health, happiness. Today a belief is being created that in order to be happy, you have to have more, more than yesterday, more than others. You have to own things. Private property is much more popular than the shared, public property. Can sharing with others bring happiness? Can property take another form? Is it possible to be happy and earn as much as others? How to avoid the continuous pursuit of material goods and instead focus on oneself and one’s relationships with others? How can we not expect that someone will solve our problems and by self-governance take up the challenge of taking responsibility for the world?

**Education and management. Unfulfilled promises**

In the process of development, humans worked out certain – varying, depending on the era – intellectual tools which for years have been useful in managing everyday tasks and more ambitious visions of the future. At this point, we would like to refer to education and management – systems which helped to efficiently get ready and solve problems of everyday, social, economic, and political life. It is generally believed that education plays an important role in the process of becoming a human being, that is individual development; in socialisation, that is becoming a member of society thanks to acquiring appropriate social and cultural competences; in the acquisition of appropriate skills and knowledge, that is becoming a valuable, competent employee; and in the process of developing the competence of critical reflection on oneself and the world, in order to be able to improve it (Łuczyński, 2011). These functions of education bring the expected result when the necessary balance between them is successfully maintained. Similarly to education, management involves people’s actions. It is sup-
posed to enable people to make a joint effort, make their strengths as effective as possible, and their weaknesses insignificant. Like in the case of education, management is a deeply cultural activity, rooted in culture and dependent on it. Management requires shared values and goals, communication and responsibility, learning of everyone involved, and these factors lead to achieving measurable results of actions (Drucker, 2008, pp. 23-24).

For years, education and management have been taking a hegemonic position in the process of dealing with reality, which in a sense contributed to a certain calcification of the concept, and even certain arrogance toward problems which societies had to face. Education consisted mainly of transferring information packages and training specific competences. Management was considered to be a managerial activity or managing resources and people (Kozuch, 2005). Despite increasing expectations, it was possible to also note a growing frustration due to unsatisfactory outcomes of considerable funds invested in education (Dumont, Istance, Benavides, 2013), and in management (Micklethwait, Wooldridge, 2000). Both education and management started to lose trust and respect, also due to increasingly visible problems in dealing with social, economic, and political dilemmas concentrated around tensions between what is rational and what is irrational, qualitative and quantitative, inclusive and excluding, democratic and autocratic, ordered and chaotic, individual and organisational, between imagination and tradition, change and status quo, and finally, competing objectives: work and good life. The collapsing traditional narrative led to a crisis of education and management, as well as kindling the idea that many problems cannot be solved by schools or managers, as they do not have sufficient knowledge or responsibility. Nowadays, management, in its classic form, loses relevance and academics argue whether it has any role to play in the future (Bauman, Bauman, Kociatkiewicz, Kostera, 2017). Both education and management can impact the world of the future by building beliefs and mental models, reinforcing certain values or building relationships between people.

How then can we ensure our own prosperity and happiness, while including others in it, and not leaving anyone to their own devices? From hundreds of alternative routes of development of individuals and societies, how do we choose one which will be our own, and at the same time the best one for everyone – and then successfully follow it? Those who ask themselves such questions are the people who realise that they determine their own lives and the shape of the world. The question about which choice to make, or how to do something, is a result of maturing, the process of understanding who is responsible for our world. It is a painful process of coming to terms with the fact that we are the ones responsible for the way we live our lives. Starting with private, personal matters, understanding oneself, closer and more distant relationships, choices
made regarding macro matters, social matters, political, economic, and cultural choices; it is we who – in a certain socio-cultural context, having some economic, human, cultural, and relationship capital, but still we – shape reality. We, so also various social institutions that we set up: value systems, thought models, systems and organisations such as school, which formally order the process of education. And although it is difficult to argue nowadays that the future will be what the school is today, because as we know, reality is complicated and no single factor can determine it on its own, school, or more broadly speaking, education belongs to the set of the most crucial factors that determine the future. What kind of education is capable of changing the world? It is an issue worth considering, starting from the assumption that describing the world without the intent to remedy injustice is profoundly unethical.

We are convinced that we are in a place we can leave and move forward only when we “reinvent” objectives, values, and actions. We believe that we are obliged to take action which will at least delay these unfavourable tendencies, especially those connected with the dramatic state of the environment. In our opinion, the list of priorities for education today, and as such for management in education as well, should include:

- environmental education – with reliable knowledge derived from scientific research on the state of our planet and what we should all do to care for it here and now.
- learning in cooperation.
- learning empathy, respect, and trust as the fundamental values.
- understanding and supporting diversity.
- rejecting competition as a main form of the interaction.
- promoting the value of education.
- levelling chances, equal opportunities.
- learning reflexive action.
- learning how to be active.
- educational programmes for adults (children’s parents, local communities) including, among others, the issues listed above.

We believe that these actions, despite having a utopian ring to them, are indispensable to facing the challenges of the contemporary world. Although, of course, they are not sufficient, and in no way do they constitute a panacea, a complete list of solutions. Most of these actions we suggested to schools and other institutions as an element of two projects executed by the Institute of Public Affairs in the years 2009-2015, concerning pedagogical supervision and educational leadership, placing particular emphasis on formulating the canon of values which should, in our opinion, serve as a basis for the development of
schools and pedagogical supervision (Dorczak, Kołodziejczyk, Kołodziejczyk, Mazurkiewicz & Shaw, 2016; Kołodziejczyk, 2016).

As Jan Łuczyński argues, educational management should be primarily oriented on the execution of the fundamental role of the school, which is supporting each student’s individual development. The achievement of this goal is supposed to be supported by performing all managerial actions: planning, organising, coordinating or leading, monitoring (Łuczyński, 2011, p.102). The listed priority tasks for education are therefore also tasks for educational management. The challenge is to manage in such a way as to enable their realisation. So, educational management must move away from the attempts to transfer ideas from other domains of human activity and reinvent itself from scratch, referring to democratic values and focusing around the context described in this article.

Admitting that we need schools to change is just the first step of that change. As managers and educators we need to lead a conversation across our communities. We need teachers to lead the public debate so that it avoids the inevitable trivialisation, in order not to focus the discussion on administrative structures, new buildings, technology, or textbooks. We need a new narrative of learning and teaching, of management, to propose the new paradigm of education, in which education would no longer serve to reconstruct the existing reality, but to impact society in the transformation process. It is our, educators, responsibility to help society to understand the broader role of school and its ties to social development not understood only as economical growth.

Awareness of contemporary challenges cannot remain only in the sphere of a sad reflection on the fate of the world and the human race, but according to us, it should constitute a point of reference for building a community of learning, for managing school and learning processes. The purpose of this article is the presentation of reflections on the most essential question of every human endeavour: why do we do it? Only when one is aware of the answer to this question, there is a chance for reasonable action, providing opportunity for genuine change and success. Educational management should be therefore planted in the social ecosystem of the school, oriented on the one hand on the development of the individual, and on the other hand – on the development of the entire school and local community in which the school operates. We should strive for a transformation of the social life that will serve decreasing social inequalities and at the same time creating conditions for a good life for everyone (Mazurkiewicz, 2012). In our view, management concepts and methods favourable to educational management are those that accentuate participation and inclusion of various school entities in management processes, focus on cooperation and shared, negotiated values, based on which a common concept of school and its management is built. Maybe it is not too late.
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The Institute of Public Affairs was established at the Faculty of Management and Social Communication on 07.07.1997. Its primary mission involves conducting research into public affairs and educating managers in the public and non-governmental sectors in Poland. The scientists employed at the Institute conduct research in the fields of public management, functioning of the public sphere in Poland and the European Union, and public policies – policymaking, implementation, and impact of policies on the public sphere and public life in Poland. In particular, the Institute is focused on studies into: educational and territorial management, civil society and non-government organisations (NGOs), projectification of the public sector and higher education, as well as management control and combating and preventing corruption. Hence, the diverse spectrum of our research interests is presented in the present publication. This compilation aims at presenting selected, yet important areas of academic research conducted by teams at the Institute of Public Affairs of the Jagiellonian University.