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Content

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Articles

Reviews

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DEFINING OVERLAPS IN RELATION TO PUBLIC POLICY AND PUBLIC ADMINISTRATION

Abstract
The aim of the paper is to analyse overlaps in relation to public policy and public administration. Since the subject of the field in question requires a great deal of knowledge and data, it is required to avoid inaccuracies and to preserve its scientific space. We have identified several overlaps in this research study. The first key one is the public interest. The second one is characterized by the actors themselves, i.e. by the public policy and the public administration. The other overlap is linked to the structuring of public policies. The number of overlaps between public policy and public administration is not exhausted this way. Based on the new theoretical and practical knowledge of public policy and public administration, we assume that the future times will point to a number of another overlaps.

Key words: public policy, public administration, intersections, public interest, actors.

1 INTRODUCTION

Public policy plays a major role in a society. It goes beyond the specific knowledge of individual disciplines by seeking a holistic understanding of problems in contemporary society and seeking ways to effectively address them in the common life of the state, region, community, or civil society. Public policy links the needs of the society and seeks system solutions. Clarifying individual public policy issues and confirming its identity, as well as the concrete implementation of public policy, helps on one hand to develop this scientific discipline and, on the other hand, contributes to the systematic

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development of a pragmatic dimension of public policy.

Our knowledge of public policy enriched with a number of theoretical and practical knowledge can remain useless if we fail to link it to the realities of a particular country or a political space. We consider public policy to be a dynamic discipline in terms of place, time and space. This space is usually filled with the functioning of public administration, which also represents its practical level. It is a system of administrative bodies, among which relations and ties are created, affecting the everyday life of the inhabitants of a certain precisely defined area.

Besides the practical level, public administration, like public policy, has its theoretical level in the form of independent scientific discipline. However, it is important to emphasize that, despite the fact that there are still doubts or contradictions about its identity, especially in terms of determining its subject, we accept the emergence of public administration as a separate scientific discipline and include it in the social science system.

This discipline, with a set of its methods by the theoretical portfolio, blends with other social science disciplines. The subject of our knowledge will be the overlap of public policy and public administration, without making any difference between the theoretical level and the practical one, since we do not attribute to any significance in this case. The overlaps of public policy and public administration make it possible to identify the problems of contemporary society in order to find the most suitable solutions for their elimination and abolition.

2 PUBLIC INTEREST AS AN OVERLAP OF PUBLIC POLICY AND PUBLIC ADMINISTRATION

The focus of public policy is the shaping and implementation of policies such as the political process, redistribution of resources and justice in their distribution, the problems of the functioning and linkages of state and local government (Briška et al., 2010), the problems of relations between the centres and regions, shaping and implementation of local policies, as well as analysing the formation and promotion of public interest. Public interest is therefore mainly applied in public service policies and is also an important factor in political decision-making.

Public policy is closely linked to public interests. It is a tool for its identification, its evaluation, and the preference of its choice as a subject of public policy. Public policy chooses methods of addressing and fulfilling public interest.

The definition of public interest is the subject of long-term discussions. There is no definite answer in this regard. There are several specifics when defining it. refers to an object. It has no timeless validity. What is in one overlap, time period, in a certain culture, public interest, does not necessarily need to be in another. The public interest is specifically perceived and its interpretation can also be perceived differently by a civil society. We will try to define it in such a way as to avoid unilateralism and simplification, and at the same time we need to find a definition that meets the criteria of a science. We assume that the public interest (Briška et al., 2010) is:

1) the interest of a greater number of citizens - the importance of the public interest translated into the arithmetic language means the pressure of a greater number of citizens (more than any population), the sum of the number and the general whole, with the majority believing that it has the right to dictate its will to a minority.

Some authors state that the public interest is:
2) the sum of individual interests - the specificity of this approach depends, first, on the discovery of the difference between personal interests and what is in its interest. It is not about what most individuals are interested in, but what supports each member of the public. On the other hand, this view ignores the fact that society is not only the sum of persons, but also consists of relationships between them and the different subsystems, suggesting that the characteristics of society cannot be reduced to individual characteristics. The expression is lacking a human-centred assumption, and it in no way minimizes the importance of values that depend on a group or company membership. Human interests can be, and they are, usually lower than individual interests. Therefore, in defining the public interest, we focus on the „man" rather than the "individual". Yet we want to emphasize the interests of the whole person, including all the social aspects (as a human being). Quite often we see that the public interest is considered to be:

3) common interest - the fundamental mistake of this interpretation seems to be to justify any interest that is common to a community, or a group but may not be of public interest. It may be a partial interest that may be considered public or enforced as such. The third idea identifies a common and public interest without specifying differences between them. Although we do not seek an academic definition, we also find in the literature an interpretation of the public interest being:

4) over-individual interest, with an emphasis on evaluation and giving the impression that the public interest is beyond the reach of the individual and at the same time - that it is something one cannot understand because it is a special kind of public good that consists of something other than a summary of interests which form a society, and that is beyond the reach of an individual.

Finally, the form of public interest is defined as 5) the expression of plurality of collectivized interests, i.e. a public interest designation characterized by:

● first feature - public interest concerns securing and distributing public welfare, which are individually non-assignable, or rather they use their public as a whole or its individual parts (the common object of public interest is public welfare - public welfare, but also other non-economic values, e.g. ideological, cultural, etc.) Thus, the term public interest expresses:
- needs that relate to larger social categories (groups or entire societies)
- the values that society does and aspires to defence against threats to these needs and values

● second feature - public interest is the aspiration of the society and subjects (individuals, groups, organizations, political parties, movements, government, parliament ...) to the values and needs of the society that are considered preferential. These subjective presentations of public interests are largely objectified in a pluralistic system based on negotiation, compromise and consensus. Nevertheless, in the case of democracy or authoritarian systems, inadequate expression of public interest may occur, even interests of individuals or groups may be interpreted as public interests (e.g. by populist policies) in some cases.

● third feature - public interest is regularly composed of these segments: economic, political, cultural, ecological, social, etc. Only in the most general documents, e.g. in the Constitution, in law, in political party programs it is formulated as a whole. It is of a great importance for practical public policy. Public interest segments are subject to special parts of public policy. Thus, the public interest is broken down into a large number of programs. Therefore, particular fine defining of the interpretation of the public interest requires a high degree of coordination, what is a function of public policy.

● fourth feature - public interest is structured in terms of time, place, object and source of origins. There are the following public interests:
a) short-term
b) long-term (they are based on the values the society seeks to achieve, they are the result of a deeper analysis)
c) medium-term = mixed (they are the result of overlap of both)

However, it may happen that the short-term public interest to tackle a social problem becomes chronic, that is to say long-term, because it has not been dealt with in time and is of a strategic interest.

● fifth feature - public interest is the subject of public policy only if it is publicly recognized, i.e. that they get the right preference in public policy. There is a complicated relationship between what is publicly recognized and what remains a latent public interest. Therefore, the analysis of public interests and the conditions for their implementation is of particular importance (sometimes they are not rejected as such, but their solution is delayed due to a lack of resources).

● sixth feature - public interests are not only a matter of public institutions but also of individuals. If citizens are social actors and as such they can express public interests. The categorization of public interests by the areas concerned is also a criterion for dividing individual subordinate types of public policies. While public policy in general determines the overall concept of state, government, parliament, in addressing public affairs, the different types of public policy address a specific area and public interests in them (e.g. school policy, social policy, etc.). These categories are strictly separated.

If a citizen respects the public interest, they have the right and duty to control how the public interest is exercised. Public interest has its source of existence in the individual (private) interest, but it is linked to the provision of the values and needs of the wider whole. Public interest is the social interest of citizens stemming from the private interest of citizens in creating an institution, a set of rules, standards, and state laws that create democratic conditions for the development of a citizen as the bearer of individual interests. Public interest can be realized while maintaining the principles of democracy. In a democratic society, the contradictions between public and private interests are gradually blurred, it is not desirable for democracy that public interests is in the long run contrary to private interests (Dahl, 1995). Public interests must be progressively improved, which means better, more satisfying and pursuing private interest. What matters to the public interest and how it will evolve depends on the civil society and its dynamics. The constant evolution of society and the development of the needs of the people who make up society always bring the originality and uniqueness of the public interest. We consider the public interest as a dynamic, still current phenomenon that addresses the needs of the company with regard to systematicity. Public interest affects not only the individual but also the community or the society as a whole.

In a way, public administration is a set of activities where public affairs are managed in the so-called public interest or rather these matters are a public matter and need to be carried out in the public interest. Public administration means the administration of public affairs as an expression of executive power in the state (Briška et al., 2010). Public administration is thus a manifestation of the existence of a public interest that is rooted in the private interest and in private administration (Adamcová, 2018; Klimovský, 2008). Public administration is very closely linked to the public sector, because the public sector is where public administration operates. The public sector is limited by the scope of public administration (Pomahač – Vidláková, 2002). The administration can be characterized as a purposeful social activity that aims to achieve a goal with a public or private character (Káňa, 2014). The distinguishing feature of public administration from private administration is the public interest, which is the determinant of the formation of legal norms and rules of cooperation. From this point of view we assume that public administration is a set of institutions and organizational structures that create and implement laws, standards, cooperation, and distinguish state law from private administration. Laws are then used, through public administration, by the citizens and private administration to realize their private interests. A citizen, alone or through their elected representatives, may exercise their preferences. By this procedure, it decides to what extent and quality it gives the public interest over the exercise of part or all of its private interest.

The possibilities for implementing the public interest depend on several specificities. Public interest is the starting point and its implementation is a criterion for the effectiveness of public policy and the objectivity of public administration. It is also a benchmark for defining public policy and public administration activities. Public interest becomes intrusion and thus brings together public policy and public administration. The public interest reflects the possibilities of public policy and public administration. Public administration carries out activities in accordance with the implementation of public policy on the initiative of the public interest.

Public policy is founded and legitimized by the existence of public interests, not only by the creation and expansion but also by recognition. Public needs and interests are promoted by legitimate public authority as the authority elected in democratic elections (Staroňová – Beblavá, 2006). The basic means of recognizing, legitimizing and expressing support are in a democracy election in which citizens give their votes to political parties or persons who submit programs containing preferences for certain public interests, concepts of reinsurance, methods of dealing with them, and related practices. Through elections, citizens are able to perceive preferences of public interests by political parties or individuals. Citizens have the opportunity to decide on the choice and preferences of public interests, which may change at certain intervals. Along with delegating power, elected parties and candidates at each level of government are mandated to direct the society to meet these interests. Dynamic transformations and complex society conditions require permanent recognition and verification of public interests.

3 ACTORS AS AN OVERLAP OF PUBLIC POLICY AND PUBLIC ADMINISTRATION

The overlap between public policy and public administration is closely linked in several respects. Possibilities of implementing public administration in accordance with public policy depend on specific actors.

According to Staroňová - Beblavá (2006) in democratic governance, it is important to constantly communicate and activate other actors, ranging from the public through interest and non-governmental organizations to the business sector, because their views, attitudes, interests and active participation play an important role in a successful public policy implementation. Public policy is transformed from political decisions into highly professional work of analysts, the activities of experts in many departments in public administration, especially the state administration. It means that public policy contains a political and professional aspect. On the one hand, public policy is descriptively analytical and on the other hand it focuses on policy advice and practical use (Veselý - Nekola, 2007). In this context, there was a problem of professional preparation of public policy and public administration employees and at the same time the problem of how to implement public policy (individual policies) through individual structures of public administration.

On the one hand, public policy makes it possible to name the relevant area of activity of the public sector, on the other hand, it counts with specific measures (Staroňová - Beblavá, 2006. Therefore, public policy needs public administration for its implementation. It is mostly situated in the state administration, but also in non-state self-governing institutions (local and regional) and professional, interest or non-profit organizations. The public administration is the management of the public-law obligations, i.e. state and other public corporations (Pomahač - Vidláková, 2002; Pomahač, 2011). From the point of view of the examined issue, they can be described as public policy actors. Public policy actors are present when considering any questions/problems or issues in public policy. Key roles in defining individual and social genesis of public interests as well as in defining public policy and public administration. Even one of many public policy definitions defines its role as researching the sum of activities of public policy actors within a particular entity (state, self-government, or public-law corporation) that directly or indirectly affect the life of a certain subject and citizens. Actors are definitely another overlap between public policy and public administration. Actors influence public policy and public administration. In the interest of good performance in governance, persons working in public administration should also have the highest possible level of skills and training (Kováčik, 2017). Actors are involved in the development of public policy and public administration. It is political parties which have the greatest role in the formulation, promotion and realization of the public interest. If they win elections, they place their leaders and members in a decisive position in public administration. Public policy actors (Klus, 2008) are specific in their approach and impact, both to the position in which they exist and the way in which they fulfill their role. Actors of public interest are not all citizens, nor state or social interest organizations, or initiative groups or movements, but they can become so if:

- they participate in their assurance and identification,
- or formulate or publicly share their focus and content (public interest presentation)
- whether they participate in decision-making on their recognition in public-political institutions such as government, parliament, regional or municipal councils, etc.
- or participate in their application in public-political life (realization of public interests).

Public interest actors are distinguished from users of public interest. While the actor, as this term suggests, is an active element in the creation and implementation of public interests, the user is involved in their use, saturating their values and needs. This, of course, does not preclude users of the public interest from becoming actors. User participation contributes substantially to its refinement and efficient use. Therefore, it is appropriate that actors formulating and promoting public interests, as well as those who decide their priority solution and the extent of recognition as official state programs, self-governments or non-governmental institutions, enter into social dialogue with existing or potential public interest users. The main actors come into play about the public interest according to their political and social positions, competences, possibilities and also according to their ability to recognize and resolve them.

Their share depends on a set of these assumptions and efforts. Although some of them have a decisive potential from their positions, e.g. parliament or government do not need to use it and other actors will then play this role (or, by their pressure, some actors force public interests to be achieved). As a rule, public interest actors have different options for influencing their genesis, promotion and realization. In the categorization of actors, we point out that it may be public administration as a whole or its individual components. The process itself, from the creation to the realization of the public interest, needs to be imagined as a lively stream of interaction that takes place simultaneously among all actors who have taken part in the process.

In addition to these actors, societal genesis of public interest is influenced by general and specific factors of society. They are used as a determining or inspiring or restrictive environment, allowing both the hindrance and the will of the actors to promote and realize certain public interests. In many cases, it affects its specificities in terms of expression or implementation. Here are some of the main general and specific factors affecting public interests:

- The geopolitical situation of the state. It is e.g. the situation where the security of the country is threatened and the defense spending is increasing, thereby draining the resources needed to secure other socially important public interests.
- Economic situation and economic development of the country. A low degree of economic development does not allow what is possible in economically developed countries.
- Historical traditions and cultural patterns of behaviour. This factor has a significant impact on what is perceived as a public interest.
- Political regime of state and society.
- Cultural level and quality of life in the country, including living standards. This factor has a strong influence on the nature of the interests that are referred to as public.
- General functional needs of the existence of society and the state. This factor is often forgotten. However, it is contained in the universal values of human society if it is to be maintained and developed as human and cultural. We will find them also in the universal functions of the state, which they have to fulfill in order for them to be in need and submit to it. It affects the public interest related to such a long-term development of society (e.g. family support, border protection, relation to minorities, etc.)

Specific factors appear in different countries and societies, usually based on local cultural and natural conditions. They can significantly modify the selection, but also the presentation and realization of public interests. Public interests and public interest priorities differ from society. The common feature of public interests is hidden in the nature and interpretation of public interests by various public policy actors. The realization of public interests by public policy actors consists in achieving satisfaction and fulfilling the expectations of a civil society.

4 STRUCTURING PUBLIC POLICIES AS AN AREA OF OVERLAPPING WITH PUBLIC ADMINISTRATION

The last overlapping between public policy and public administration is determined by the structure of public policies. When looking for ways to make public administration more effective, it is not possible to circumvent concepts corresponding to different activities and spheres within public policy (Adamcová, 2018). Most generally, this structure can be taken from the vertical and horizontal points of view. The vertical aspect can be characterized as a public administration system. The issue of horizontal sectoral breakdown of public policy is rather a complex problem in the modern conception of the state, which is characterized by the need to know the local specificities of the given area, region or state. One of the key policies within the horizontal structure is public administration policy. The vertical line oscillates around these control lines:

Vertical state administration line:

This line is presented and implemented through the state administration. Its subject is the central executive exercised by the government and its authorities. This applies when it is based on laws and local governments and takes place in two areas: the regulation of executive activities by way of statutory standards and the delegation of state power to local self-government (delegated powers). Public policy includes decision-making on distribution and redistribution or allocation of resources (e.g. resource allocation between regions), is characterized by a particular set of measures and the content of the activities of individual components of public administration. At the same time, the essence of public policy can also be understood as managing global-sectoral overlaps, which are realized through inter-organizational relations (public administration is also one of the sectors). The public policy then manifests itself as a mediator of public interests and brings together different interests between industries or sectors and a global society. Thus, global sectoral relations are at the heart of public policy, which determines the development of public policy as a whole in its perspective as well as its individual policies.

Vertical self-government line:

The direction of management of this line can be described as a direction from the legislative centre (parliament) through regional self-governing bodies to the lowest level of self-government, i.e. local self-government. The main institution of this type of governance is the Constitution and laws adopted by the Parliament. Most of the legislative conditions are based on this, the determination of competence and the status of individual levels of self-government. Representatives of individual municipalities are very often involved in the preparation, approval and implementation of individual proposals (there is even room for lobbying by local governments).

Mixed vertical-horizontal line:

This line relates to self-management of municipalities, towns or regions and to a special component that is made up of an administrative-administrative apparatus. In addition to elected representatives and their institutions, there is a unification of representative power and executive power, while the control function of elected representatives is sovereign. Local government contacts with civil society, citizens, the private sector, non-governmental organizations and, of course, political parties are an important part of the horizontal-vertical relationship in local politics. Local government in this line is being implemented as a combination of representative and direct democracy. The extent to which this can be done distinguishes itself from vertical lines and can also affect the character of the democratic governance line.

In the field of interest of public policy and public administration there are also such topics as creation and implementation of public administration policy, redistribution of resources, problems of functioning and links of state administration, self-government and public corporations, problems of central and local relations, formation and implementation of regional and communal policies.

CONCLUSION

The implementation of public policy is a dynamic and multilayered process, which is joined by many actors with many interactions (Potůček, 2005). Public policy making is an interactive process based on the expression of a general goal or a desired state. Most often, it is presented in the form of a governmental program of activities in individual sectors of society or in a particular geographical environment. An integral part of these considerations is the twofold perception of public policy as governmental and wider than state activity, which is linked to the specific activities of the state which exercises public authority in a particular territory. The exercise of public authority constitutes the creation of legislation, the organization and construction of the state as well as the acquisition and redistribution of funds, which is why the state becomes the most important public policy actor. As already indicated in public policy making, the public sector interacts with the civil and private sectors. The involvement of interest groups, public administrations and businesses, their interest in access to public policy making is a natural and integral part of democracy. The interconnection of the public, private and civil sectors is also important for the point of view of the development of society. The public, private and civic sectors shall be in balance and cooperate in addressing public policies. Interests, exchanges of views and experiences are involved in this process which is beneficial for public policy and public administration. Public policy and public administration influence society and define its future direction.

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Zuzana CHLUMSKÁ [1]

ASSET BUBBLES AND THE IMPACTS OF THE UNITED STATES SUBPRIME MORTGAGE CRISIS ON THE FINANCIAL SECTOR

Abstract
The generation of money is linked to the generation of asset bubbles. The goal of this study is therefore the analysis of the definition of what is an asset bubble, because that definition is not uniformly agreed upon by all authors and also changes with time so specific deviations can be observed in the works of individual experts. The financial crisis has an impact not only on private finances, but on public finances. A partial aim of this study is then to assess the impacts of the bubble burst and the subsequent financial crisis, which originated in the U.S. in 2007, for global economy. It was found out by literary researches that the definition of a bubble burst is not unambigous and that there are many means of appreciating financial assets. Technical, fundamental and psychological analyses were introduced. The consequences of The United States subprime mortgage crisis have deep impacts on the american economy. However, the issue was not confined only to the U.S. but real impacts were observed worldwide. The definition of an asset bubble is not unambigous and such bubbles tend to be described ex-post. The price bubble of the american real estates was financed through a significant expansion of mortgage loans. The indebtedness of households with mortgages since the 1990´s was steadily increasing, from 2000 to the peaking of the price bubble in 2006 it was continuously rising by a double digit pace. The „boom“ of providing a still higher number of mortgages enabled a sufficiency or even a surplus of liquidity on financial markets.

Key words: assets, price, bubble, education, globalisation, mortgage crisis

1 INTRODUCTION

We live in turbulent times (Kupec 2018) and we cannot imagine life without money, since it forms an essential part of the life of every individual, although it was not always so, as Bertl (2012) points out. Revenda (2012) even considers money to be the greatest invention of mankind. A disposable income

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is a sum of money about which decisions can be made and which can be divided into consumption and savings. As Soukup states, with the increasing disposable income the marginal tendency to consumption decreases (Soukup et. Al. 2018). Today's way of living on debt is modern and people indebt themselves because they want to show their peers that they can afford it, as Janda states (2013). The level of consumption is also influenced by the consumer's benefit, which is obtained from a product or a service, and whether the benefit is greater than the second best option (Holman 2005).

With the development of the division of labour, the natural exchange of goods and services became troublesome. That is why a certain kind of goods was partially set aside from consumption and it was transformed into full-fledged money, also called commodity money. This kind of goods was universally accepted and could mediate the flow of other goods and services. In order to accelerate the flow of precious metals, people started to deposit them at goldsmiths in exchange for a certification. The emission of these certifications slowly passed to bankers. Banks quickly understood that they can profit on the emission of such certifications, so they started to provide loans and relied on the probability, that not all creditors would withdraw their savings at the same moment. And that is how unfledged money was created, as Jílek states (2013).

Due to globalisation the impact of economic and financial crises can be felt worldwide. Amongst the advantages of globalisation is the increase of volume of globally traded goods, the speed and complexity of direct investments, economic growths of some former developing countries (South Korea, Taiwan, Malaysia, Hong Kong). These economies became mature, anoter advantage is the waking up of other countries (Indonesia, Mexico, Phillippines). Mezřický sees the disadvantage of globalisation in an unchecked transfer of financial capital, which many times exceeds the volume of traded goods or in the widening of the imaginary scissors in social growth (Mezřický 2003)

With the creation of money comes the creation of price bubbles, as Stroukal states (2019). Our society historically tackled many of these bubbles, but not only financial asset bubbles. A good example is the „tulip fever“, when on the climax of this bubble in 1637 a price for a single Viceroy tulip bulb equalled the price of five dutch houses. A bubble is a term which is used very often in literature and which is not liked very much by theoretical financialists and academic economists. Although historically many bubbles have been described, even nowadays is impossible to find in books how to identify such a bubble, invest in the period when the bubble grows and when it climaxes and bursts, as Kohout points out (2018).

2 METHODS OF ASSET VALUATION

Financial valuation of assets is based on the neoclassical theory of a perfectly functioning capital market and presumes a rationally thinking investor. One of the chief motives why investors enter the capital market is to ensure the growth of their personal wealth. Investors try to find such assets which are called „undervalued" compared to the real (or internal) value and to gain a capital profit. Since the 1970's, financal valuation was influenced by the theory of the efficient market, which based this theory on the assumption that share prices in real time take into account all of the relevant information. Some writers even blame this theory for the extent of the world financial crisis of 2007. Because if the investors, and therefore the creators of the market, believe in the hypothesis of the efficient market dogmatically, there cannot be any overvaluation due to „right" prices (Krabec 2009).

2.1 Technical analysis

The pioneer of this analysis was Charles H. Dow, whose share in the creation of this approach is significant. Technical analysis is used mainly in order to predict the future development of a share title or the analysis of the whole share market. Technical analysis does not deal with the fundamental factors which do not have influence on the price and internal value of shares (Gladiš 2005). It is based on the interaction of supply and demand on the basis of price and volume of trades. It is built on the basis of historical evolution of prices which will likely repeat in the future.

Technical analysis uses mathematical, statistical-mathematical and other algorithmized methods for a quantitative elaboration of data and the subsequent evaluation from the economic point of view. Technical analysis is applicable to shares, Forex, futures, commodities, indexes or financial instruments, whose price is influenced by supply and demand. It is based on the assumption, that investor's behaviour does not change with time. The result is that the price changes of shares continuously repeat with time. Analysts thus try to find various formations in time rows which already appeared in the past. With the help of these formations they try to predict the future development of share prices or the development of the market (Stibor 2017).

2.2 Fundamental analysis

Benjamin Graham, who is considered to be the founder of fundamental analysis, in his work Security analysis from the year 1934 laid down the basics of this approach for the analysis of securities. Fundamental analysis can be labelled as the most complex kind of share analysis. It assumes that every financial instrument has its internal value. The aim of this analysis is therefore the search for undervalued (long) and overvalued (short) assets of purchase. This analysis is based on the knowledge of mutual circumstances between economic and non-economic processes (Růčková 2019).

Fundamental analysis can be done on various levels. The first level is a valuation of the indvidual titles, second level is a valuation on the level of separate sectors. This level measures the sensitivity of the sector to the economic cycle due to the influence of government regulations and innovations. Third level is global and examines long-term and short-term influences of economic markers on the prices of individual instruments. It is usable mainly with investments of a long-term nature, when the investor tries to estimate the future development of an asset on the basis of a complex and rational approach (Hartman 2018).

This analysis is based on the assumption that the internal value of an asset differs from its market price, which is set by the clash of supply and demand on the market. This internal value can be calculated and it is the function of the expected risks and profits. The problem of the analysis is the setting of the „right" internal value, because every investor assings different importance to different factors, uses different methods of calculation and also, due to the asymmetry of information, not all participants of the market possess the same information. Because of these factors the internal value of an asset is different for every investor. Fundamental analysis therefore provides an answer for investors to the question „what to trade".

2.3 Psychological analysis

Psychological analysis is a compound of various activities, which observe the sociological environment of a given asset in order to determine all potential influences which affect its price. This kind of analysis is a combination of fundamental analysis and sense and intuition at the same time. The key part is to determine the factors which influence society's investment decision making (Štýbr – Klepetko – Ondráčková 2011). Psychological analysis differs from the prevailing analytical approaches, such as fundamental and technical analysis. The main difference can be seen in the object of observation which the individual analyses set as their target. In technical or fundamental analysis the object of observation is always a security, either from the perspective of its „right price" or from the perspective of price-creating movements. Contrary to this, the object of observation in psychological analysis is a man – investor, therefore a human factor in the process of investing. Psychologically oriented traders focus their attention on the behaviour of investors on stock markets. They assume the idea, that the movement of prices is the consequence of behaviour, activities of the investors, while the decisive determinant is the behaviour of human psyche (Veselá 2019)

The main aim is to understand potential influences which can have impact on investors and indirectly on the prices of securities. Psychological analysis is, due to its orientation, entirely different from fundamental and technical analysis. In order to reveal these impulses, analysts get help from a whole scale of activities, from observing social environment, through the analysis of trade activities on the market, to the mood of investors or observation of such factors like the purchasing managers index etc. Many theoretical concepts are considered to be a part of psychological analysis. History of the oldest dates back to 1895, when Gustav Le Bon laid down the foundations of this analysis in his work The Crowd: A Study of the Popular Mind. He was followed by economists and investors, as some of them wrote down their findings and experience and thus contributed to the expansion of psychological analysis as an investment instrument. The most known theories are by Keynes, Kostalany and Drasnar - Drasnar´s investment psychology or the theory of speculation bubbles (Havlíček 2013).

3 THE DEFINITION OF A PRICE BUBBLE

A bubble concerning an asset price can be defined as an asymmetrically created deviation between the market price of an asset and its fundamental value, which can change significantly with time (Gevorgyan 2015). Stiglitz defines price bubbles as a high expectation of investors, which is not supported by fundamental factors (Stiglitz 1990). On the real estate market a bubble is driven by the demand of buyers, who are willing to pay high prices today, because they expect a very high appreciation in the future, as stated by Case and Shiller (2004).

Shiller presents an explanation of price bubbles with the help of twelve catalytic factors. With the introduction of new information technologies connected to the boom of internet and the development of online trading, pension programmes and share funds, the decrease of inflation, rise of hazard and increase of the volume of trading, a rise of the share market was observed. Also according to Shiller, there has been a rise of materialism in society, explosion of capitalism and owner society are other reasons of the formation of a price bubble. Private ownership is not a domain exclusive to wealthy capitalists, but it is available to a wider public. The possibility of ownership gives the owners a feeling of security, which in the world of finances, however, has a bigger significance for creditors. According to this theory the above mentioned catalytic factors are responsible for the growth of the share market and also the real estate market even despite the fact that the prices on the share market started to grow in the beginning of the 1980‘s and the growth of prices on the real estate market happened even later, in the end of 1990‘s, since price bubbles blended after certain period. This blending is also explained by the transfer of assets from the security market to the real estate market, because the decline of the share market caused resistance in investors and they left for „quality“ which they saw in real assets, like real estates for example (Shiller 2005).

The definition of an asset price bubble is not unambigous and certain deviations can be observed with individual authors. According to Kubicová and Komárek, an asset price bubble is something, what can be generally defined as an explosive and asymmetrical deviation of the market price of an asset from its basic value, with the possibility of a sudden and significant reverse correction. Developing countries are usually prone to a higher growth and also to a volatility of asset prices, which emerge mostly from insufficiently developed segments of the financial market. That is why we claim, that for the final evaluation of any price bubble risks, we have to take into account the specifics of the market and countries (Komárek 2011).

Closely linked to the term „bubble“, is the term „mania“. A mania can be defined as a disorder in emotivity, but in the opposite pole than depression. Typical signs of mania are excessively cheerful mood, accompanied by faster psychomotorics. That is manifested by an excess of garrulity and general hyperactivity (Kučerová 2013). Manias are from their nature periods, when people lose sense and cease to behave rationally. That does not concern only investors, but also politicians, regulators, central bankers, academists and employees of the Ministry of Treasury, as Boeckh points out in his book (2012). The basic idea, on which economy is based, is this very assumption of rational behaviour of men. Rationality however does not reside in the choice of goals, but rather in the choice of means of getting to them (Holman 2005).

Mania is also connected to greed, which arises from human nature, the wish of men to own something. This desire never disappears, but rather multiplies with the accumulating wealth. The effort to achieve high profits from investments, which is supported by greed, stimulates the demand for shares, which then leads to a growth of the value of their prices. This trend, when the prices of shares are being appreciated, lasts until the moment, when the greed of investors is suddenly replaced by the fear of losing the obtained wealth. This fear is usually accompanied by seeds of panic, that together with the fear of investors spread through the whole crowd which, as a result, commences the sale of basically all owned shares. The following excess of supply then causes the origin of a declining trend (Rejnuš 2011).

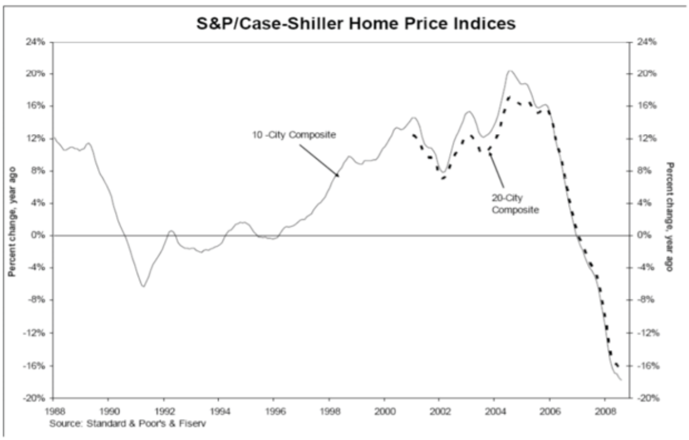
4 THE UNITED STATES SUBPRIME MORTGAGE CRISIS

The United States subprime mortgage crisis started on the american market with residential real estates, where until the year 2006 a big price bubble was forming, which then subsequently burst. Prices of flats and their explosive growth in combinaton with bad valuation of subprime mortgage loans proved to be important factors of the financial crisis (Hláváček – Komárek 2011). Due to globalisation the collapse of a price bubble on the american market and the formation of a mortgage crisis is an issue not only in the U.S. This mortgage crisis influenced the rest of the world through the domino effect and grew into a worldwide financial cirsis (Gevorgyan 2015).

In the middle of the 1990's, the prices of american family houses started to grow steeply up. Even double digit paces of growth were not exceptional. There were many circumstances that contributed to the growth of these prices. During the collapse of the dot.com bubble on share markets in 2000 and after the terrorist attacks of September 9, 2001, the american central bank, out of fear of negative impacts of these events on the american economy, significantly decreased its loan rate (Rejnuš 2014).

The bubble was inflating also due to political reasons because of the „american dream", meaning the idea that every american can own a house. A major issue, which influenced the situation a lot, was the unverified credit worthiness of clients, which meant that almost everyone who applied for a mortgage loan eventually got it. Clients were sure that when the loan was approved, they met all the necessary requirements for its obtaining and that the ability to repay them was correctly estimated by the bank (Bush 2003).

In total, the prices of real estates between the years 2000 and 2006 increased by unbelievable 90%, which can be seen in picture no. 1.



Source: Standard&Poor´s, 2008

The effort to support the economy, exerted by FED through the means of low loan rates, lasted rather long. Low basic loans of FED and subsequent low loans on the interbank lending market resulted in a higher willingness of banks to provide loans to businesses and to citizens. Banks and other finacial institutions tried to achieve attractive profits through increased loan activities. Providers of loans therefore started a massive loan expansion while not a small part of financial means went to the real estate market. The prices of home loans reached a long time minimum.

4.1 Freddie Mac and Fannie Mae

In 1938, a company called the Federal National Mortgage Association, commonly known as Fannie Mae was established in the U.S. A second state organisation was founded in 1970, the Federal Home Loan Mortgage Corporation, known under the name Freddie Mac. Both of these agencies were established in order to support the ownership housing in the U.S. The idea behind these companies was simple. Freddie and Fannie were supposed to provide guarantees to commercial banks for provided mortgage loans. Commercial banks therefore did not carry any risks, since any possible unrepaid mortgage was covered by these state agencies. The logical outcome was a massive and unprecedented development of the mortgage market (About Fannie Mae and Freddie Mac).

The volume of unrepaid loans began to be so large, that these agencies started to accumulate huge losses. Commercial banks were transferring a large amount of risky loans to them and in 2008, Fredde Mac reported losses of 50,1 billion USD. The situation reached such an extent, that in 2008 Freddie and Fannie were buying up to 80% of newly granted mortgage loans. In the U.S., the number of real estates that became property of the banks, rapidly increased. Banks wanted to get rid of these assets as fast as possible, so there was an evergrowing supply of real estates on the market, which subsequently led to a steep fall of prices and a radical collapse of the housing bubble.

4.2 Securitization of mortgage loans

Securitization was created already in the 1970‘s, when securities were backed by mortgages (so called mortgage backed securities) when mortgage institutions supported by the government emitted the first tranche of securities derived from the residency mortgage loans. These mortgage institutions were Fannie Mae and Freddie Mac. They were supposed to help the housing market and improve the availability of ownership housing by buying mortgages from banks and then by securitizating them.

Securitization did not pose any threat to the system at first, because it concerned quality mortgages only, the applicants paid part of the finances for a mortgage loan in cash and they also had sufficient income to repay it without any issues. One of the main arguments for introducing securitization was the lowering of the risk of individual banks by transferring the loan risk to final investors. This diversification was supposed to help to lower the risk of the banking sector to a minimum.

In the 1990‘s, during the presidential term of Bill Clinton, the american Congress passed a legislation, which enabled risky loans to be securitized. Concerning the securitization of loans an important term of „morale hazard“ is also involved. Morale hazard is considered to be a situation, when an individual is aware that he will not suffer the full consequences of his actions and therefore behaves differently, usually with more risk than if he had full responsibility for his actions. Morale hazard in the process of securitization of loans consists of the intention to later sell the provided loans, the bank loses an interest in verifying the credit worthiness of its clients (Anon. 2010).

Securitization can also be described as a process, in which assets are being transformed into different assets. The basic image consists of gathering homogenous loans, selling these loans to another object and from the emission of securities against the gathered assets by that object. Financial institutions, which provide loans and stand at the beginning of the process, are called the originators of accounts receivable. These financial institutions then trasnfer accounts receivable to the newly established company labelled as the unit for special purpose (or Special Purpose Vehicle, Special Purpose Entity). This entity is established solely for a strictly defined purpose of fulfilling specific operations. This entity has a simple balance sheet, with its property in the assets, and obligations to financial institutions in liabilities. Legally it can be a corporation, a trust or a partnership (Jílek 2006).

Securitization of non-quality mortgage loans eventually led to the collapse of the american investment bank Lehman Brothers on September 15, 2008 and thus starting a chain reaction, first on banking markets, then the domino effect spread to the whole world. It led to a freezing of interbank lending market with liquidity which was the first step to the transformation of a financial crisis into a crisis of real economy. Thanks to this method banks could provide still riskier mortgage loans which were available even to clients with a very high degree of loan risk. Theoretically, securitization should have worked in a way, that the risk spreading around the whole world would have less dramatic impacts, than a risk concentrated to a small number of banks. In the end of July 2007 a first wave of panic concerning the mortgage crisis emerged. No one knew, where bad loans could be present and because of the mutual distrust on the level of commercial and investment banks, the financial crisis began (Kohout 2006).

4.3 Collapse of the bubble

The formation of speculative bubbles is a highly undesirable phenomenon, which has influence not only on the decrease of asset prices, but often has even real economic impacts. These impacts, through various channels, can be seen in a limited consumption and investment activities. Indirectly also in the growth of unemployment and decline of the wellbeing of citizens. And that is because real estates are the most important part of the financial porfolio of a household. That is why shifts on the real estate markets have such macroeconomic impacts, as Fairchild states (2015).

Considering that speculative bubbles are formed on different markets, the strength of their impact on real economy can be different as well. However, certain common consequences can be determined, such as the loss of trust in the financial market. Considering that financial markets are based on trust, this impact is one of the gravest. Mainly small investors after deducting their losses as a result of the bubble collapse often grow bitter of the share market and withdraw from it. The market thus loses a part of its liquidity and original volumes, this situation being especially visible on smaller stock markets.

After the burst of the price bubble on the american market with residential real estates, somewhere after the middle of 2006, a number of Americans got into existential troubles. Firstly, they irresponsibly applied for mortgage loans in large numbers for family houses of their own, only to find out later, that they cannot afford to repay them. Whereas until 2006 prices of immovables were steeply growing, it was easy for them to refinance the original mortgage loans with other mortgage loans, or getting a completely new mortgage loan, backed by the increased value of the house. Another motive was the speculation about the growth of the real estate prices and the conditions which enabled loans of values higher than 100% of the estimated prices of houses. After 2006, when the prices of residential immovables started to fall down fast, they suddenly found out they are over-indebted and that the value of the house does not reach the price of the indebted mortgage loan.

The collapse of the speculation bubble on the american real estate market did not have negative impacts only on this sector, but the crisis with american mortgage loans transformed into a global financial crisis, which could have led into a worldwide economic recession. First the crisis appeared on the real estate and mortgage market. When the real estate boom ended, supplies of businesses and sellers started to pile up,the demand for self-owned living grew significantly weaker and the prices of immovables fell steeply to the ground. Construction of new houses became notably weak.

4.4 Outcomes

Mortgage banks and other providers of mortgage loans, after the problems with unrepaid, mostly risky mortgages and then subsequent excessive losses and after some of them going bankrupt, made conditions for providing new loans significantly stricter. The crisis then spread to the whole american financial sector. Large financial institutions were, despite the securitization of mortgages, connected to the problems of the real estate market. World-famous finacial institutions of Wall Street in connection to being involved in the secondary mortgage market and with investments in securities linked to risky mortgages suffered losses of hundreds of billions of Dollars. The financial sector was suddenly hit by a wave of insecurity and panic.

From the absolute loss height point of view, the biggest victim of the american housing crisis is the financial sector. And not only the american one, but financial sector as a whole, globally connected international financial system. And a number of its participants rightly so, since it was mainly them who financed the whole speculative bubble on the american real estate market. The providers of risky mortgages were the ones who first got into trouble. Since the middle of the 1990's they greedily profited on the quickly growing mortgage market, but since the middle of the year 2006 started to feel the negative consequences of their own mistakes caused by their reckless providing of risky mortgages.

It lasted a little bit longer until problems connected to the collapsing of the american real estate market began to be felt also by investment banks, investment funds, hedge funds, insurance companies and other financial institutions, which poorly invested their finacial means in risky american mortgages or in other way took part in their securitization. Losses and problems of financial institutons were so great, that it caused panic on the financial market. Distrust and insecurity ruled the market, banks ceased to lend money to each other, people were afraid about their savings and so even a number of institutions, which had hardly anything in common with the american mortgages directly, got into troubles. They were being towed by the problems of a global financial crisis.

The United States subprime mortgage crisis had serious negative consequences also on the field of american investment banking. This area of financial sector paid for the participation of its banks during the securitization, which however should have been the proper instrument for risky management, as Hrnčíř points out (2009). Out of the five biggest american investment banks, icons of Wall street, three did not survive the crisis, Lehman Brothers went bankrupt, Bear Sterns and Merill Lynch were taken over by other banks and the remaining two, Goldman Sachs and Morgan Stanley, were transformed into a „more stable form of organisation" which should respond to a universal bank.

Another consequence is the loss of efficient allocation of sources, meaning the withdrawal of investors, which can lower the efficient allocation of sources in the whole ecenomy and cause real economic impacts as a result. The problem of speculative bubbles is that during the purchase of shares in a bubble investors calculate with a certain expected wealth. When the bubble bursts investors lose a part of their wealth and they adjust their expenses in a downward direction. A speculative bubble then, despite this mechanism, has real impacts on the economy, when investments and consumption are limited.

After the collapse of the bubble which is moreover visible in the decrease of a real economic effectivity, a legislative change has been made, which should prevent similar situations in the future. After this collapse, the regulation of rating agencies and insurance companies in the area of calculating capital adequacy became much stricter from the part of the European Comission. The regulation of unfair practics on financial markets increased significantly since the middle of the 1990‘s but what is staggering is that insufficent attention was paid to rating agencies and their unfair practics, as Hampl – Loužek points out (2009).

In the U.S. the first regulation concerning rating agencies was already created before the crisis. In 2006 the Congress passed the Credit Rating Agency Reform Act. This Act imposed the Security Exchange Commission (SEC) with the drafting of a directive which would determine whether the given company falls in the category of Nationally Recognized Statistical Rating Organisations – NSRO. Amongst the powers of the Commission was the management of information about these agencies and NSRO would also have to prove, that their market actions are not in a clash of interests. The Commission could not, however, set and regulate processes of loan risks valuations and the processes of issuing the final mark (PUBLIC LAW 109-291-SEPT. 29, 2006)

CONCLUSION

A price bubble does not have an unambigous definition and the description of price bubbles is in reality happening ex-post, although the creation of bubbles is dated into the same time as the creation of money. The american housing price bubble, which started to inflate in the beginning of the millenium, was financed by a significant expansion of mortgage loans. Given the excess of liquidity and too optimistic views of the future development on the real estate market, providers of mortgage loans did not hesitate to provide money to an increasing number of people, more than before started to enable home loans even to riskier clients, whose subsequent inability to repay mortgage loans later proved to be a major issue.

There was therefore not a single cause of this mortgage crisis, but rather a number of them that happened together. Maybe it was this very concurrence of factors that enabled such an extensive crisis situation. The favorable state of the US economy before the outbreak of the crisis was hampered by growing and unsustainable macroeconomic imbalances. The US economy has suffered and is still suffers from the so-called double deficit - the fiscal deficit and the current account deficit. The growing debt of the United States and some other advanced economies, on the one hand, and the growing surpluses of budget countries, especially China, on the other global macroeconomic imbalances (Obstfeld – Rogoff 2009).

The american housing price bubble was financed through a significant expansion of mortgage loans. The indebtness of households with mortgage loans grew steadily since the 1990‘s, from 2000 until the peaking of the price bubble in 2006 increased continuously by a double digit pace of growth. Boom in providing a still bigger number of mortgage loans enabled a sufficient or even excessive liquidity on the financial markets.

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ACTION CONTROL SYSTEM AND NEW PUBLIC MANAGEMENT IN PUBLIC SECTOR ORGANIZATION: AN IN-DEPTH CASE STUDY

Abstract
This study is about the exploration of action control system, a component of management control system in the context of New Public Management (NPM) initiatives. The NPM initiatives created the changes to the structure and processes of public sector organisations with the objective of getting them to run better. A Government Department in the Australian Capital Territory (ACT) has been adopted as a field of investigation for the purpose of this exploration. This study investigated how the action control technologies have been implicated in the organisational environment within this department. Considering management control systems are socially constructed Giddens' structuration theory is adopted in this study to obtain a better understanding of h uman actions and to explore how these control systems are implicated in the wider social context through time. This study used a single case with strong naturalistic and interpretive interests. Since the nature of the present research is explorative and the focus of this research is to study in depth of a particular phenomenon qualitative research methodology has been chosen to obtain a better understanding of the phenomenon. The study revealed that a number of action control tools have been introduced to guide the employees and to act for the best interest of the organisation.

Key words: Management control system, action control system, new public management, public sector organization, Australia

1 INTRODUCTION

The Australian public sector has embarked on a massive reforms linked to new public management. The process of reforms forced the Australian public

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sector to move towards the managerial revolution. This revolution meant moving away from traditional administrative approach to the control of public sector utilities and services (Broadbent and Guthrie, 1992). The objective in implementing the control mechanisms were to ensure better implementation of accountability, better linkage of financial flexibility, better performance and better management information (Barrett et al., 1994). Therefore, these reforms have strong links to management control systems also. Management control literature shows that these control mechanisms are defined and explained in the private sector context. In recent times public sector organisations have been increasingly adopting theses control mechanisms. It is based on the premise that greater efficiency and lower costs can be achieved by applying these private sector practices in public sector service delivery too. For this reason, a study of implications of management control technologies in the public sector have been chosen for this study and the context is the implementation of new public management ideals in the Australian public sector. A Government Department in the Australian Capital Territory was chosen as the research site for this study. By enhancing our understanding of management control systems within this public sector organisation, this research will provide a better understanding of the management control mechanisms of the public sector organisation in the context of implementing new public management ideals.

Many authors have defined management control systems in many ways and as a result different typologies of management control have evolved to define management behaviour. For example, Anthony and Govindarajan (2007) mentioned that in all organisations managers are engaged in two important activities. One is planning and the other is control. Planning is deciding what should be done and how it should be done. Control ensures that the desired results are obtained. The authors (2007) identified three different types of planning and control process in most organisations. These are: strategic planning, operational or task control and management control. Strategic planning is the process of deciding on the goals of the organisation and on the broad strategies that are to be used in attaining these goals. Operational or task control is the process by which specific tasks are carried out effectively and efficiently, and between these two types of planning and control processes is the process called management control. In this process goals and strategies arrived at in the strategic planning process are accepted and implements these strategies. Merchant and Van der Stede (2012) mentioned that management control includes all the devices or systems that managers use to ensure that the behaviours and decisions of their employees are consistent with the organisation's objectives and strategies. Merchant and Van der Stede (2012) argued that from a management control perspective, strategies should be viewed as useful, but not absolutely necessary, guides to the proper design of a management control system. Merchant (1982), Groot and Merchant (2000), and Merchant and Van der

Stede (2012) identified three types of management control systems: results control, action control, and people/ cultural control. Action controls are the most direct form of management control which involves taking steps to ensure that employees act in the organisation's best interest. The three major types of action controls include behavioural constraints, preaction review and action accountability.

Simons (1995) defined management control systems as the formal, information-based routines and procedures that managers use to maintain or alter patterns in organisational activities. Simons identified four basic levers of management control: beliefs, boundary, diagnostic and interactive control systems. A beliefs system is a formally communicated and systematically reinforced set of explicit organisational definitions. It includes basic values, purpose and direction of the organisation. A formal belief system is created and communicated through credos, mission statements, and statement of purpose. Simon's beliefs system is comparable with Merchant and Van der Stede's (2012) people control. Boundary systems delineate the acceptable domain of activity and establish limits, based on defined business risks, to opportunity-seeking. Boundary systems correspond to Merchant and Van der Stede's (2012) action controls. Simon's third lever of control systems is diagnostic control systems. Simon defined it as the backbone of traditional management control and it is designed to ensure predictable goal achievement. Formal information systems are what managers use to monitor organisational outcomes and correct deviations from present standards. These systems are similar to Marchent and Van der Stede's (2012) results control. Simon's last lever of control is interactive control systems which stimulate search and learning, allowing new strategies to emerge as participants throughout the organisation respond to perceived opportunities and threats and many systems can be used interactively.

Berry et al., (2009) found that during the last two decades, the concept of 'new organisational forms' has gained currency and transformation is more prevalent in some sectors, specially in the public sector. The authors claimed that from the 1980s onwards, new public management reforms have introduced into public sector organisations managerial processes from the private sector. These reforms open the door to more dynamic, action research type activities to observe the consequences of management control systems design and its use over a period of time following a change. In the light of reforms in the Australian public sector over the last 30 years, this study explores the functioning of management control systems specifically action control system in a governmental department in Australia.

2 THE RESEARCH QUESTIONS

Management control systems include various organisational arrangements and actions which are designed to facilitate the achievement of performance goal (Ansari, 1977; NØrreklit, 2000; Otley, 2003; Hoque, 2004;

Neely et al. 2005; Malmi and Brown, 2008; Kelly and Alam, 2008). Merchant (1982) pointed out that individuals are sometimes unable or unwilling to act in the organisation's best interest, and a set of controls must be implemented to guard against undesirable behaviour and to encourage desirable actions. Merchant and Van der Stede (2012) termed these control tools as action control system. These control systems are similar to Anthony and Govindarajan's (2007) operational or task control and also can be compared with Simons's (1995) boundary system which is related to activity and actions. Merchant and Van der Stede (2012) argued that an action control system is the most direct form of management control and it involves taking steps to ensure that employees act in the organisation's best interest.

The use of any system in an organisation depends on people's interest and over time these systems are subject to change (Lawrence et al., 1997). The study reveals that to understand systems in use it is necessary to understand the social aspects of organisation. Management control systems are not an exception in this regard. Management control systems is not a natural phenomena, it is considered as social practices and which can be changed by social actors (Neimark and Tinker, 1986; Czarniawska-Jaoerges, 1988; Ryan et al. 1992, Berry et al., 2009). In order to gain better understanding about the management control systems in an organisation it is necessary to look to the relationship between day-to-day social action and the various dimension of social structure (Alam and Nandan, 2008). Against this background the wide-ranging reforms and NPM approach in the Australian public sector offer a context for the present study. Hence, the present study intends to explore in-depth how action control system a component of management control systems are implicated in an Australian public sector organisation and its wider organisational setting.

The study will seek answers of the following research questions:

1. In what ways have the new public management ideals implemented in the researched organisation?
2. How have private sector action control technologies become embedded in the new financially and managerially oriented selected public sector organisation? Specifically,
    a) How has the researched organisation adopted action control systems within their organisation?
    b) In what ways are action control systems linked to the organisational actions
    c) of the researched organisation?
    d) How have action control systems contributed to and shaped new organisational culture within the researched organisation?

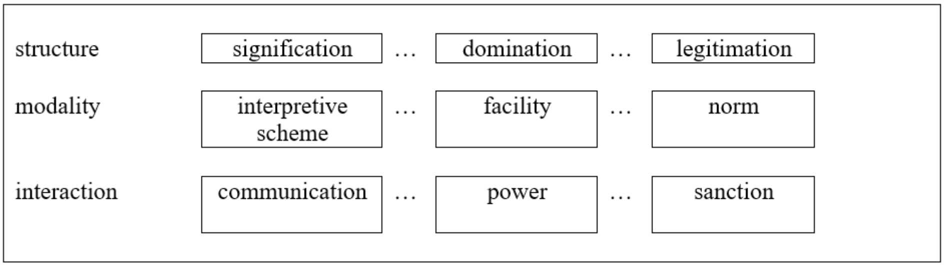
3 RESEARCH METHOD

This research explored in depth the evolution of action control system in the context of new public management initiatives in Australia. A governmental department in the Australian Capital Territory was selected for the purpose of the exploration. The qualitative research approach was adopted and data was collected in the case study tradition. By using qualitative research methodology, this study is something like naturalistic inquiry (Guba and Lincoln, 1981) which has provided a thick description (Geertz, 1973). The main data sources were archival official documents and interviews. The epistemological position influenced the researchers to conduct interviews because it allows a legitimate or meaningful way to generate data by talking interactively with people, to ask them questions, to listen to them, to gain access to their accounts and articulations, or to analyze their use of language and construction of discourse (Mason, 2002). The primary interview method used in this study was unstructured and open-ended. In this study snowball sampling technique was used. This technique identifies respondents who are then used to refer researchers on to other respondents. The interview proceedings were tape recorded with the consent of the participant. For safety reasons, back-up notes were also taken and checked and compared when the transcriptions were made. The interview tapes were transcribed later word for word. Key interview transcripts were fed back to the respective interviewees to establish the validity of the interview data. In addition, the researchers used direct observation to supplement and corroborate the archival documents and interview data. In qualitative inquiry, data collection is not an end. It requires analysis, interpretation and presentation of findings (Patton, 2002; Irvine and Gaffikin, 2006; Merriam, 2009; Nagy et al. 2010). In this study, the researcher analyzed data using the approach provided by Miles and Huberman (1994) which includes data reduction, data display and conclusion drawing and verification.

4 THEORETICAL FRAMEWORK

Management control researchers adopted social theories to analyse sociological and philosophical discourse (Zawawi and Hoque, 2010). They used various sociological and philosophical theories, for example, theories provided by Focault, Latour, Marx, Adorno, Braverman, Gramsci, Hebermas, Giddens, Weber and Derrida. These theoretical stances helped to understand issues of social control and coordination (Covaleski and Dirsmith, 1990; Covaleski et al., 1996; Lodh and Gaffikin, 1997). In order to gain a better understanding about the control systems in an organisation, it is necessary to look at the relationship between day-to-day social action and the various dimensions of social structure. The present study has adopted an interpretive approach and used Giddens's structuration theory to understand how action control systems one of the important management control systems are implicated in their social setting.

Figure 1: Structuration framework



Source: (Giddens, 1984, p. 29)

The epistemological and ontological belief also inspired the researchers to adopt Giddens' structuration theory in this study. Here, it is assumed that multiple realities can exist in a given situation and for this reason the intention of the research is to promote a subjective research. The third line of the Figure refers to the elements of interaction: communication, power and sanction. Second line represents modalities which refer to the mediation of interaction and structure in processes of social reproduction (Giddens, 1984, p. 29). Here modalities are interpretive scheme, facility and norm. Those on the first line are characterisations of structure, signification, domination and legitimation. Signification refers to the communication of meaning in interaction. It is the cognitive dimension of social life which has interpretative schemes. Interpretive schemes are 'standardized elements of stock of knowledge, applied by actors in the production of interaction' (Giddens, 1984, p.30). In the signification structure, agents draw upon interpretative schemes in order to communicate with each other and at the same time reproduce them. In the domination structure the use of power in interaction involves the application of facilities. The facilities are both drawn from an order of domination and at the same time, as they are applied, reproduce that order of domination (Giddens, 1984, p.30). The final structure is that of legitimation which involves moral constitution of interaction, and the relevant modality here is the norms of a society or community which draw from a legitimate order, and yet by that very constitution reconstitute it (Giddens, 1976, p. 123). These three structures constitute the shared set of values and ideals about what is important and should happen in social settings. Giddens (1976, 1979, and 1984) identified that actors are not simply as social dupes governed by independent structures, but rather as existential beings who reflexively monitor their conduct and make choices in social settings.

5 FINDINGS OF THE STUDY

In the researched organization it is evident that a number of action control system has been introduced to guide the employees and to ensure the best interest of the organisation. These control devices are analyzed in the following sub-sections.

5.1 Behavioural constraints

Behavioural constraints aimed at preventing people from doing things that should not be done (Merchant, 1982; Quattrone and Hopper, 2005; Henri, 2006; Borins, 2008; Malmi and Brown, 2008; Bourgon, 2008; Merchant and Van der Stede, 2012). The researched organization has implemented a number of behaviuoral constraint control mechanisms to make it impossible or at least more difficult for employees to do things that should not be done. In the public sector, to implement this mechanism is really challenging. Bourgon (2008) argued that the challenge is to find the optimal balance between minimising the cost of control/constraints and maximising the net public value of government services.

Evidence from the field presents that it is done in two ways: one is physically and the other is administratively

5.1.1 Physical constraints

Physical constraints are the direct and negative forms of action control system. Physical constraints make inappropriate action difficult and organisations establish this type of control mechanism to ensure that individual's actions are in the best interest of the organisation. The physical constraints control mechanisms of the selected researched organization are explored as follows:

Restrictive Practices Framework

The researched organization has a duty of care to protect the safety and security of their clients, staff and the public. This practice is different from the private sector. The stakeholders in the public sector are the citizens of the country. In order to ensure this duty, the department has developed a Restrictive Practice Framework. This control mechanism is an intervention that involves some intrusion into the person's freedom in order to curtail a particular behaviour or situation. To implement this mechanism is really challenging. The Public Sector Management Act (ACT, 2007) is the guideline in this regard. A review of internal documentation suggests that this control device is related to service-specific restrictive practice, policies and procedures. The Department uses it as an intervention that attempt to direct, manage or change a person's behaviour. This attitude is consistent with the findings observed by Borins (2008) that controls and constraints play a useful role when they set the limits within which agency employees can exercise discretion to achieve results or when they set the parameters of acceptable behaviour for public organisations. One of the senior executives of the department mentioned:

We deliver services that are appropriate to the culture, age and gender of our clients. We have adopted restrictive practices framework to observe our duty of care and statutory obligations that relate to our work. This framework guides our employees to do the right things.

Interview with the participants revealed that this practice is different from the private sector. In the public sector this practice ensures safety of the client, the staff or members of the public. As a public sector organisation, the Department is committed to the citizens for providing services. In order to achieve the goals of the organisation, the Department established two types of restrictive practices. One is planned and the other is unplanned. A planned restrictive practice is only used as a part of a broader support and behavior management plan. This type of practice takes into account the age, gender, religion, cultural needs and values of a client as well as the service environment and the need to provide a duty of care. On the other hand, unplanned practice occurs to ensure the safety of the client, the staff member and any surrounding staff, or members of the public.

Giddens' structuration theory is concerned with the relationship between the actions of agents and the structuring of social systems in the production, reproduction and regulation of social order. In the Department, the role played by actors and their interaction with the structure and social processes have been identified. In the Department, this restrictive practices framework is intertwined with the domination structure (Giddens, 1979, 1984). Management uses this control mechanism to exercise power over the operating units. The department provides necessary training to all staff members participating in or supervising restrictive practice procedures so that they are able to understand the implications of these procedures and principles underlying the safe and legal use of restrictive practices.

Security and Confidentiality

The Department has a strong security system like in the private sector but the difference is that it safeguards the legitimate interests of their effective management and cabinet confidentiality. The Department ensures appropriate secured environment to protect employees and clients; and to protect official information and other official resources. In the department, each officer is responsible to maintain this security. The general rule of the department is that information can be shared with others when it is the department's interest and where its disclosure is not prohibited by law. The department has specific instruction that care must be taken when transporting sensitive documents outside of the work environment. A review of organisational documentation suggests that the department has also clear instruction about correct handling procedures of files and documents. All officers are responsible for appropriately protecting the information they generate, hold or control.

The department has an ethical behavior and guideline about security. As a public employee all staff should abide by these security standards. The unauthorized disclosure of confidential or sensitive information is regarded as the fundamental breach of the standards and may lead to formal disciplinary action under the Public Sector Management Act 1994 (ACT 2007). One of the mid-level executives of the department pointed out:

The responsibility for security rests with each employees of the department. Like the private sector we have a strong security system but the difference is it safeguards the legitimate interests of our effective management and cabinet confidentiality. Employees must ensure they are in appropriate place when discussing confidential information and any breach of security protocols may leads to formal disciplinary action under the Public Sector Management Act.

This view is similar to the findings observed by Mulgan (2000) that in both public and private sectors senior managers aim to keep as much information as possible confidential. However, in the private sector the claims of commercial confidentiality generally run further than those of executive privilege and cabinet confidentiality in the public sector.

Personal Privacy and Access to record

Privacy protection is an important measure of performance in public organisations (Ward and Mitchell, 2004). The selected researched Department has implemented an action control system which ensures that the personal privacy of individuals is protected, and that access to records is provided in compliance with relevant legislation. The Department takes reasonable steps to protect the personal information it holds from misuse and loss from unauthorized access, modification and disclosure. This attitude is consistent with findings observed by Burton and Broek (2009) that a key feature of new public management is the tendency to equate quality and accountability with documentation. In public organization client information are collected and collated in a standardized way. The Department uses this system as an internal control mechanism of the Department. To implement this control system the Department is guided by the Privacy Act 1988 (ACT, 1988). The officers of this Department must make every action to communicate to the public their rights under this Act. Section 14, Principle 4 of this Act discusses the storage and security of personal information. A record keeper who has possession or control of a record ensures that the record is protected. Further, Principle 6 of the Act ensures access to records containing personal information.

5.1.2 Administrative constraints

In a government department, managers place more attention in dealing with the public and allocate government resources. However, in the public sector, resources are limited and this situation acts as a constraint. This type of constraints is not seen in the private sector. It is unique to the public sector which affects the performance. Interview with one of the senior executives of the department suggests that:

We are operating under constraints. Over the last two decades it has been told that the public service can't deliver or is not delivering as efficiently as the private sector. The answer is we have always been attached to the constraints because in the public sector issues are growing in terms of volume and in terms of capacity.

Similar comments were made by an another senior executive of the department: The constraints within this department are that we always have more clients who need our services than resources which is not the case in the private sector. We have to be able to prioritise according to government policy. We have more clients or potential clients than we have funding. The method of prioritisation is difficult and is always an issue. The Department has developed various action control mechanism to mitigate its administrative constraints which are discussed next.

Customer Service Standards

The department has adopted ACT Government's Customer Service Standards (ACT, 1999) for its internal service delivery areas. These standards are different from private sector. These standards focus on customer needs and have a link to organisational improvement mechanisms within the service delivery area. These standards were adopted by the department to control the actions of its staff also. As a public organisation, the department continuously concentrates on public needs and in comparison to private sector it is difficult to follow the standards. It also affects their performance. For instance, one staff participant recalled her experience:

I talk about this as a manager of a housing business. Most of our income is derived from rental revenue and the sale of property. I need to get the best financial outcome that I can but the constraints on me is that I need to provide a service to disadvantaged people which is the standard. I can't be as ruthless in collecting the rent as I would be if I was in the private sector such as L J Hooker. What that means is that I carry a level of debt that is more higher than the private sector and if I was able to evict some people from a property and terminate their lease for non-payment of rent I could collect more rent than I do, but I don't do that because part of the reason is that the government has public housing to provide support for disadvantaged people. I understand the reason for it but it is a constraint for me.

These Customer Service Standards guide its staff in dealing with difficult customers. Field study revealed that managers of the relevant areas regularly review the standards that have been set and determine where improvements are needed. The department also adopted best practice complaints handling standards. The department provides resources for complaints handling and arranges sufficient training and support to ensure complaints are dealt with efficiently. They also monitor and review the customer satisfaction and it improves customer and organisational outcomes. To serve the customers efficiently one of the objectives of the NPM reform initiatives in Australia was to calculate and recognize risk. This issue is discussed next.

Risk Management System

Risk management system is one of the key action control systems of the department and it identifies strategic risks that is managed, monitored and reported through business units on a quarterly basis. Risk management is widely used in the department and in its Framework it is mentioned:

Risk Management is a tool to assist the department with informed decision making in planning, policy development, project management and service delivery. It achieves this by providing a framework to assist people identify, analyze, evaluate, treat, monitor, and effectively communicate risk. Our risks encompass those relating to clients, strategy, operations, reputation as well as those relating to compliance with laws, regulations and financial reporting (DHCS, 2007).

It is evident that to some extent government is risk averse and it acts as an administrative constraint for the employees. This practice is different from the private sector which affects their performance also. For example one of the senior executives explained.

If the Government wasn't so risk averse I think we could be more entrepreneurial in our property developments and probably get higher return for Government But the Government would say the risk is too high for us to behave in that way. So this is a constraint and I understand the reason for it but I wouldn't have th at constraint in the private sector.

Therefore, it has been observed that risk management system in the department is different from the private sector. This behavior is consistent with the findings observed by Baldry (1998) and Barett (1990) that in the public sector the risk exposure and the consequent risk impacts are a function of the cultural environmental framework. Organisational documents of the Department suggest that executive directors, managers, staff and suppliers are the part of risk management. Every steps of the risk process involves people, therefore, the department communicates and consults with various people as part of the risk management process. However, the degree and nature of engagement differs across roles and context.

The department classifies its risks into three broad categories which are also different from the private sector. These are strategic risks, operational risks, and project risks. Strategic risks are set at the highest level within the Department. These types of risks are consistent with the department's strategic and business plans and have significant impact on the department and closely monitored. Operational risks are related to continuity and level of service delivery (DHCS, 2008). Major operational risks are included in the strategic risk profile. Project risks are related with department's outcomes and outputs during the project planning process. These types of risks are transferred to delivery risk when a project is approved.

A review of organisational documents revealed that strategic risk management is part of the business planning life cycle of the Department and business units review their strategic risks as part of their business planning process. In every business plan, a statement of key risks is included with key risk mitigation strategies and responsibility assigned together with timeframes. It involves the Chief Executive, Executive Directors, Directors and other key senior managers. Strategic risks are owned by executive directors. As part of quarterly reporting department's strategic risk profile is reviewed by Board of Management. Operational risk mitigation is an ongoing process. It requires periodic review which is directly related to the criticality of the activity in question. Senior managers and people who develop, implement and deliver services are involved with operational risk management. In project risk management, risk environment constantly changes because projects are dynamic. To cope with this type of risks project managers, project teams, project governance, project risk managers and subject specialists are involved with project risk management.

Documentary evidence also revealed that the Risk Management Framework allocates responsibilities for oversight and implementation of risk management throughout the Department. The Board of Management is responsible to know what the most significant risks are within the context of the department's objectives. It is also their responsibility to regularly review the strategic risks to ensure that any emerging significant risks are identified and addressed. The Chief Executive is responsible to know what the most significant risks are facing the Department. The Chief Executive is also responsible for providing assurance that the risk management process is working effectively. Executives are responsible to implement integrated systems for identifying, assessing, and mitigating material risk throughout their area of responsibility. It is also their responsibility to monitor the effectiveness of the divisional approach to risk. In the department there is an Audit Committee which is specifically responsible to assist the Chief Executive in satisfying risk management compliance obligations.

The Audit Committee responsible for developing and maintaining an internal audit program based on the department's risk profile. The Committee receives ongoing reports, collated by Performance Audit and Review Unit of the department's internal and external reviews. In the department there is a Performance Audit and Review Team who performs a wide range of responsibility. This Review Team is responsible to advise and analyze the effectiveness of the department's risk management policies, frameworks and processes. They promote ownership and accountability for best practice approaches to risk management. It is also their responsibility to manage the Department's Risk Register and coordinate quarterly reports. They are also responsible to undertake ongoing risk review in the area of responsibility, accountability and control (DHCS, 2007). In addition to risk management the Department also developed fraud and corruption control system, which is discussed next.

Fraud and Corruption Control System

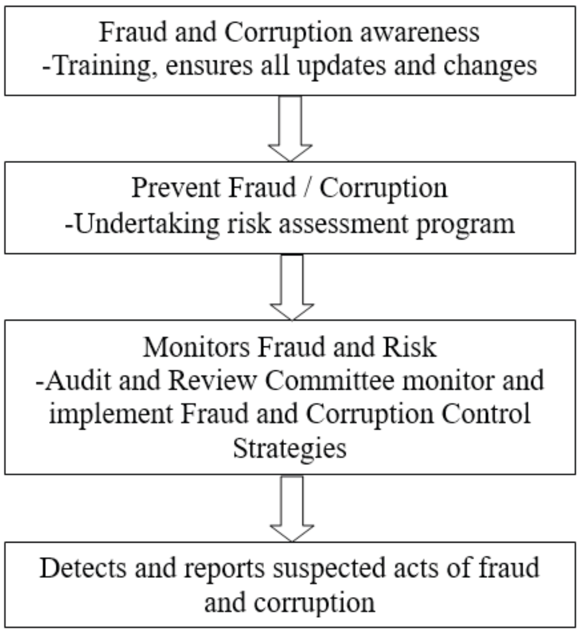
To implement action control systems, the Department has adopted Fraud and Corruption Control system This system was developed to seek and raise awareness of potential fraud and corruption, risk exposure and Department's expectations of its staff, Department's sponsored Non-Government Organisations, consultants and Contractors (DHCS, 2007). The department is guided by the ACT Public Sector Management ACT 1994 (ACT, 2007) and has adopted the definition of Fraud and Corruption given by this Act. Under this Act, Fraud is 'taking or obtaining by deception, money or other benefit from the government or attempting to do so' and Corruption is 'an improper act or omission, the use of improper influence or position and improper use of information'.

The department holds the view that fraud can involve attempts to secure financial or non-financial benefits and the department's position is that if it is unchecked, it has an impact upon the reputation and integrity of the department. The department has implemented a wide range of action control systems in this regard and is committed to minimizing the incidence of fraud/corruption through the identification of risk and the development, implementation and regular review of a range of prevention and detection strategies (DHCS, 2007).

The Department's fraud and corruption control systems is different from those in the private sector. The department has adopted a range of processes and procedures and was designed to protect stake holder's interest. When the department implemented these devices, they ensured that it was cost-effective and at the same time consistent with the organization's culture and operations also. Documentary evidence suggests that this control strategy consists of four steps which are presented in Figure2.

It is evident that the department organizes regular fraud/corruption awareness and code of conduct training to ensure staff are aware of their responsibilities to the department. The Audit and Review Committee monitors and implements fraud/corruption control strategies. To implement the fraud and corruption control system the department has allocated responsibilities to a wide range of persons and committees within the organisation. The Chief Financial Officer is responsible for updating procedural rules as necessary to reflect changes in the fraud risk profile as identified by the Director of Advocacy, Review and Policy Department. The Chief Executive is responsible to foster an environment where fraud/corruption control is responsibility of all staff. This practice is not seen in the private sector.

Figure 2: Fraud and Corruption Control System in the researched organization



Source: Authors own compilation

The department has also implemented different procedures for reporting fraud and corruption. For its internal reporting, the Internal Performance Audit and Review Team investigate this fraud under the guidance of Senior Executive

Responsibility for Business Integrity Risk (SERBIR). The SERBIR maintains an appropriate recording and tracking system to ensure that all suspicion is satisfactorily resolved. There are also external reporting systems. If it is evident that there is sufficient seriousness, it is required to refer it to ACT Policing for investigation. Another reporting procedure is Threshold Reporting. If the monetary value of the fraud case exceeds $500 or a non-financial benefit results a significant loss to Department or undermines Department's credibility, requires Threshold Reporting to ACT Policing. There are also annual reporting obligations. In the annual report the department certifies that appropriate fraud/ corruption prevention, detection, investigation and reporting procedures are in place within the organisation. Therefore, in the Department it is evident that fraud and corruption control system is a part of cultural environment. As Webb (2010) pointed out that corruption prevention measures in the NPM environment need intrinsically to be linked to the practices and culture of the public service. As an action control tool, in addition to administrative constraints, the department follows a policy of pre-action reviews, which is discussed in the next subsection.

5.3 Pre-action reviews

The department has established a strong action control mechanism about its highly sensitive client or constituent issues, media issues and strategic matters. The department conducts weekly briefings about these issues to the Ministers responsible (DHCS, 2008a). The contents of the briefings are: highly sensible client or constituent issues such as constituent complaints to the Minister, opposition or media, serious injury or death of a client, matters of strategy importance, launches, announcements, awards, events, legislation or assembly business, community consultation, intergovernmental agreements and meetings, advertisement of tenders, expressions of interest, grant funding rounds, progress on major projects, policy works and staffing issues including executive appointments and industrial issues.

In the Department it is evident that pre-action reviews involve scrutiny of the action plans. It may be formal or informal. A formal pre-action review of the department is approval for expenditures. Evidence supports that it is a bureaucratic system which affects performance. In the Department formal pre-action review takes place during planning and budgeting process also. In the Department budget is viewed as behavioral control tool. It is related with domination structure (Giddens, 1979; 1984). This domination structure is drawn on by means of allocative and authoritative resources. To perform any action, the department follows bureaucratic process and always reviews it. Sometimes these actions act as a constraint to the staff. For example one interviewee explained.

The government organisations are hierarchical and there are lots of approval processes that need to go through particularly if the minister is involved. So, for me it's a frustration at times about the slowness of a lot of those paper work systems that have to get approval.

The department has created Ministerial and Assembly guidelines and procedures which are related with action control system. The department follows these guidelines for sending any material to the Ministers or the Assembly. As a public sector organisation, the department conducts these briefings to ensure accountability and transparency. The issue of accountability in action mechanisms is discussed next.

5.4 Action accountability

Transparency and accountability form the cornerstone of good management outcomes and one of the major objectives of the reforms initiatives in the Australian public sector. Kinchin (2007) pointed out that transparency is the positive obligation of the public sector and government to explain and provide processes, policies and material relied upon in the making of decisions. It is argued that accountability processes should not be seen as an 'add-on' to the activities of the individual, but rather as an integral part of functioning within the public sector (Kennedy, 1995; Lee, 2008; Guthrie and Farneti, 2008). Accountability is a key notion and is generally considered to be a very positive democratic value (Gendron et al. 2001; Bourgon, 2008). Traditionally, public organisations were involved in providing services to the people. The morality was that all people should have access to these services. It was one of the major causes for spending to the limit or over the limit. Therefore, spending without accountability was the old legitimation structure of the traditional public organisations.

In the researched Department, the role played by actors and their interaction with the structure and social processes have been identified. According to Giddens (1976, 1979, 1984) moral constitution of social action is legitimation. A new legitimation structure appeared in response to new public management initiatives to challenge this traditional view.

Accountability is important in the public sector because of the need to ensure that public money is spent, and power exercised, efficiently, effectively, ethically and prudently (Core, 1993, Kinchin, 2007; Murray, 2008; Tanner, 2008; Steane, 2008). There are various meanings of accountability in the public sector. The most obvious is financial accountability. Financial accountability means the duty of an organisation to maintain accurate accounts and records which represent a true and fair view of the financial transactions and affairs of the organisation and the obligation of the duty is to disclose these accounts in the annual statements. Based on her experience one of the senior executives of the Department observed.

The financial accountability is probably the financial accounts that come out plus what we do with them. We have an annual report which gets tabled in the Assembly. In this annual report there are a whole heap of different things we are accountable for at different stages which are not present in the private sector.

Accountability in the public sector may also be upward, outward, downward and inward. Upward accountability is and remains the foundation of the Australian system of public administration (Corbett, 1996, Hoque and Moll, 2001; Brown et al. 2003; Farneti and Guthrie, 2009). The Department follows ACT Government's accountability arrangements in this regard.

Staff in the DHCS are accountable to management and ultimately to the Miisters through the Chief Executive. More specifically, one participant elaborated this view:

I am accountable for all the operations we have in community services to my Chief Executive and the Chief Executive is accountable to the Minister. I have to have also reports publicly in the Legislative Assembly. They are released publicly because we are in a democracy. The Minister constantly is putting our performance before the public and the opposition criticises us and then we have to explain our behavior. In this sense it's a very serious framework for us which are different from the private sector.

A mid-level executive of the Department made a similar view about upward accountability: I am accountable to the Chief Executive and the Chief Executive is accountable to the Ministers and the Ministers are accountable to the public through Parliament.

Therefore, in the Department upward accountability system is evident and it includes obligation to report to and take orders from the manager's superiors up the line. For example a junior executive of the department commented:

There is an organisational structure within the department and it is not necessarily flat but it is fairly hierarchal so there is always someone to be accountable for.

Public organisations do not have any outside equity interest and have no shareholders and they do not pay dividends. They are providing service to the community and they are accountable to the community and to the government. It is the outward accountability. One of the senior executives of the Department noted:

We don't have shareholders as such but certainly if you look at that we are not giving dividends through a process of corporate deliverance. We are giving dividends to the citizens in the manner of services. If they are not experiencing that in a positive and free flowing way they will act strongly just the same as a shareholding body.

Therefore, in the Department, outward accountability also exists. Evidence from the field supports that outward accountability in the Department means managers of the department are responsible to the client groups and other stakeholders of the community. A mid-level executive of the department explained outward accountability as follows: We have accountability to the sector and the community that we fund. We have to demonstrate the way in which our policy is derived on in consultation with the information we receive.

Therefore, in the Department it is evident that there is upward and outside accountability. One of the junior staff commented:

Our accountability framework assists in delivering government priorities and contributes to sustainable improvements to the well-being of Canberrans. In this sense we are accountable to the government and at the same time to the citizens.

Managers in the public sector face external pressure as there are press and public in the democratic societies. In public organisation citizens have access to considerable information. This is what makes it different from the private sector. One of the senior executives in the Finance Division voiced similar views. He commented:

If you are in the private sector and you do a customer satisfaction survey and you get some bad news the first thing is how am I going to fix that up? In the public sector when you get some bad news you think 'Oh my God! What's the opposition going to say'? That's going to be in the news. I think there are strong external pressures in the public sector and that's one of the end dimensions of introducing these reforms in the public sector which is not present in the private sector.

Evidence from the field supports that in the Department there are different guidelines on employees action exists. For instance, an interview with one of the senior executives in the Department, suggested that there are information charts for their staff which guide the employees action. She explained:

We have a service delivery platform and values and culture which guide our employees. This is a document that we go through. We also have a code of conduct. We have compliance policies and guidelines. There are also systems of accountability through the budget papers and annual reports and we work within this. In terms of financial accountability we follow the Financial Management Act. So, it has become an emerging area of responsibility for us.

In the Department, legitimation is the new moral obligations of the public service. This new moral obligation is the new public accountability which acts in the public interest. This accountability includes setting goals, providing and reporting on results and the visible consequences for getting things right or wrong. Public servants are being held accountable for their actions and they are responsible for providing accurate, informed and appropriate advice and services as set out in the various Acts, regulations and guidelines under which the public service operates (Core, 1993; Kinchin, 2007; Lee, 2008; Bourgon, 2008; Steane, 2008, Tanner, 2008, Hoque, 2008). As a public sector organisation, the Department operates within the context of a range of policies, strategies and laws. In order to fulfill the obligations to the ACT Government and Community the Department has implemented and complied with these laws, regulations and Guidelines. The various forms of accountability systems within the Department are as follows:

5.4.1 Public Interest Disclosure

The NPM approach forced public organisations to express the values and preferences of citizens, communities and societies (Bourgon, 2008). Public Interest disclosure is an innovation in accountability system in the public organisation which is used in public interest (Mulgan, 2000; Kinchin, 2007, Bourgon, 2008). The Department implemented control mechanism for public interest and adapted ACT government Public Interest Disclosure Act 1994 (ACT, 1994). It ensures that all disclosures made in the public interest are investigated thoroughly. The department receives complaints about the actions of the department, its officers or other persons employed by the department. These complaints are referred to as Public Interest Disclosures. It is evident that this disclosure is directly related to the Department's goals and objectives achievements. Drawing on the values, context and strategic themes the department is accountable to the clients and provides opportunities for regular feedback on any aspect of their contact with their service. In this sense public interest disclosure helps towards its outward accountability. If issues are identified, appropriate action is taken. The Department's documents suggest that it is a reporting system of any corruption, fraud or maladministration in the department. The department is guided by the Public Interest Disclosure Act 1994 (ACT, 1994) in this regard. This Act supports the reporting of wrongdoing in the public sector.

5.4.2Freedom of Information

In the public sector, citizens are entitled to access all information from the public organisation. It is different from the private sector and an outward accountability mechanism of the public sector. Freedom of Information (FOI) legislation may be used in this case (Mulgan, 2000). FOI laws have made inroads into the older conventions of secrecy in the governmental agencies (Corbett, 1996; Roberts, 2000; Piotrowski and Rosenbloom, 2002). At the Commonwealth level in Australia, the Freedom of Information Act was passed in 1981 and came into effect in December 1982. It was one of the reforms of the Federal government of that time. In the Australian Capital Territory this Act was passed in 1989. In the light of the economic rationality of the new public management the Department has adopted The ACT Freedom of Information ACT 1989. Roberts (2000) argued that Freedom of information law gives citizens the right of access to government information. The FOI Act provides the legal right to the public to see the documents held by ACT ministers and the department. It strengthens accountability to clients and to the law which is derived from the new public management. Freedom of information is not a private sector practice. It is an alternative to market based management control systems. Under this law the Department is accountable to the public.

The Department's organisational document revealed that the information and documents that may be available under this Act include: general files including internal, interdepartmental and public documents, minutes of meetings of management and other committees, agendas and background papers, policy statements, financial and staffing estimates, Diaries, rosters and worksheets, program and policy files, records held on microfilm, computer or paper in connection with specialized divisional functions, photographs and films, financial and accounting records, details of contracts, tenders, files on applicants, clients and properties, records of government including the machinery of government (including annual reports) and leases and deeds of agreement.

Evidence from the field supported that sometimes freedom of information creates problems within the department. As Piotrowski and Rosenblomm (2002) claimed that freedom of information illustrates the problem of protecting non mission-based, democratic-constitutional values in results-oriented public management.Generally, in the Department there is no application fee for freedom of information requests. However, processing charges may apply for large requests which are against the public interest. Roberts (2000) argued that governments attempt to sell information and freedom of information fees may create new economic barriers to openness.

5.4.3 ACT Ombudsman

The NPM initiatives forced public sector organisation to be more accountable to the public. To ensure accountability of the governmental departments, an Ombudsman's Office was instituted in the ACT. The ACT Ombudsman's Office investigates any citizen's complaint against any action of a government agency or official. If any individual citizen is not satisfied with the Department's decision, then the person can approach the ACT Ombudsman. The concept of ombudsman is now widely used in the public sector. In the line with NPM, some institutions in the private sector established external complaints mechanisms very similar to those in the public sector (Mulgan, 2000). If any person is not satisfied with the Department's internal review and ACT ombudsman review, the person can seek an independent review of the decision by the Administrative Appeals Tribunal which is discussed next.

Administrative Appeals Tribunal

Brewer (2007) argued that the development of NPM and public sector reforms in many jurisdictions, a consumerist model for handling complaints has come increasingly to the fore. Ensuring that public service complaints are handled effectively and rights of redress upheld is an integral feature of good governance and effective service delivery. Administrative Appeals Tribunal is one of them and an alternative market based management control system used in the public sector. In the ACT the Administrative Appeals Tribunal (AAT) is an independent body responsible for reviewing administrative decisions by governmental agencies. The AAT is headed by a president. Department's organisational document revealed that an application can be filed to the AAT if the request was originally decided by a minister or departmental head, if the person is unhappy with an internal review decision or there has been agency delay. This finding is similar to the findings observed by Mulgan (2000) that in certain cases, members of the public may also appeal to a number of merit review tribunals, such as Administrative Appeals Tribunal. However, an appeal cannot be submitted to the AAT if an internal review was possible but the aggrieved person did not ask for it. AAT appeal also cannot be done if the complaint has been submitted to the ACT Ombudsman but has not yet been deal with by the ombudsman.

It can be argued that these action control mechanisms have given the department strengths to operate efficiently and effectively. Empirical evidence collected on the organisation suggests that the Department implemented a wide range of action control mechanisms to cope with the changing public sector environment. These control mechanisms have brought economic logic into its new type of management in the Department. The Department's documents and evidence from the field indicated that these control devices not only supported the business culture in the DHCS, but has also reshaped the general orientation of the people in the Department.

CONCLUSION

Evidence from the field showed that the researched Department introduced action control system to illustrate the Department's commitment to efficiency, effectiveness and accountability. It appears from the case that the adopted action control mechanisms forced the department towards performance and it is a clear sign of adoption of new public management practices. It is evident that the introduction of NPM ideals in the researched organisation has brought about formal and informal changes in their management practices. The department ensures that the services and programs it provides are meeting the complex needs of its clients at all ages and stages of their lives. These views support Lawrence and Alam's (2000) argument that reforms identified people's need and offered a co-ordinated approach to service provision.

In this study it has been argued that to gain better understanding of the action control systems in an organisation, it is necessary to look at the relationship between day-to-day social action of the agents and the various dimension of social structure. Structuration theory (Giddens, 1976; 1979; 1984) is based on the understanding of the effects of the social structures, agency and system whereby changes in social structures and systems take place as a result of human action. Action control systems provide bindings of social interactions in an organisation across time and space and therefore, action control systems are considered as social practices. It acts as modalities of the structure. These modalities are the means by which structures are translated into actions. The modalities of action control systems are interpretive schemes, facilities and norms. These modalities explain how interaction is affected. In this study action control systems of the selected researched Government Department were discussed and argued that in the Department, these control systems are viewed as the modalities or procedures of structuration which mediates between the (virtual) structure and the (situated) interactions.

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NEW CHALLENGES FOR OFFICIALS IN PUBLIC ADMINISTRATION

Abstract
The aim of the paper is to focus on the performance of the profession of a civil servant in the Czech Republic as a person who is able to respond to dynamically changing conditions in the exercise of his/her profession. The execution of the so-called white-collar service is often an unjustly neglected profession, not only in the media and society, but often on the basis of non-orientation in the basic requirements imposed on the performance of this activity. The paper focuses on the view of territorial self-governing units officials who, in addition to their profession, are obliged to educate themselves during their white-collar life, to respond to political and new social situations and to perform, which is always connected with the principle of constitutionality, but mainly to function in cooperation with the law which their activity is based on and without which it could not do so. The authors of the article set themselves the personal goal of presenting the official's performance as a challenging profession, which is often unjustly criticized without anyone realizing the strict link between his/her performance and law. First, the paper will use the description method, which will then change into analysis and deduction.

Key words: public servant, public administration, law, state

1 INTRODUCTION

Today's modern democratic society looks critically not only on the performance of state administration but also on the performance of public administration, which focuses mainly on citizens and their needs. It is clear from the media that negative information spreads much faster than positive information. Unfortunately, this phenomenon also applies to the performance of civil servants. We are much more often confronted with a corruption case or an affair connected with the performance of a clerical apparatus than with praise reports on the self-sacrificing performance of civil servants, thanks to which clients (citizens) of the

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public administration handled the necessary problem. This phenomenon is mainly associated with the development of modern democratic states, especially in the countries of the former Eastern Bloc.

The gradual democratization of these countries has changed from the initial euphoria from a return to democratic principles throughout society, including public administration, to a negative view of a democracy in which everything is possible. Changes after 1989, which directed states such as the Czech Republic or Slovakia towards the status of candidate and subsequently acceding members of the European Union.

The detailed transformation in the 1990s led to the overall democratization and decentralization of public administration. The clerical apparatus in this area was gradually gaining strength, as did the demands placed on it. This, in turn, led to significant reform steps concerning both education and the performance of this profession.

Theoretical backgrounds of the issue of officials

On January 1, 2003, in the Czech Republic came into effect Act No. 312/2003 Coll., On Officials of Territorial Self-Governing Units and on amendments to certain Acts, regulating employment of officials and of course, requirements for their education. This act constituted a completely new legal regulation of the status of employees of self-governing units since until then the labour relations of these employees were governed by general labour regulations, in particular by Act No. 65/1956 Coll., Labour Code. The need for new legislation arose not only from the newly established independent Czech state, but also from the demands placed by the European Union on newly established modern democratic societies which sought membership in this democratic group of Western Europe. In connection with this situation, there was of course also a room for justified criticism of not only legal regulations of the act on officials, but also for demands, and not always satisfactory professional level of employees of territorial self-governing units performing activities in the area of public administration. The Ministry of the Interior of the Czech Republic talks about the main causes of this situation, namely the subjective selection of employees, their relatively high turnover, incomplete education system and, in some cases, also excessive interventions of elected bodies of territorial self-governing units into individual personnel decisions concerning employees of these units (MVČR, 2005).

The main objective of the approved act on officials was therefore not only to improve the performance of state administration within the delegated powers of the territorial self-governing unit and eventual response to challenges from the European Union, but above all to improve the work of officials themselves. The prerequisite for all of the above mentioned, leading to the functioning of the newly established democratic public administration, was primarily to demand the professionalisation of officials, since the satisfaction of participants involved in administrative management, linked not only to the performance of public administration, depends on them. One of the ways to improve their activities was to stabilize jobs and strengthen their independence from elected bodies or the overall principle of subsidiarity of local and regional authorities.

An inseparable part of the educational process was also the creation of a quality and professional system of educational institutions for these employees in the area of performance of state administration. For example, Moderní Obec in the article on the education of civil servants states that "the gradual implementation of Act No. 312/2002 Coll. will undoubtedly become a turning point in the existing personnel and educational systems of territorial public administration in the Czech Republic. The implementation is spread over several years and is linked to the next phases of the reform of territorial public administration. Thanks to the accreditation of educational institutions and educational programs, which have a similar course and organization as, for example, the accreditation of higher education institutions, the whole system of educated officials will gradually improve" (Grzywa, 2002). This statement clearly fulfills the above mentioned facts.

Definition of the issue of officials

For the purposes of this text it is necessary to clarify the basic conceptual apparatus with which the paper will normally work. One of the basic theoretical levels is therefore the need to define the concept of official and territorial self-governing unit. The encyclopedia of law states that the territorial self-governing unit is one of the so-called neologisms of the Czech constitution, which is artificially created and constructed similarly to the concept of constitutional order. In general, therefore, a territorial self-governing unit in the Czech Republic can be considered a territorial self-government, which is represented by the basic territorial self-governing units (municipalities) and higher territorial self-governing units (regions). The act on officials then applies only to those employees of territorial self-governing units who fall into the so-called category of an official. It means the employees of the office of the territorial self-governing unit, who participate in the performance of administrative activities and are included in the office of the territorial self-governing unit. As the territorial self-governing unit can be considered the performance of administrative activities assigned to the municipal authority, to the city authority, to the city hall (magistrate) of a statutory city, to the city hall of a territorially divided statutory city, to the city district authority or the city district authority of the territorially divided statutory city, to the regional authority, to the City Hall of the capital city of Prague or to the city district authority of the Capital City of Prague (Act No. 312/2002 Coll., On Officials of Territorial Self-Governing Units).

Vedral clearly defines the issue of the definition of this profession in its analysis of the civil servant profession. 'Employee' is a person who is employed by a municipality. It follows that the law does not apply to persons who have concluded with the municipality any of the agreements on work performed outside employment, i.e. an agreement to perform work or an agreement on work activity (§ 232 et seq. of the Labour Code), even if these persons performed or participated in the performance of administrative activities (Vedral, 2002). The act on officials also does not apply to employees classified in organizational units, employees classified only in its special bodies and employees who perform exclusively so-called service activities or who manage the performance of such activities. Members of elected bodies of territorial self-governing units cannot be considered as officials. The labour relations of these employees are governed by the Labour Code and other labour regulations.

In connection with the above mentioned, the act on officials also lays down the preconditions for the employment of an official. It is a natural person who is a citizen of the Czech Republic or a natural person who is a foreign citizen but who has permanent residence in the Czech Republic, provided that he/she has reached the age of eighteen and has legal capacity for legal acts; has clean criminal record, speaks the official language and fulfils the requirements for the performance of administrative activities laid down by a special regulation. One of the positive benefits to be highlighted is the duration of employment. Under the Czech legislation, the act on officials excludes the possibility (with the exception of two exhaustively defined reasons) to conclude a fixed-term employment relationship with an official, even if the official would explicitly require the conclusion of a fixed-term employment relationship. Beyond this advantage, however, it is possible to find countless demands which do not apply to employees in regular employment governed only by the Labor Code. The legislation mainly emphasizes the duties of an official, namely the obligation to act in the public interest, to act and decide impartially, to comply with constitutional regulations, laws and other legal regulations. The basic duties of an official include not only normal labour relations (valid for a normal non-official employment relationship), but also obligations which apply to the behaviour of the official outside the performance of work (i.e. refrain from conduct which would seriously undermine the credibility of the local authority). Officials are also expressly prohibited from engaging in any other gainful activity without the consent of the local authority with whom the official is in an employment relationship. However, the limitation does not apply to scientific, pedagogical, journalistic, literary or artistic activities, to the activities of an expert or an interpreter performed in accordance with a special regulation for a court or administrative authority, to advisory bodies of the Government of the Czech Republic and to the management of own or inherited assets.

2 EDUCATION OF OFFICIALS AND THE DEMANDS PLACED ON THEM

The region or municipality (territorial self-governing unit) provides education of officials through accredited educational institutions, unless it has established an educational unit within its own organizational structure which has been accredited. It draws up a timetable for expanding of the qualifications of an official. It is obliged to draw up a plan no later than one year after the commencement of employment. It shall include education of at least 18 days in the period of the following three years. According to the methodology usually issued by the human resource department, this plan will be elaborated by a human resource officer or a superior of an official (head, director of a department or a specialized department, etc. - all governed by the organizational structure of the office). The plan must, of course, take into account the needs of the authority (thus fulfilling the criterion of efficiency and economy), as well as the interest of the official to increase his/her qualifications in his/her field of competence. The official must approve the training plan and its performance is then checked or modified as agreed. The act stipulates a deadline for evaluating the fulfillment of the plan at least once every three years. The duties of an official include primarily the improvement of qualifications by participating in initial and continuous education and in the preparation and verification of special professional competence. The rule of direct proportion is applied here, the higher status (senior official, head of office, etc.), the higher the demands on education. The above-mentioned education (initial, continuous and senior officials) is not completed by an exam, however, such education is completed by the so-called special professional competence. However, the Act on Officials of Territorial Self-Governing Units imposes compulsory education on officials performing administrative activities. Therefore, continuous training, i.e. the official‘s participation in expanding updating and specialization training activities (training, seminars, conferences, training cycles, etc.) is aimed at the performance of administrative activities. Here we can include deepening language skills, focusing again on the performance of administrative activities (deepening the terminology of administrative law, etc.) (Act No. 312/2003 Coll.).

The concept of special professional competence (hereinafter referred to as ZOZ, zvláštní odborná způsobilost) is an important term not only for officials and duties related to it, but also for the public, who is often unaware of the difficulty and duty of passing this examination. It is a summary of the knowledge and skills which are necessary for the performance of the activities laid down in the implementing legislation, namely Decree No. 512/2002. ZOZ consists of two parts - general and special. The law specifies the content of both these parts. In general, the first one includes knowledge of the fundamentals of public administration, especially the general principles of organization and activities of public administration, knowledge of the Municipalities Act, the Act on Regions and the Act on the Capital City of Prague, including the Act on Administrative Proceedings. The second, so-called special part, includes the knowledge necessary for carrying out specific administrative activities with regard to the knowledge of the competence of territorial self-government bodies and territorial administrative authorities related to these administrative activities and their practical application (MVČR, 2005).

2.1 Institute for the education of officials in public administration

In connection with the above mentioned, it is clear that the demands placed on the officials, although outlined only marginally, are one of the most demanding parts of this profession. The necessity to carry out this activity entails education and training provided in the Czech Republic by the so-called Institute for Public Administration. Its full name is The Institute for Public Administration Prague, it is a state contributory organization established by the Ministry of the Interior, providing mainly education of officials of territorial self-governing units according to Act No. 312/2002 Coll., as amended. It has a dual role in this activity. The first as a public authority, which methodically manages and coordinates the area of special professional competence as a qualification prerequisite for the performance of state administration in delegated competence, including the verification of this competence by examination. The second, as an educational institution, which offers officials a comprehensive range of accredited educational programs to expand qualifications. The training of officials of territorial self-governments is carried out on the basis of accredited training programs and the objective of training of officials is to successfully pass a special professional competence examination, and the Institute is the only institution in the Czech Republic authorized to provide such examinations. It also provides education to employees and civil servants under Act No. 234/2014 Coll., as amended, and related legislation. It is also active in international activities, it is an active member of international professional groups and implements international projects in the field of education. It is membership in international groupings that is becoming an increasingly important element for the Institute in today‘s globalized society and brings with it invaluable experience and opportunities to exchange not only experience in public administration, but also the so-called good practice. The Institute is currently a member of the European Network Training Organizations for Local and Regional Authorities (ENTO), the Network of Institutes and Schools of Public Administration in Central and Eastern Europe (NISPACee), the Network of European Public Administration Schools and Institutes (NEPASI) and regularly participates on the meetings of Directors of Institutes and Schools of Public Administration (DISPA) (Institute for Public Administration, 2016).

2.2 Ethics and corruption from the perspective of public administration

One of the government's main priorities, not only in the Czech Republic, is the anti-corruption policy. Since 1999, in the Czech Republic has been in force a government anti-corruption program which has imposed tasks on the members of the government and heads of central administrative bodies whose fulfillment was to prevent the expansion of corruption in society. This fulfillment is continuously evaluated through the Corruption Report in the relevant year.

Transparency International in collaboration with a team of authors in 2005 issued scripts on the project of the same name entitled Corruption and Anti-Corruption Policy in Public Administration, which states that the basic prerequisite for the proper functioning of any democracy are, among other things, free elections, a clear division of responsibilities between executive, legislative and judicial powers, division of roles between government and opposition, and judicial control of the executive power within the administrative judiciary and legislative power within the constitutional judiciary. These basic democratic institutes are also a prerequisite for a successful anti-corruption policy since they prevent undesirable accumulation of power. The media also play an important role in the fight against corruption. However, if they are to act as an anti-corruption ‚watchdog', they must operate within a legal framework which allows freedom of expression and free access to information. Of course, civil society is also crucial for the fight against corruption. It is civil society organizations that play an important role not only in the provision of public services which the state is unable to provide, but also in the field of public control of the functioning of the state and its authorities. Therefore, a precondition for a successful anti-corruption policy is the cooperation of the state (its bodies) with associations of citizens and interest associations of legal entities (both business and non-business) in the fight against corruption (Transparency Imternational et al., 2005). The authors and the specialized literature agree that there are three basic pillars of the anti-corruption strategy. These are: identifying manifestations and analyzing the causes of corruption; identifying preventive and repressive instruments of anti-corruption policy; evaluation of the effectiveness of the anti-corruption strategy (Transparency International ČR, 2000; Quah, 2001; Zemanovičová, 2004).

In the light of the above mentioned, it is clear that corruption is also closely related to the concept of ethics in conjunction with the behaviour and manners of officials - as outlined above. The question of ethics is one of the most sensitive and debatable in public administration. Ethical principles, however, can not be understood only by capturing in legal norms, but above all as a part of the human factor transmitted to the exercise of the profession. In connection with this position of performance, however, we can meet with the opinion, even in international organizations (OECD, Council of Europe), that the observance of ethical principles is not a guarantee of compliance with legislative regulations, especially in a situation where the person does not know the relevant regulations, or does not obey them. Here, the emphasis is on the quality of public administration, which is a prerequisite for competence, due to good knowledge of the legislation with reference to the importance of training, which is the continuous training of officials. It is interesting to mention an example of the interconnection of the clerical profession with ethics and ethical principles related to corruption. The issue of ethical conduct and ethics was also dealt with in the research carried out in the framework of training of officials of territorial self-governing units to acquire professional competence, carried out in 2016. It was attended by one hundred and twenty officials working in public administration. When asked whether the code of ethics was applied in their office, seventy percent answered yes, which is a relatively high percentage. Interesting, however, was one of the questions relating to the relationship of the code of ethics to the conduct of officials and corruption. Three quarters of respondents replied that the code of ethics very well regulates the behaviour and conduct of officials of territorial self-governing units (i.e. their workplace) in order to prevent corruption. On the other hand, there are twenty percent of respondents who do not have any information about it. Ninety-nine percent of respondents correctly answered the question about what is not corruption. Specifically, it was a choice of: receiving a bottle of alcohol, receiving a bouquet, providing cash, and providing counter-services. Respondents were acquainted with the fact that only accepting a bouquet is not a corrupt act.

2.3 New challenges for officials - mainly personal level

The role of public administration employee in continental Europe is usually enshrined in a law, which is specified in internal regulations, which specify the position of the employee (official), his/her rights and duties in more detail. These rules should also cover relationships within an organizational unit or the entire organizational system, including the principles which employees should follow when dealing with citizens and other entities. These principles include, for example, legality, public service, ascertaining the actual state of affairs, and also:

- Fulfillment of tasks performed with an understanding of the interests and needs of citizens; lack of competence should in any case be clarified and the matter referred to the competent authority,
- citizens and other entities should be given the opportunity to consult relevant legislation and internal instructions when requested or when it is necessary for their understanding,
- participants in administrative proceedings should be provided with

information about their rights and obligations. In other cases, information and advice should be given to citizens and other entities on matters of direct interest or matters which directly affect them.

These principles are translated into legislation in modern democratic states and supported by codes of ethics. These are, in particular, procedural law, the code of administrative procedure, the law on administrative judiciary, but also laws which give interested parties the right to free access to information or which introduce an institution of the Ombudsman (Sciskalová, 2014).

From the above mentioned it is more than obvious that the demands placed on employees in public administration often limit not only their labour relations, but they are also reflected into the personal level. Further education of officials of local authorities or civil servants is a very demanding and complex process. These facts are often forgotten and the official is thus wrongly becoming a criticized object of the state because he/she is closest to the citizen. We can generally identify the demands placed on employees in public administration in the following areas:

- Ethical demands, which are set out, inter alia, in the law and recommendations of international institutions. These include, for example, the issue of corruption, corrupt behaviour, ethics and codes of ethics.
- Psychological demands due to the constantly changing legal environment, contact with clients, citizens and the need to reconcile personal and professional life.
- Physical demands, which often originate in a mentally demanding profession - can often lead to burnout.
- Social demands which an official has towards society and vice versa. These demands often include a negative view of the bureaucratic apparatus in general.
- Educational demands which are determined not only by law, but also by individual limits.
- Communication demands, which are determined by the education of individual employees but also by enhancing of their ability to communicate with problematic clients.

According to the authors, the above-mentioned demands are only basic identifying elements which can be further modified as needed for further descriptive examination. In relation to the identified areas can be identified the risks which are essentially a challenge for the officials themselves. Facing these risks and preventing them from occurring is currently the primary objective, apart from the legal service of citizens.

Risks as challenges arising from the performance of the official‘s profession can be identified in three basic areas, namely:

- Social risk: Possible exclusion of employees from society based on strict regulations and exclusion from certain social activities of citizens who are not legally bound by employment.
- Mental risk: There is an increased risk of burnout and psychological extinction due to the constant increase in professional demands on employees and the amount of communication with clients.
- Economic risk: The disproportion between the amount of obligations and salary in the public sector is often the cause of employees leaving to the private sector despite the passing of the proficiency test.

In addition to the mentioned risks which officials may succumb to in the exercise of their profession, there is also the phenomenon of so-called aggressive client. These are primarily clients (citizens) who are unable to control emotions and officials are often the first to encounter this aggression. Employees in public administration must be prepared for such situations. It is clear from practice that this behaviour is not a novelty, therefore the part of further education of employees is also the basis of working with these clients and learning how to deal with such a situation. Interestingly, many authorities already routinely expect an aggressive or otherwise negative client, for example, the City of York, England, has issued a handbook on how to treat clients (instructions are mandatory). Part of the handbook is also a procedure how to treat a problem or aggressive client. The recommendation for the official is, for example, to maintain peace, smile, use assertiveness, and only in extreme cases is the official allowed to leave the counter (Grzywa 2002)

CONCLUSION

The aim of the paper was to present the demanding nature of the clerical profession and the current challenges for officials in public administration. Except from the demands clearly defined in Act No. 312/2003 Coll., it is also possible to identify demands which are not exhaustively defined in the Act. These are mainly psychological, social and communication demands.

The official uses these competencies in everyday contact with public administration clients or citizens. Among other things, the official continues to expand his/her qualification. In relation to above mentioned, he/she becomes a so-called „person at risk“. There are risks which can lead from burnout to wrong decisions or leaving the public sector. It is up to the employer (at the highest level of the state, irrelevant of organizational structure), to take care of its employees (officials) and to prevent these negative phenomena. In today's society, there are countless concepts to support the clerical apparatus and good clerical behaviour, from reconciling personal and professional life to New public management, Total quality management or social responsibility. But the basis for applying the positive elements of these concepts is education and a general overview of executives or elected bodies of the municipality, region or state. So what are the new challenges for officials in public administration? Of course, lifelong learning with an emphasis on the personal level and avoiding the risk factors identified in the paper. It is not just about new challenges, basically, it is about challenges which have been part of this profession since the very beginning.

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IVAN KRASTEV: AFTER EUROPE

University of Pennsylvania Press, Philadelphia, 2017, 120 p.

Europe is currently facing a significant crisis that stems from the threat to its traditions and roots that are built on Christianity and Enlightenment legacies. As a project that seemed to be unique, irreplaceable and unparalleled, the European Union is now facing doubts and questions that have until recently been unthinkable: are we witnessing the break-up of the European Union as we know it or these events are a necessary step towards reform that will help to preserve the original ideas of the creators of the common European project and thus protect the Western way of life and its values?

In his book „After Europe", author Ivan Krastiev seeks to provide the reader, through various perspectives, with the causes of the current events in Europe. These events will define its further political development in the European Union. The author does not seek to provide guidance on how to save Europe, nor does it prematurely bury it, but seeks to provide an analysis of current events using the experience from past events. The author seeks parallels of current development in the European Union with the collapse of the Habsburg monarchy, as well as explains the causes of today's events based on the collapse of the Soviet Union and its consequences. According to the author, one of the main catalysts of the current crisis development in Europe is migration, which revealed in the full nakedness the weaknesses of the European project when attacking the most basic of human instincts, which is fear. It is the fear for our own existence, the fear that the way of life we are accustomed to and which we considered to be something obvious is endangered by this revolution (in this case migration). This revolution is the driving force of the electoral rebellion against the establishment we are witnessing in today's stronger support of anti-systemic and populist parties. The migration crisis has provoked a situation in Europe in which people argue about identity, values, human rights, and are questioning EU's elites about their non-willingness or inability to deal with it.

In the introduction of the first chapter, the author deals with two important monographs which, after the end of the Cold War, deal with further scenario of the development of society and which are essentially opposed to each other. It is the book „End of History", in which Francis Fukuyama described the West as the winner of ideological conflict and liberal Western democracy as a model to follow for all other parts of the world. He also assumes that West should export its values and institutional set-up after the fall of the Iron Curtain to other parts of the world. Contrary to Fukuyama, however, the author puts attention to the book „New World Disorder" by Ken Jowitt, where it is stated that the end of Leninism does not mean the end of history, but rather the beginning of the era of chaos, insecurity, various crises and conflicts. Subsequently, in this chapter, the author deals with the migration crisis, its historical reasons dated since the colonization era. He also explains the difference between refugees and migrants. On the basis of these events, he explains the current trend of the rise of nationalism and populism, which he sees especially in demographic reasons and European people concerns about their existence, values, identity and the traditional way of life.

Subsequently, the author deals with the crisis of the historical class breakdown of voters to the right and left when he talks about the failure of the left in an effort to deal with the migration crisis and the subsequent move of the working class votes to the extreme right. The author's opinion on the migration crisis is also linked with a change in the attitude of Europeans to the issue of human rights and the spread of democracy to other parts of the world. At the same time, according to the author, the migration crisis undermines Europeans' confidence in the political system as such. At the same time, it again divides Europe into Western and Eastern, which was successfully bridged after 1989. As for the attitudes of the people of Central and Eastern Europe, the author says about the lack of solidarity with refugees and the unwillingness to accept them in their own countries. Based on historical events and examples, it explains the causes of these countries' negative attitudes to migration.

In the second chapter the author presents the view that today's problems in Europe revolve around the question of democracy. In his view, in many cases (such as Greece or Italy), we are witnessing what he calls the limited democracy, and that voters are no longer creators of history on the basis of interventions from Brussels, but only spectators following their course. Author provides a picture of two different EUs; the first, the liberal post national cosmopolitan project of the political elites; and the second, that of the common people in Europe which are worried by the loss of their own identity, way of life and control. Subsequently, the author deals with the inclination of Central European voters with a strong European belief in anti-European and populist parties, which he calls the Central European paradox. He is also dealing with a referendum as a very easily exploitable instrument of direct democracy which, in his opinion, can serve populist politicians to promote explicitly anti-European measures. He concludes by reflecting on the ominous political, economic, and geopolitical future that would await the continent if the EU itself begins to disintegrate.

This book brings indisputable contribution to a very wide range of readers, such as students of politics, politicians and historians, as it offers a fresh understanding of the current crisis in Europe. From the unexpected return of nationalism and socialism to the rise of populism and eruption of "demographic panic," this slim volume but wide-ranging book examines key social and political dynamics likely to shape Europe's politics in the years to come. On the basis of failure to deal with migrant influx, we are currently witnessing a crisis in liberalism, democracy, and Europe. Even though the author provides a very deep and understandable analysis of current problems in Europe, he doesn't come with any solutions, except for hope and optimism, that there will emerge some leaders in Europe who will be able to find enough power to guide Europe in its bad times.

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MIKUŠ, DALIBOR: POLITICAL PARTIES' VIEW ON PUBLIC ADMINISTRATION

Trnava, Faculty of Social Sciences UCM in Trnava, 2018, 118 p.

The publication entitled *Political Parties' View on Public Administration* represents an interesting act of the author since in the past years the Slovak professional public has been striving for a unique attempt to map out the views and attitudes of key actors on public administration issues. In this context, the present paper addresses the dynamic development of individual political parties active in the domestic political scene after 1989. It should be stressed here that the author pays particular attention to those political entities which have fundamentally influenced and shaped the political system and the functioning of the state, public administration and its individual subsystems of state administration and self-government. In today's society, it is believed that it is the political parties who are responsible for the economic, social and, last but not least, the political state of the democratic state and the rule of law. The media very much like to talk about dividing them into standard and non-standard political entities. However, this fact is not the subject of discussion, which the author pays attention to. For a brief summary, the author addresses following political parties, in order: Verejnosť proti násiliu (VPN), Ľudová strana – Hnutie za demokratické Slovensko (ĽS – HZDS), Strana demokratickej ľavice (SDĽ), Kresťanskodemokratické hnutie (KDH), Slovenská národná strana (SNS), Slovenská demokratická koalícia (SDK), Slovenská demokratická a kresťanská únia – demokratická strana (SDKÚ – DS), SMER – Sociálna demokracia (SMER – SD), Združenie robotníkov Slovenska (ZRS), Strana občianskeho porozumenia (SOP), Aliancia nového občana (ANO), Komunistická strana Slovenska (KSS), Strana maďarskej koalície / Strana maďarskej komunity (SMK), Most – Híd, Sloboda a solidarita (SaS), Obyčajní ľudia a nezávislé osobnosti (OĽaNO), Kotleba – Ľudová strana – Naše Slovensko (ĽS – NS), Sme Rodina – Boris Kollár, # Sieť.

A closer look at the text addressing individual political parties reveals the author's clear effort to define the most important milestones of the life of relevant political parties. It undoubtedly includes many personalities of political and social life. In many cases, the text also contains clear tables which illustrate the results of political entities in the parliamentary elections held in Slovakia after 1989 and after the creation of a separate state. Considering the above-mentioned, it should be noted that these election results would also deserve comparison with the results achieved by political parties at levels lower than the state, i.e. in the elections to municipal authorities. We are currently on the threshold of new parliamentary elections, which appear to be about new political groupings, and it may therefore be objectively assumed that, along with their arrival, new views on the functioning of public administration subsystems will gradually emerge.

In processing the text of the publication, the author uses not only the synthesis but also the comparative or historical method. We suppose that the publication is intended for students of public policy and public administration, but may also be valuable for students of political science, political sociology and law. Looking at the references used, it can be stated that the author has succeeded in creating a solid overview of the papers published so far, which more or less affect the interconnection of political parties as key players affecting the functioning of public administration in a modern democratic state and a rule of law. The publication "Political Parties' View on Public Administration" presents, in its content and language, a professional publication which opens the space not only for students, to deepen their knowledge and findings, but also for the wider professional public, to identify basic variables of the relatively little explored efforts of political parties to control public administration..

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Content

Articles

Reviews

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