

---

## ABSTRACTS

## ABSTRACTS



This study does not deal with transition, nor with the capitalist system as the ultimate goal of all transitional processes, but with the broadest social and »ontological« framework in which these processes are taking place — namely, the epoch of *modernity*. Modernity is a sociohistorical reality which exceeds the dimensions of separate societies and their economic, political, cultural or other components. Although this reality codetermines the nature and destiny of all occurring under its aegis, it should not be understood as an entity *sui generis*, but rather as a general structurational framework and foundation for the development of the entire western culture and civilization in the last few centuries. The basic outlines of the epoch of modernity cannot be fully drawn without the assistance of philosophy, which thematized modernity long before the birth of sociology as a science, preparing the general referential framework and important points of support for all subsequent approaches to that phenomenon.

Therefore, this study has two main parts. The first section epitomizes what in the narration of modernity is genuinely philosophical, and what cannot be attained from the point of view of science. The second section is based on the example of two recent sociological theories of modernity, and demonstrates how contemporary sociology copes with modernity. The theories chosen have proved suitable not only because they have managed to articulate a number of relevant theses, but also for demonstrating exemplary awareness of *deep* antinomies of modernity.

The philosophical interpretation of modernity is summarized in the concepts of G.W.F. Hegel. Although western philosophy — in its trail from late scholasticism to Kant — is capable of intelligible (self)understanding of modernity, Hegel was the first who approached it as a distinctive philosophical problem, and indeed made it the fundamental issue of his own philosophy. The main principle of the new, modern age, as Hegel sees it, is the structure of self-reference which he calls *subjectivity*. The principle of subjectivity implies individualism, the right of criticism and autonomy of action. It forms the whole of modern life, while with his *new concept of the subject* Hegel managed to conceptually pin down the essence of the new relationship of western man/woman towards the world — a relationship creating a *new, modern age*. This concept includes in its very seed all the implications of *self-established*, unlimited freedom. Among these implications a special place belongs to dominance.



With regard to the sociological theory of modernization, it is possible to distinguish two basic types of theory. In a more *limited* sense, it concerns a group of theoretical surveys of American social scientists of the post Second-World-War period, which were supposed to offer newly liberated societies in Africa, Asia and Latin America acceptable, realistically applicable models of development. The theory of modernization in a *broader* sense consists of a more general consideration of modernity stemming mostly from the fundamental tradition of classical sociology. These are theories inspired with a great broadness and depth of approach demonstrated in works of «classical sociologists» (Marx, Durkheim, Weber). This second approach has been presented on the example of Anthony Giddens' phenomenology of modernity, elaborated in the book *The Consequences of Modernity* (1990), and historical redescription of modernity and sociology of modernity developed in the work *A Sociology of Modernity: Liberty and Discipline* (1994) by Peter Wagner.

The main unit of Giddens' analysis of modernity are social institutions. The dynamism of modernity branches off into three features: (1) the separation of time and space, (2) the development of disembedding mechanisms, and (3) the reflexive appropriation of knowledge. The main disembedding mechanisms are symbolic tokens and expert systems, that presuppose trust. Trust functions within the environment of risk. Observed through the prism of institutional analysis, modernity has four key dimensions: capitalism, industrialism, surveillance and military power. Modernity is manifested as inherently globalizing, and today, according to Giddens, we still have not arrived at a truly postmodern condition, but, on the contrary, live in a time of radicalized and universalized, *high* modernity.

Wagner's approach towards the phenomenon of modernity can be methodically characterized as historical and sociological. His historical redescription of modernity includes also the redescription of the history of sociology, because sociological practices are an integral and co-constitutive part of social reality. The skeleton around which this comprehensive material is reorganized, according to Wagner, is found in the category-pair *liberty – discipline*, designating the fundamental ambiguity uprooted in the nature of modernity. The main subject of analysis are social institutions and practices, wherein the central position is taken by the practice of allocation, the practice of domination and the practice of designation or symbolical presentation. A minute reconstruction of the history of modernity and its sociological reflection impressively points out the «rise» and «fall» of the modern project, while the current crisis of modernity is not interpreted by Wagner as an exit into postmodernity, but rather as a transition into its new historical phase.



This work may be divided into two basic parts. In the first part the author analyses the structure of the transition process. Three relatively independent components are differentiated in this process. These are: democratisation, privatisation, and modernisation.

Even though the mentioned components are inter-related, the author maintains that they need to be considered as relatively independent processes. There are two basic reasons for this. First, each process develops in a particular area of society, with special conditions and participants. Second, all effects of the mentioned processes are not general but are limited in set areas and social levels.

The author cautions that, as a rule, the content of transitional transformation in most analytical works *reduces* interests to the first two components of transition: the democratisation of the political sphere and privatisation. In an analogous way, most transitional policy is reduced. Thus, according to the author the most important component of transition, that is, modernisation is repressed to the margins of transitional transformation. Repression instigates some significant misunderstandings of the remaining components of the transition process. First, the quality of democratisation and privatisation is measured by their formal side, without evidence of their effect in the social, ecological or any other sphere of everyday life. Second, the relation between democratisation and privatisation and total developmental capacity of society (for the future) remains entirely ambiguous. Third, participants and relations from the inherited socialistic context have easily gained new legitimisation without having to change the social foundations of their practices. To ensure the success of the transition process, the author asserts that it is necessary to »close« the whole »transition triangle«, that includes the three mentioned components (democratisation, privatisation, modernisation) and to develop a complete strategy of development for each country in transition.

In the second part of the work, the author specifically analyses the effect of the social context on privatisation. He differentiates two groups of influences. Influences originating from the socialistic context that are being continually reproduced in the new juridical and political circumstances are in the first group. The author especially emphasises the tradition of egalitarian mode of operation, the power of »wild« entrepreneurs, tradition of individualised profit-making styles and loss of faith in work for the purpose of per-



sonal advancement and perspective. In the other group influences originate from the context that developed at the beginning of the nineties, that is, after the collapse of the socialist system. The author distinctly maintains that in the Croatian case, the war against Croatia strengthened various dependency inclinations for state support and made entrepreneurship more risky than it otherwise would be in Croatia.

In the author's opinion, if transitional transformation is reduced only to privatisation and democratisation, then under the influence of the mentioned factors of context, crucial change would take place in the transition itself. A new institutional framework would emerge but the social reality, shaped in the socialistic period, would remain essentially the same. This is why it is necessary, emphasises the author, to develop as a basis of transition the model of modernisation. Its presence makes possible, on the one hand, the social concretisation of a transition programme in a particular society and on the other hand, efficiently removes the effect of the old social context and opens developmental strategies that guarantee a structural civic renewal.



Basic Economic Characteristics of the Croatian Concept of Privatization

Despite basic similarities, the process of privatization in Croatia differs in a number of specific features from such processes taking place in other post-socialist countries. Three of them are dominant: an inherited system of self-managing ownership, wartime political and economic circumstances and a parallel process of gaining state independence. These circumstances had not only great influence on the choice of policy of privatization, but also on the overall economic effects of the process. The chosen concept of privatization through the sale of social ownership with preferential treatment of former and current employees has in the course of time experienced considerable amendments. The original text of the Law on the Transition of Social Companies was changed six times, and in March 1996 a new Law on Privatization was passed. A changing, inaccurate and sometimes ambiguous regulation of the privatization process has had some positive sides (such as flexibility), but the dominant deficiency of this approach is that it could not ensure a principled and consistent realization of the process. This affected the general results of the process. Although in comparison with other countries in transition Croatia's position in the overall results of the transitional process improved throughout 1995 and 1996, and in spite of the fact that Croatia was assigned to the group of more advanced transitional countries according to a number of recent international comparative analyses (IBRD; EBRD; etc.), the results of privatization have not been satisfactory.

Namely, the share of the private sector in the GDP for most CEFTA member-countries amounts up to 75%, while in Croatia it is between 50 and 55%. What are the overall economic results of the chosen concept of privatization in Croatia, who are the losers and who the winners? What are the realized desired (positive), and what the unwanted (negative) consequences of privatization? From a survey of results of privatization it is evident that several indicators of the effects of privatization do not fulfil completely the expectations of the process. Of these the most important are: a) unrevenued proceeds from privatization; b) continued excessive presence of the state sector in the economy and c) insufficient participation of foreign investments in the process of privatization. The cumulative revenues from privatization in the last six years have not fulfilled the high expectations. By the end of 1996 only 600 million DM were collected in cash, which is less than 2% of the total sum of budget revenues in the same period. The level of foreign investment



portfolios as well as direct investments is also extremely modest with regard to other more advanced transitional countries (over approximately 1 billion USD), the trend not having been altered until 1996, after the quotation of the Pliva and Zagrebacka Banka shares at the London Stock-Exchange. As regards the qualitative indicators of the aftereffects of the chosen privatization concept, several of those with a far-reaching influence on the whole economy should be singled out: restructuring and an increase of company efficiency; redistribution of national wealth (capital) and the activity of the so-called grey economy. The restructuring and growth of company efficiency, especially regarding the public sector, is still far from satisfactory. The chosen policy of privatization has considerably influenced the redistribution of state capital for the benefit of certain groups of private owners. The results of privatization in Croatia indicate several groups of »winners«. The first are the three state funds: the HFP and the Retirement Fund, which managed to come by the former social capital without compensation. The second group are managers and a narrow stratum of private entrepreneurs who purchased the most valuable parts or even whole public enterprises under privileged conditions in a number of profitable industries. The next group are employees (former and current) who enjoyed special privileges in the sale of social capital. The »losers« are all other categories of employees, especially in agriculture and public sectors (health, education, science, administration), who did not receive preferential treatment in the repurchase of shares of former social companies, even though they equally participated in the creation of social capital and therefore represent its »moral owners«. Due to a constantly changing and inaccurate regulative framework, the chosen privatization concept had one other unwanted consequence: the spreading of »grey« economic activities. In addition to direct material damage, the indirect damage is most reflected in the controversial understanding of privatization amongst the public. The reconsideration of the economic effects of privatization can therefore be a useful foundation for the analysis of its other consequences, especially those social and political.



Most developing countries are suffering from the same illness of disregarding economic laws: excessive industrialization and urbanization, minimizing the role of agriculture, squandering the already inadequate capital, disturbing regional development, neglecting suboptimal integration into the international division of labour, overvaluing the local currency which causes slower economic growth than necessary and creates a number of negative after-effects among which unemployment stands out prominently. In Croatia the basic driving force of development in most of the period following The Second World War until gaining independence was the employment of the working population *per se*. Croatia too was an example of confirming definitely that the low cost-effectiveness of investments cannot be replaced by their greater volume, even with the most modern equipment used. A limiting factor of development is neither the volume of accumulation nor modern technology, but effective investment, determined by the (non)existence of entrepreneurship. The precondition for enterprise lies in resolving the question of ownership, i.e. in carrying out privatization.

The characteristic of each strategy of privatization is its acceptability from the economic point of view (in its positive influence on the overall economic development), political (acceptance by the majority of the population) and social (the issue of fairness) viewpoints. Privatization is certainly not a simple and painless process, for it can deepen economic inequality and social tension, causing more loss than gain, at least for a certain period of time. A great danger in the process of privatization is the possible occurrence of corruption and abuse which decreases transparency and gnaws at the health of the financial market, all important determinants in an effectively functioning economy and process of privatization. Although inadequate transfers can contribute to the increase of national product (because they are used more effectively), they can be very dangerous for justice in society and deter the most important democratic achievements.

Stabilization, liberalization and privatization of the economy are necessary, but insufficient preconditions of successful economic development. The *inventarization of all regulatory rules, the renunciation of inadequate solutions and the appropriation of new ones* (such as control over the financial market, insurance companies, the banking system etc.) are necessary. The regulatory role of the state has to be considered publicly in all its aspects. It needs to be clearly defined,



effective and resistant to voluntary interpretation and abuse, as well as constantly exposed to different forms of democratic control. The experience of countries in transition and those oriented towards modern market economy clearly indicates that the democratization of political life and national consensus on essential issues of transition and privatization were important factors for the success or failure of these processes. Therefore, the main parliamentary and unparliamentary interest groups should participate in strategic decisions on privatization. Formally guaranteed rights are not sufficient. Only the citizen and entrepreneur, protected in his rights of ownership, who freely and openly expresses his will can become an independent factor of democratic and pluralist society. An economy with an accurately defined private owner is the basic, although not sufficient, condition of the democratic system.

In Croatia the reintegration of occupied territories has provided opportunities for a strong recovery of economic activities. The indicators of economic growth in Croatia are mostly encouraging and have created the necessary prerequisites for completing privatization and restructuration in big state-owned companies and banks which is fundamental for longterm sustainable growth in circumstances of macroeconomic stability. The supplementation of the development of democracy with the economy's private sector, along with respect shown for economic criteria in forming political will can relatively quickly lead to the necessary transformation of the Croatian state. Approaching the level of development of western countries should be the most important goal of the Croatian economy and society in general, the economic prospects of which are certainly realistic. Quick privatization could thus be the decisive stimulus. The most significant change is that of ownership relations, i.e. the establishment of an integral system of protection of private ownership, due to its dominant influence on the motivational structure for saving, investing and economic effectiveness.



Ownership and the Enterprise: Problems of Managerial Control

---

Based on the fact that the capitalist organization of formally free labour and the western model of enterprise and entrepreneurship have been institutionally reaffirmed in post-socialist countries, the purpose of this paper was to examine the category of enterprise, especially joint-stock company, as a particular structure of ownership and interest based on the agency theory and within the context of Eastern European and Croatian privatization experiences. Accordingly, the concept of corporate governance was developed and the accompanying issue of managerial control.

In reference to the agency theory, the relationship between the owner of capital and the one using it in his name to create profit (manager), can be interpreted as a contract by means of which one or more persons (principal/s) engage another person (agent) to complete a certain task for them, also delegating to the agent some authority on decision-making. Evidently, it is the *principal* from the agency relation who entrusts the agent with a certain task to be carried out. Generally speaking, the principal is the owner and bearer of the interests of capital invested into a certain economic activity - enterprise. On the other hand, the *agent* agrees to carry out the job for the principal and is rewarded for it. The agent is usually informed of the reward in advance, obliging the principal to pay regardless of the commercial value of achievement. Therefore, the principal provides the funds (capital) for the realization of the task, «claims» the final results, but also suffers the risk of loss. In this relationship the owner's control of the manager's work is one of the most critical moments. Managerial control of companies, i.e. corporations, ensues from the basic tensions within the principal-agent relationship as well as from the concrete structure of stock capital in specific companies.

The owner's opportunity to effectively control the manager's behaviour and over a period of time prevent «managerial entrenching» depends on his share of ownership and therefore on practising a certain type of (absolute, majority, minority) control. Managerial control is also formally possible when the ownership of corporation-shares is so dispersed that even the biggest share-holders have less than 5%, or, according to some authors, less than 10% of the shares. It is important to stress here that, according to the mechanisms of change of ownership structure in corporations, one may speak of two global systems of corporate governance in the developed world, the *Anglo-American system of corporate governance* (market-based) and the *German system of corporate governance* (bank-based).



Our analysis indicates that the specifics of privatization projects and the fact that in most Eastern European countries the financial markets have not been developed, prevents, on the institutional level, the quick development of the Anglo-American model of corporate governance, i.e. corporate control. However, neither can the German system of corporate control, although normatively copied to a certain extent in postsocialist countries, develop over night (the example of the Czech Republic) in a new social and institutional environment. The question of an adequate system of corporate control for postsocialist countries remains open.

As far as managerial control is concerned, it should be stressed that privatization projects in Eastern European countries have, with regard to the predominant repurchase of companies by managers and employees, brought about the partial overlapping of the roles of principal and agent. Companies taken over by the managers are, according to the bearers of the real power of control and management, managerial companies, while according to the formal structure of ownership, they are private firms. In the near future they may evolve, or devolve in at least three directions: towards a classic private company, in the direction of nationalization, or they can be taken over by another company.



The work questions the social perception of the recent course of privatization in Croatia. By analysing the empirical data, the author demonstrates to what extent public perception is a result of sociocultural (collective) legacy, i.e. to what extent it is a collective reaction to the present state of (economic) affairs. The first part of the work presents a theoretical debate on transitional processes, with a particular accent on the central dimension of economic transition - the process of (postcommunist) privatization. The goals of privatization are elaborated in four points: the transition to market economy, the establishment of a new managerial structure, the realization of financial profit through the sale of shares, and to provide for the economic foundations of a stable democratic society. In addition to this general criteria of successfulness, the efficiency of the process of privatization should be measured by its speed of realization, social acceptance, and the instatement of efficient control over business and the access of foreign capital. A short survey of expert evaluations of the course of Croatian privatization indicates not only an obvious gap between the proclaimed goals and reality, but also accentuates great problems connected with other dimensions of evaluation, especially when speed and social acceptance of privatization are concerned. The main reasons for that are: a) inconsistency of procedural actions and institutional structure, b) numerous irregularities and abuse of office, and c) high social costs. The last item also includes negative moral effects of the evaluation of social injustice regarding the chosen method of privatization.

In the central, empirical part, the author analyses the dominant public perception of the course of privatization in Croatia. (The analysis is based on the research conducted in 1996 on a representative national sample). The main results are as follows. First, most respondents give almost equal assessments of the current and previous (pre-transitional) efficiency of the economic system. The predictors of this assessment speak on behalf of the thesis that the perception of the current economic situation is more conditioned by the existential situation (change in the standard of living, evaluation of privatization, trust in government) than by inherited habits. Second, the public perception of the course of privatization has been exceptionally negative in Croatia. The respondents mostly stress social injustice and political clientelism. The analysis of this attitude's predictors indicates the primary influence of the collective reaction to the present state of affairs, wherein the perception of widespread



corruption is especially expressed. Third, the respondents also stress political opportunism as the basic feature of the new entrepreneurial elite. In the public perception of the Croatian entrepreneur the negative characteristics are far more pronounced than the positive ones; the comparison of Croatian results with those obtained earlier in some other postcommunist societies indicate the »universality« of transitional assessments. In the concluding part of the work, the author analyses the thesis on »collective schizoism« of transitional reality and concludes that the negative assessment of the recent course of privatization in Croatia is primarily a reaction to the present state of affairs, and not a consequence of the so-called cultural inertia. There are two dominant public perceptions to be found in the background of widespread discontent: a) privatization is unjust and often illegal; b) the entrepreneurs are, as logically follows from the previous statement, opportunists who do favours for those »above«, and exploit those »beneath« them. The observed empirical reality indicates the necessity of social actions whose objective would be the correction of evident irregularities in the process of privatization and adequate punishment of violations. If such endeavours directed at enhancing trust in the bearers of economic policy fall through, the erosion of current sociocultural capital will continue, which would, in the long run, negatively affect further transition and the development of Croatian economy.



Towards Discovering the Economic Culture of Capitalism

---

The abandonment of centralized economy is a process taking place in former socialist countries of Eastern and Central Europe. This transition is directed towards capitalism. However, it is not a spontaneous process, but a macro-level (state) outlined crossing from socialist egalitarianism to market-economy liberalism. This transition has to occur on two levels: in people's minds and in practice.

In addition to obvious difficulties arising from the birth of capitalism such as the growth of unemployment, the fall of the standard of living, social insecurity, pauperization of the middle classes etc., one of its great drawbacks is in the *non-existence of the economic culture of capitalism*. Its appearance and development has not occurred over night in the West either. But what was the starting point in the West, and what still has to set root in Croatia, is *individual autonomy*.

The first years of transition in Croatia have indicated the revival of awareness of national identity, an emotion supported even more by the war. But, national awareness and freedom, nurtured by the destruction of socialism and the Yugoslav nation, although necessary for the development of the national economy were not sufficient enough for the materialization of capitalism.

The transition in Croatia was greatly affected by the war. The initial attempts of creating a new economic structure, the constitution of a state of law, and establishment of a network of democratic institutions became of secondary importance. The first duty is to defend the nation-state, which requires an authoritarian form of government. However, in spite of the war, four levels of transition can be discerned: in politics (towards multi-partiness and democratic institutions), in the economy (orientation towards market economy, change of the ownership structure), the national-historical level (new interpretation of national history) and the pro-European (inclination towards European integrations, accent on Central-European identity).

What results have been achieved on these levels can well be observed in social reality itself. There is the obvious appearance of *new owners*, big proprietors of, until recently, social property. They are the result of the process of privatization and »transition« of ownership led by the state. This process is often denoted as the acquisition of wealth without work or the act of trading without moral principles. One cannot but wonder whether this is the right way to enter capitalism. Could not the distribution of social property have been *socially more just*? In addition to such questions on



the distribution of ownership, another query arises as to *who the new owners are* and by what *criterion* they have acquired their riches. It certainly was not proven managerial capability, but political adjustment. The new owners are responsible to the state that has created them and are therefore more directed towards political needs than market demands. As such, protected by the state, they know nothing about entrepreneurial risk. Such circumstances do not generate the need for *individual autonomy* in new owners, which is a condition sine qua non of the development of *entrepreneurial mentality*. Only the autonomy of the individual leads towards *capitalist culture*, and not the political decision that capitalism is our new reality. The new reality, on the other hand, is from the economical point of view determined by *poverty, low productivity, a lack of entrepreneurial mentality, and political patronage over the economy*. The fact that the Croatian economy is a planned and ideologically impregnated one can easily be confirmed through the establishment of a quasi-entrepreneurial elite created by the political elite. The political elite, however, is not capable of promoting the economic culture of capitalism, because it does not act *market-rationally*. Thus, it is directly required of the new owners either to turn or to withdraw (and perish). This demand has been placed before them by the transitional process to capitalism. The entrepreneur of the new era can survive only if he meets the criteria of management, if he develops an ear for the demands of the market, if he is risk prone to secure profit (observed in the long run, not under any circumstances). Therefore, neither can political adjustment nor any such merit be priorities for entering the world of business.

The importance of *modernization* and *democratization* for the development of capitalist economic culture should also be pointed out. In Croatia they are definitely in the heavy shade of privatization which is followed by questionable morality in the public sphere. The state is confronted with the task of removing that »shade« and creating conditions for the growth of material wealth, and for the democratization of society.



The paper deals with the sociocultural background of economic transition in postcommunist societies, with special emphasis on the Croatian case. The first part discusses the theoretical aspects of the social and cultural embeddedness of economic activities and corresponding institutional solutions. By analysing the contribution of the new institutional school and the new economic sociology, the author indicates four premises establishing the socioeconomic understanding of economic actions: 1. importance of formal and informal institutions; 2. historical continuity of institutions; 3. functionality of institutions as the basis of stability; 4. difference between functionality and optimality. The analytical model which includes the given premises - enabling, at the same time, the testing the sociocultural legacy hypothesis - is the model of social capital. Social capital comprises three dimensions. The first one - trust - reduces transaction costs and enhances the formation of social networks. The preliminary results indicate a significant and strong connection between the GNP and the quantity of trust in a society. The second dimension - reciprocity - ensures the stability of cooperative relations; interiorization of the so-called generalized reciprocity enhances the development of various mechanisms of mutual assistance. The third dimension - bounded solidarity - enables a broader scope of cooperation, i.e. its spreading out of the family circle. Social capital, defined as an (instrumental) symbolical resource which group X possesses to a certain extent, has three important features: a) in contrast to economic capital, social capital is not an individual resource; b) social capital disappears if not practised, i.e. if not confirmed in everyday interactions; c) it connects, analytically, levels of individual and collective action (micro-macro loop).

In the last section of the paper, the influence of sociocultural legacy on the processes of economic transition is tested using the model of social capital. The dimensions of social capital are presented by the following variables: a) density of the network of voluntary associations, b) the prevalence of generalized trust and c) the intensity of opportunism (as an antipode of cooperation and reciprocity). Subsequently presented are the results of the preliminary comparative analysis of social capital in fourteen European countries. The sample was divided into four groups. The first includes developed European countries geographically or culturally close to Croatia. The second group consists of the wealthiest European countries, and the third contains the



peripheral economies of Western Europe. The last, fourth group, includes transitional countries of Central and Eastern Europe. The results indicate methodological problems in using the measure of opportunism as (inverse) substitution for cooperation, but confirm the strong correlation between other measures and the GNP. According to data collected in the World Values Study survey, countries in transition, including Croatia, exhibit considerably smaller social capital than developed European economies. In conclusion, the author discusses the connection between anomic reactions to social costs of transition, especially pronounced at the beginning of the nineties, and the chronic (historical) lack of social capital. Successful economic transition, it seems, requires also a well designed policy directed at enhancing cooperation and the discouragement of opportunism and political clientelism.



Every organizational change establishes a direct stress which is reflected in the attitudes and work values, thus having an impact on the motivation and work behaviour of employees. Croatia's workforce has been exposed to an overall transitional changes in society, but also to changes of work environment. The Croatian economy, in comparison to most other countries in transition, embarked on the process of transition with an initial advantage which was annulled by the war. To the costs of transition, one should add the very high costs and consequences of the war – not only economical, but also of a general nature. This work deals with whether or not changes in the structure of work values have occurred during the transitional and war period.

Some authors maintain that employees in former socialist societies were characterized by low motivation for work and negative work values, and that this particular heritage is a burden which places a strain on economic transition. According to these authors, there has developed a typical »socialist pattern« of work motivation among workers characterized by insufficient preoccupation with work, obedience and a lack of initiative. On the other hand, the results of some of the research concerning motivation in countries in transition have not indicated any major differences in comparison to Western-European countries.

In new social and economic surroundings, new demands are being set before organizations and their employees, as well as new rules established. The imperative of economic efficiency has been placed before (privatized) organizations and their managers. The position of employees has also changed: their rights and obligations have changed, and the redistribution of power and earnings has occurred. The most important change is the uncertainty of employment. In privatized companies the process of restructurization begun. Its aim is to increase the economic efficiency of companies. The process of restructurization of companies usually includes the dismissal of the workforce, because a great majority of privatized companies used to have or still have a surplus of workers. The managers have easily and rapidly rejected the socialist heritage of egalitarian distribution and dramatically increased the gap between the lowest and highest salaries in companies, establishing asymmetric distribution. A strict pyramidal hierarchy of decision-making has also been established, practically regardless of the form of ownership over the company. Managers have taken advantage of the void



created by the annulment of self-management, which yet has not been filled out by the rather weak trade unions.

In Croatia, in the last seven years, many scientific works dealing with transition have been published. However, only a few surveys were conducted in the field of sociology or/and psychology of work and organization. A relatively systematic research of work values from the sixties to date, enables insight into the hierarchy of importance of motivational factors for work and changes or continuity during the past period. A survey of the research concerning work values carried out in the current transitional period in Croatia is presented in this paper.

The comparison of work values in the socialist period of the eighties and in the past period of transition has pointed out that certain changes have occurred in the structure of work values. The results of this research show that these changes are incoherent. The hierarchies of work values obtained in these research projects indicate that the examinees value very highly almost all aspects of work, with the salary being the most valued aspect and the least accessible. However, the motivation for fulfilling personal potential, for professional improvement and development is vaguely expressed.

Thus the fundamental question is to what extent the various aspects of work are accessible to employees and whether there are differences among organizations with regard to their form of ownership? The projects mentioned cannot provide reliable answers to these questions, but the preliminary results indicate the following. The situation in the private sector is somewhat better; the examinees from private firms more favourably assess the accessibility of certain aspects of work than in state companies or budget-financed institutions. These are the following aspects of work: good salary, fair distribution, efficient management, participation and possibility of promotion.

Based on this partial insight into the motivational potential of employees in Croatia, one can conclude with relative certainty that the structure of work values will not be an obstacle to organizational changes in the process of restructuring. However, it will definitely be a limiting factor to the successful development and use of human potential.

