



# ABSTRACTS



## I. RULING ELITES WITHIN AN ANALYTIC PERSPECTIVE

Josip Županov

The Industrialising and Deindustrialising Elite in  
Croatia in the Second Half of the 20<sup>th</sup> Century

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Croatia is not the only country of belated industrialisation and modernisation, but it is quite a typical one. Due to many circumstances the internal impulses for an autonomous process of industrialisation and modernisation have not developed.

In the mid-twentieth century, after the Second World War, a new ruling elite was rapidly increasing the pace of industrialisation, the development of the industrial and urban sector and the until then invisible population transfer acquiring characteristics of a biblical exodus. However, this industrial development was burdened and thus limited by ideological postulates of the communist utopia. A situation therefore occurred that could be signified as half-modernism.

It was to be expected that after the fall of socialism a new ruling elite would take upon itself the completion of the process of modernisation, in other words the transition from the inherited half-modernism into full modernism. This, however, did not happen. The institutional obstacles preventing the development of market economy and private entrepreneurship were removed, but deindustrialisation was carelessly allowed, i.e. the closing down and devastation of those companies which could have been reorganised to survive on the world market. And what is most important, this elite never even tried to turn around the secular trend of marginalisation of science and scientists. Also, it did nothing to debalkanise administration, or revitalise what had remained from the period of the dual monarchy in the realm of administration. In short, the new elite did not rise to the occasion of its historical task – the completion of the process of modernisation. The projects of retraditionalisation, all in all, did not

inflict any grave damage to the process of modernisation because they more or less remained in the area of ideological discourse, but they did manage to draw attention away from the real problems, which was certainly harmful.

The task of completing the process of modernisation thus fell upon the new six-member elite, which won its mandate at the elections on January 3, 2000. It is yet too early to say whether it will successfully complete this historical task. There are certain positive signs. For example, the definite decision to make Croatian shipbuilding capable for competition on the global market could mean the beginning of reindustrialisation. And reindustrialisation is certainly a very important step toward intensifying modernisation.

However, a crucial change on the scale of national priorities in favour of science is not yet on the horizon, not this year, and not even in the three following years of the planned state budget. A mere intensified pro-scientific rhetoric should not give rise to any serious expectations.

The historical task of evening Croatia up in terms of modernisation with other more advanced transitional countries, and in the somewhat longer run with the EU countries (without which the integration into the EU would have no foundation or sense), will have to be carried out at a quickened pace, which is a separate problem countries of autonomous modernisation were not confronted with, especially under conditions of merciless global competition. It is true though that global competition has provided Croatia with some opportunity, especially with regard to electronic compression of time and space and "virtual entrepreneurship". But a rational exploitation of new chances and opportunities requires a very high quality of managerial elite and well conceived moves in the economy and other political domains. Does the new elite have such qualities and capabilities - this I do not know, but it certainly has not demonstrated them in the first ten months of its mandate.

Ivan Rogić

### Three Croatian Modernisations and the Role of Elites

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In the first part of the text the author "arranges" the types of elites and models of modernisation in Croatia. In the analysis four basic types of elites are distinguished among: the elite of the bearer of "noble" labels (which has not been fully institutionally defined); the power elite; the money elite; the professional elite. All four analysed elites have command of specific areas and means of realising

their “eliteness”. However, the author states they cannot be totally reduced to one another. In circumstances of creating modern Croatian society (in the period from 1868 to 2000) this fact can be seen clearly. Accordingly, they conform only in part, with regard to internal membership as well as the realisation of models and activities.

There is also a differentiation in the analysis among three basic modernisation models used for modernising Croatian society. The author defines the timespan of the first model in the period from 1868 to 1941. In that period (regardless of the changes in the general political framework), the operating modernisation model has, basically, the role of preparing a complete transformation. The model was developed by a small number of liberal Croatian citizens, and it remained limited to the cultural sector, to small/middle firms and small/middle towns. In the second model of privatisation in the period from 1945 to 1990, according to the author, a paradoxical socialist modernisation takes place. The paradox is in the fact that totalitarian means are used to carry out middle-class transformation. In that period modernisation is clearly differentiated into sectors through the scheme: (paleo)industrialisation, urbanisation, bureaucratisation. Since a marginal group organises the transformation, with totalitarian roots in the peripheral society, technical transformation is effected according to the (paleo)industrial models, already out of date at the time. Urbanisation is materialised as a chaotic transfer of the rural population into cities. Bureaucratisation is carried out by withdrawal from the Weberian tradition of rational management, as directive political action, less dependent on institutions, and more on the mere political will of totalitarian sponsors of the system. However, even in such an unfavourable framework the reconstruction of Croatian society as an urban society took place. In the same period also larger statistical groups of professionals were formed.

The third modernisation model, in the period after 1990, was, in the author’s opinion, not formed. War difficulties, the structural persistence of the models at work from the socialist period, the transformed overall post-modern horizon of further development and strong pressure of internal obsolescence actively influence the behaviour of elites in the period observed. Without the ability of forming new and adequate answers, they reach for a reproduction of exhausted models of developmental behaviour, within a range from renewed client dependence, or a party-cratic model of managing social riches, to the old-fashioned notions of the role and tasks of state institu-

tions and state monopoly on power. As a result, the author concludes that in this period, without taking into account the course of the war and its victorious outcome, there is a specific strategic gap in the activity of Croatian elites. They are not capable of finding the best/necessary answer to the current circumstances.

In the analysis the author warns many times that the evolutions of each separate type of elite (of the four mentioned) are mutually relatively independent. The differences are strengthened depending on how particular modernisation models relate to certain types of elites. Therefore, the author repeatedly states that each type has to be considered in its own evolution in the observed periods and modernisation models.

Apart from the indicated facts the author cautions that a number of general characteristics of Croatian elites must be derived from the specific history of Croatian society as a peripheral society (which in the past two completed modernisation periods was not institutionally homogeneous, but shared its reality with the reality of opposing, even occupier societies). The main features the author considers worth mentioning are: the small number of elite groups; the perilous position and activity of elites, especially in the political realm; the exclusive confidence in the techniques of rational opportunism as the main techniques of practical activity in cramped systemic circumstances; difficulties in acquiring the label of social participant whom others trust (who is trustworthy). Owing to these general features, in all three observed periods, Croatian elites have formed with great hardship the role of participants in modernisation. A successful outcome of the (possible) third Croatian modernisation depends, according to the author, outrightly on how much the practical effect of these general features will be surpassed in new, toward the future directed developmental practices.

Josip Jurčević  
Ruling Elites in Contemporary Croatian History

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From the point of view of historiography the author discusses in this paper the historical circumstances and basic characteristics of the Croatian ruling elites' activities in the period from the last decades of the 19<sup>th</sup> century to the beginning of the 21<sup>st</sup> century. The methodological starting point is diachronic, thus portraying the course of contemporary history as a genesis of the existing relations in Croatian society.

On the other hand, the framework of events was based on a general historical fact referring to unusually numerous and dramatic social changes occurring on Croatian territory throughout contemporary history. Thus many significant features of international and historical circumstances as well as the activity and characteristics of Croatian ruling elites have been analysed. Emphasis was given to periods that presented turning points, wherein the assessments and actions of Croatian ruling elites left long-term consequences.

The work is structured chronologically, meaning that it includes periods in which Croatian ruling elites operated within the geopolitical framework of the Austro-Hungarian Monarchy, the first Yugoslavia, NDH (Independent State of Croatia), the second Yugoslavia and the Republic of Croatia. In the last part of the paper the author presents the determinants which are common to Croatian ruling elites throughout contemporary history.

Vlado Šakić

#### Does Croatia Have a Modern Elite – A Sociopsychological View

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The work offers sociopsychological concepts from the theories of social identity as analytical matrices for defining psychosocial characteristics of modern ruling elites. Such an analytical matrix is then applied to the analysis of Croatian ruling elites in the process of their formation during the last decade.

The basic categories used for creating the analytical matrix have been taken over from theories of social identity, and refer to the phenomena of categorisation, collective processes, social and individual identities and national and cultural identities. It is concluded that theories of social identity offer a solid basis for filling in the mosaic of multidisciplinary knowledge necessary for the holistic definition of structures and functions of modern elites.

By applying an analytical matrix on the Croatian situation it has become clear why Croatian elites, which have formed the Croatian national and social reality so far, have not been and are still not psychologically adapted enough for managing state and social processes in a modern way, and why members of Croatian ruling elites are mostly not adequate social representatives on a national level. Finally, a way has been proposed on how to approach the formation of modern ruling elites in Croatia.

## II. ELITES, MODERNISATION AND PROBLEMS WITH THE NEW DEVELOPMENTAL IDENTITY

Vjeran Katunarić

New Elites, National Consensus and Development

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In this paper the reverse paths of western and eastern countries' national integration in the 20<sup>th</sup> century are analysed. First, national integration of western countries' are based on creating the welfare state and social consensus, which has brought today's postsocialist countries into an inferior position with regard to western countries. Such an outcome is reflected first in the ever greater loss of development autonomy, despite the introduction of the regular procedure of multiparty elections. Second, although contemporary eastern ruling elites have taken over the rhetoric of free market and entrepreneurship, they lack scientific and technical knowledge as well as the business skills needed for global economic competition. And third, the "third way" formula after the example of the British Labour Party or the Clinton *Bobos*-ideology for establishing a balance between the free market and the welfare state, is practically inapplicable in the great majority of eastern countries, including Croatia.

One of the main reasons of this inferiority lies in the fact that the influence of new elites, whose power is based on the development of knowledge in the field of natural and social sciences and technology, as autonomous cultural capital, has for fifty years or so been systematically suppressed by old elites whose power is based on political voluntarism and authoritarianism. The transformation of the old political elite into a new one with democratic legitimacy and liberal discourse, but without a "cohabitating" elite of knowledge and entrepreneurship that could reconcile the effects of free market with demands for social balance and welfare, has destroyed the realistic and increased the symbolic foundation of national consensus, i.e. ethno-nationalism or, as in the case of Croatia after 2001, the moral condemnation and criminalisation of the preceding political elite.

In the end the author discusses the possibilities of strategic expansion of the meaning of knowledge, types of capital and development goals in Croatia, based on an unorthodox understanding of development as "culturally sustainable development". This is development which is putting less pressure on the natural resources, infrastructure and populated areas, while by adding at the same time value to work and communication through art, sci-



ence and education it is increasing appeal among people. In a positive sense, the cultural capital of the new class consists thus only of the knowledge and sensibilities contributing to the adjustment of effects of economic growth, social cohesion and holistic orientations toward the natural and cultural environment. Cultural capital in a negative sense has a reverse influence: it is either about knowledge that cannot be applied to domestic conditions or is used so it produces ever greater poverty and unemployment, social and ethnical conflicts and further deterioration of the environment.

Jasminka Lažnjak, Jadranka Švarc  
Ruling Elites in Innovative Society

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First analysed in the article is the new theoretical framework of modernisation, which originates from the theory of innovative society and knowledge-based economies. Modern or innovative societies are founded on knowledge-based economies whose main reproductive resources are knowledge (research and development) and intellectual capital (education). The classification of firms and their clusters in modern innovative societies is based on the intensity of built-in knowledge as a result of an organised process of development and research. The most modern firms are science/knowledge-based firms. The key issue in a so-defined modernisation is the mastering of processes that manage technological change enabling the transition from lower forms of production sectors to sectors based on development and research. Therefore, the capability to manage technological change imposes itself as a new and unavoidable theoretical framework for studying ruling and managerial elites in Croatia. Finally, it is upon their ability that economic growth and social welfare depend. Ruling and managerial elites are one of the key actors of that process.

The second part of the study deals with the analysis of possible influences on how managerial elites are formed or on how they act, using the model of constructive technology assessment. Theories of the social shaping of technology, as one of the paradigms within sociology of technology, indicate the contingent character of technological change dependant on the relevant actors. If technological solutions shape the complex interaction among various actors, and technology evolves with the societal system, then it is logical to think that instruments of constructive technology assessment can influence the development of technology and modernisation. The possibilities and problems

in the implementation of the constructive technology assessment model and its influence on a specific and very important group of actors – managerial elites is discussed.

Vladimir Lay

### **Sustainable Development and Environmental (Un)Awareness of Political and Entrepreneurial Elites in Croatia**

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The article deals with the question of environmental awareness and literacy for sustainable development of the ruling elites in the context of contemporary development. It contains three chapters. In the first chapter some basic concepts are defined such as “sustainable development”, “environmental awareness” and “literacy for sustainability”. The second chapter discusses the role of contemporary elites in the affirmation of sustainability and sustainable development on a general level of values and goals, as well as on an applied level of practical sustainable developmental solutions. Special attention has been given to the mechanisms of reproduction of political elites (political parties, elections) and entrepreneurial elites (success on the market of commodities and services). Political elections and the market as societal mechanisms do not directly impose on people sustainability in thought and behaviour. This significantly hinders the affirmation of sustainability. In the third chapter the author sketches the state of environmental awareness, the awareness of elites and the assessment of their literacy for sustainability in Croatia. Illiterate elites lacking awareness cannot manage development and steer society’s production in a sustainable direction. Education and schooling for sustainable development, which in a specific way all the existing elites (those coming and going alike) have to go through, is one of the vital societal tools for educating elites in Croatia for the country’s sustainable development.

Vedrana Spajić-Vrkaš

### **An Attempt at Redefining the Education of Elites and the Modernisation of Schooling in the Context of European Integration**

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In the analysis of the terms “elite” and “modernisation” as part of “colonial mentality” essentially linked with the mechanisms of reproduction of social inequality amongst which education has an important position, the text gives a survey of theories for explaining how modernisation turned around the visions of Enlightenment and subjected education to the interests of dominant social groups. In that context the most recent changes in Europe are dis-

cussed and how they have been redefining the role of education in individual and social development. Attention is given to changes in education deriving from the need to ensure competition on the world market, on the one hand, and accept the idea of sustainable development and social cohesion, including issues of human rights' and freedom protection, equality, pluralism and solidarity, global interdependence and the development of civil society, on the other hand. The introduction of a perspective of continued and coordinated education for life and accessible to all, assisting economically developed countries of the world in making use of all their human resources in the context of a science based society with new information and communication technologies, represents a great problem to the "other Europe" - these being impoverished transitional countries that quite justifiably see the way out of a difficult situation in a quicker integration into the "first Europe". In the conclusion the author suggests that their position in building a common Europe depends on the quickest possible way of ensuring sustainable conditions of development and an adequate use of all their human potentials, i.e. the promotion of the idea of elitist education for all.

### **III. ELITES AND PROBLEMS OF GOVERNANCE WITHIN ENTERPRISES**

Nevenka Čučković

#### **The Influence of Postprivatisational Ownership Structure on the Quality of Corporate Governance in Croatia**

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In this paper the author analyses the effects of the model of privatisation on forming the postprivatisational ownership structure in Croatia and discusses the influence of such an ownership structure on the quality of corporate governance of privatised firms.

In the text the starting point is the assumption that various forms of privatised ownership affect differently the mechanisms of corporate governance in firms (e.g. dispersed shareholding, concentrated majority shares, investment funds, banks, dominant foreign owner, managers and those employed as dominant owners etc.). Among the privatised firms in transitional countries there are significant differences in the level of success achieved, which is mostly connected to the postprivatisational structure of new dominant firm owners, but also to the degree of de-

velopment of the institutional environment enabling mechanisms of control over ownership management. Their influence (direct and indirect) on the firm's management is reflected also on the management of business policies, and finally on the management's concern about the firm's effectiveness. Empirical insight into the functioning and efficiency of privatised firms, not only in transitional countries but also in developed industrial economies, on samples of several thousand firms, indicate that the type of ownership significantly influences their mode of management and the overall successfulness of the firm on the market. Most of this empirical research has ensued from studies of privatisation process effects. The work analyses, on the one hand, the dominant structure of the existing privatised ownership in Croatia (employees, managers, Croatian Privatisation Fund and retirement funds, private investment funds, foreign investors), and on the other hand it discusses the economic effects of privatisation and mechanisms of ownership control and the legislative framework for corporate management. Also, the paper analyses how the ownership structure and quality of corporate governance influenced the firm's level of success, the process of market restructuring and the overall business results on the market with regard to ownership typology (state, private, mixed). Ultimately, the work tries to establish what the role of institution monitoring and the market of capital is in the development of the new managerial elite of privatised firms, and elaborates the specific qualities of the dominant Croatian corporate governance model in comparison to other transitional countries.

The text stresses that the prevalent negative influences of corporate actions performed by one class (stratum) of a politically powerful managerial elite, which has emerged from the process of privatisation during the nineties, have in terms of value significantly eroded ownership portfolios formed in such a way. They have also inflicted serious damage on the overall legitimacy of the privatisation process having created a widespread negative perception of entrepreneurship and general economic and social purpose of privatisation. The so-called tycoonisation of economy, i.e. the creation of a narrow stratum of a new private elite directly connected to the political elite, has resulted in an array of negative economic consequences, while privatisation has become the source of unlawfulness, corruption and grey economy as well as the symbol of all negative social consequences of the transitional process. Empirical research confirms that such a politically sponsored private elite, led by a dubious entrepreneurial and corporational

system of values and predatory behaviour on the market, has significantly disrupted the development and formation of a sound corporational culture in Croatia. Furthermore, it has undermined the establishment of a broad structure comprising an efficient market managerial elite whose behaviour would be based on the application of widely accepted contemporary standards and modes of competitive market behaviour. This has certainly been enhanced by a relatively late development and inactivity of the regulative and institutional market environment expected to produce concrete incentive, guidelines and signals for desirable corporational behaviour.

In the final chapter the author proposes some of the measures needed for enabling the future realisation of desirable effects of the process of privatisation, improving namely the quality and culture of corporate governance in Croatia. In addition to the suggested changes of some key legislative solutions, the importance of the development of capital is particularly underlined as a significant factor in the further evolution and redesign of the initial post-privatisational ownership structure.

Drago Čengić

Owners, Managers and Concepts of Corporation

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In this work the author discusses, based on the German “model of codetermination”, the Croatian model of “workers’ supervision” in joint-stock companies/corporations and the perceived (mostly economic) corporation concepts, the position of the worker in different systems of corporation control within corporations.

It seems that neither the German “system of code-termination” nor the Croatian model of “workers’ supervision” do not question the classical concept of corporation wherein the rights of control and residual claims have been assigned to the stockholders or usually only to the stockholders. At the same time, the German and Croatian experiences both indicate that “workers’ representation” in supervisory boards of joint-stock companies/corporations is not a result of deeply contemplated rational decisions, but more an unwanted result of political persuasion and compromise, on the path of deep, sometimes latent sometimes explicit conflicts between work and capital. According to observations of some German and Angloamerican authors, the real power of supervisory boards as control mechanisms over managers in Germany has – because of the very presence of workers’ representatives in them – actually decreased in the last decade.

Although in the analysed corporation concepts, at least on the level of concrete solutions of corporate law, there has been no theoretically persuasive justification why the rights of control and residual claims should be left only to stockholders (and not to a broader circle of corporate stakeholders), it should be acknowledged that none of the corporation concepts provide enough arguments indicating that these same attributes should be assigned only to workers.

There is also an additional important question to be posed. How should one define corporation stakeholders in concrete circumstances and yet not include under this term too great a number of actors, often unimportant for the survival of corporations and manager control? The key issue is to which extent does the broadening of different stakeholders' rights in corporations undermine the relationship between the managers and shareholders. This relationship has, although a product of clear "theoretical bias", been proven in reality as a relatively simple and effective system of mutual control of the owners of capital and in their name - the users of this capital.

In other words, although the "stakeholder corporation concept" has a certain positive potential even in our environment (because in international relations it also owes its appeal to the fact that it presents a kind of answer to the "credibility crisis" of contemporary capitalism), it must not be overlooked that the appreciation of different shareholder rights is ultimately possible as long as the rules of market economy and production of surplus value are respected.