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## CULTURE AND PUBLIC ADMINISTRATION REFORMS IN POSTSOCIALIST TRANSFORMATION: THE CASE OF SERBIA

### Kultura i reforme javne uprave u postsocijalističkoj transformaciji: slučaj Srbije

**ABSTRACT:** *The paper deals with cultural embeddedness of public administration transformations in Serbia during postsocialism. Public administration reform represents an important aspect of transformation of overall institutional framework in contemporary societies. According to institutional approach, the changes of formal institutions (including public administration) are deeply embedded in informal institutions or culture. Theoretical and methodological framework of the GLOBE research program has been used as a basis for the empirical analysis. The goal of the paper has been to identify the scores on cultural dimensions in Serbia and to analyze the correlation of these scores with expectations of the public administration reform. The expected similarity of culture in Serbia with other East European cultures has been confirmed, as well as hypothesis about its norms and values as strong informal obstacles for successful public administration reform.*

**KEYWORDS:** informal institutions, culture, GLOBE, public administration reform, Serbia.

**APSTRAKT:** *Rad se bavi kulturnom ukorenjenošću transformacija javne uprave u Srbiji tokom postsocijalističkog perioda. Reforma javne uprave predstavlja važan aspekt promene ukupnog institucionalnog okvira u savremenim društvima. Prema institucionalnom pristupu, promene formalnih institucija (uključujući javnu upravu) duboko su ukorenjene u neformalne institucije ili kulturu. Teorijski i metodološki okvir istraživačkog programa GLOBE je uzet za osnovu empirijskog istraživanja. Cilj rada je bio da se dobiju skorovi na kulturnim dimenzijama u*

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*Srbiji i da se analizira povezanost ovih skorova sa očekivanjima od reforme javne uprave. Predviđena sličnost kulture u Srbiji sa drugim istočnoevropskim kulturama je potvrđena, kao i pretpostavka o njenim normama i vrednostima kao snažnim neformalnim preprekama uspešne reforme javne uprave.*

KLJUČNE REČI: neformalne institucije, kultura, GLOBE, reforma javne uprave, Srbija.

## Introduction

Postsocialist transformation in Eastern Europe has been one of the most interesting topics in social sciences for almost three decades (Dahrendorf, 1990; Pejovich, 1993; 2006; Olson, 1995, etc.). Inside this field of research public administration reform gained special attention (Cepiku and Mititelu, 2010, Janičijević and Bogičević Milikić, 2011, etc.). Various explanatory models for understanding and explaining this process have been developed so far. Having in mind the importance of the institutional framework, it comes as no surprise that institutional approach has been the most important and most influential in that respect. Generally, according to Scott, “institutional theory is among the most vibrant and rapidly growing areas in the social sciences today” (Scott, 2014: vii).

Institutions in social sciences have been conceived as a basic framework for human interaction in a society or, in other words, “the rules of the game”. These rules can be formal (constitutions, laws, statutes) and informal (beliefs, values, norms) (Pejovich, 2006: 231). Transformation of political and economic institutions is always embedded in informal rules or social and cultural institutions.

An interesting view on postsocialist transformation in Eastern Europe has been offered by famous German sociologist Ralph Dahrendorf. At the very beginning of this process, this author emphasized that it would take roughly six months to adopt a constitution, six years to build a market economy, but sixty years to develop social foundations for democratic institutions in general (Dahrendorf, 1990: 92–93). The first two transformations refer to formal institutions, whereas the last one is linked to the informal ones – beliefs, values, norms. These informal institutions are the key elements of culture in each society.

Culture to a large extent determines the process of transformation of public administration. Therefore, the main goal of the paper is to discuss the influence of informal institutions on public administration reforms in Serbia in the period of postsocialist transformation. Key hypothesis of the study is that cultural norms and values in Serbia represent the main (informal) obstacles for successful public administration reforms.

After the introduction, institutional theoretical approach has been discussed in the paper, followed by the contextual framework of the research. Methodology and hypotheses, as well as results of the study and their discussion have been presented in the next part of the paper. Finally, at the end, concluding remarks and possible future research implications have been offered.

## Theoretical framework

Why are institutions so important for political, economic and social system? North (2003: 13) wrote that institutions represent the constraints devised by humans in order to shape interactions in society. They structure incentives in human exchange when it comes to political, social or economic processes. Institutional change shapes the way societies evolve, being the key aspect in understanding overall historical transformations.

Although formal institutions can be radically transformed by political decisions in a society (and in a shorter period of time), they are never completely discontinuous because of their embeddedness in informal, cultural constraints such as values and norms. These cultural institutions are far less subject to changes and if so, these changes occur in a much longer time span (North, 2003: 17).

The impact of informal institutions or culture on formal institutions and organizations has been fully recognized in theory and research in the last decades. Various authors have developed different models for understanding cultural differences, for example, Geert Hofstede (1980; 2001), Fons Trompenaars (1993) and Shalom Schwartz (1999), among others. One of the most influential analyses of cultural differences has originated from the GLOBE research program (House et al., Eds., 2004). In fact, the GLOBE (*Global Leadership and Organizational Behavior Effectiveness*) has been one of the most comprehensive and most promising intercultural studies in social sciences recently. As Leung rightfully claims, “the GLOBE project is perhaps the most large-scale international management research project that has ever been undertaken, involving some 170 co-investigators from 62 participating countries” (Leung, 2007: xiii).

In this research program culture was defined as “shared motives, values, beliefs, identities, and interpretations or meanings of significant events that result from common experiences of members of collectives and are transmitted across age generations” (House and Javidan, 2004: 15). Grounded in an extensive literature review, the GLOBE authors analyzed cultures on the following nine dimensions:

1. *Power Distance*: the degree to which members of an organization and society encourage and reward unequal distribution of power with greater power at higher levels.
2. *Uncertainty Avoidance*: the extent to which members of an organization or society strive to avoid uncertainty by relying on established social norms, rituals, and bureaucratic practices to decrease the probability of unpredictable future events.
3. *Humane Orientation*: the degree to which individuals in organizations or societies encourage and reward individuals for being fair, altruistic, friendly, generous, caring, kind to others, and exhibiting and promoting altruistic ideals.
4. *Institutional Collectivism* (Collectivism I): the degree to which organizational and societal institutional practices encourage and reward collective distribution of resources and collective action.

5. *In-Group Collectivism* (Collectivism II): the degree to which individuals express pride, loyalty, and cohesiveness in their organizations, families, circle of close friends, or other such small groups.
6. *Assertiveness*: the degree to which individuals in organizations or societies are assertive, confrontational, and aggressive in social relationships.
7. *Gender Egalitarianism*: the extent to which an organization or a society minimizes gender role differences while promoting gender equity and the equality of genders.
8. *Future Orientation*: the degree to which individuals in organizations or societies engage in future-oriented behaviors such as planning, investing in the future, and delaying individual or collective gratification.
9. *Performance Orientation*: the extent to which high level members of organizations and societies encourage and reward group members for performance improvement and excellence (Javidan, House and Dorfman, 2004: 30).

Although culture should be viewed as a whole, different dimensions have sometimes ambivalent and even conflicting influence on the way formal institutions and organizations are structured and transformed. This also applies to the public administration sector. Generally, the link between cultural dimensions and public administration reform has gained an increasing interest among researchers and practitioners recently (Jun, 2006; Bouckaert, 2007, etc.). Schedler and Proeller (2007: 3) argue that “most scholars in public administration and management research would agree that there is a connection between the culture of a nation or region and the way management in public administration is structured and working (‘public management arrangements’)”.

Theory on public administration has developed three main models – the “traditional” model of Public Administration (PA), New Public Management (NPM) and New Public Service (NPS) (Denhardt and Denhardt, 2000: 553). Traditional approach in the Public Administration model was based on the “top-down management” and hierarchy, with state administration independent and isolated from both – political elite and citizens (particularly the latter). New Public Management, on the other hand, has been grounded in the public choice approach and supervision over state administration employees in order to limit their arbitrary behavior, prevent corruption and inefficiency. By doing this, the responsibility of the public sector to citizens has been emphasized, together with their obligation to respond to wider public’s expectation and need for a responsible and functional public sector. Finally, the New Public Service model has also got the citizens and their needs in focus. Nevertheless, there is a difference in comparison to New Public Management, where “client” relationship based on market principles from the private sector has been used. In the New Public Service the aim is to help the citizens, community and civil society to design and pursue their interests regarding public services.

This development is correspondent with pleas from researchers to public administrators to “reexamine the meaning of public administration and to reconsider the need for reflecting on the values and experiences of people both

within and outside of large organizations... Those at the top must also collaborate with the people who work for them, as well as involve citizens in the policy process” (Jun, 2006: 15). Any public administration reform or transformation is rather difficult to implement unless the members of organizations and citizens in the community appreciate the meaning of the change and are committed to the process of change. In other words, all of these “stakeholders” should share a purpose, goals and action strategies of the reform. Again, purpose and goals are value-driven or culturally embedded, which is exactly the main rationale for conducting our study.

## Contextual framework

Eastern Europe has been generally understudied in intercultural studies, although Greece and former Yugoslavia were included in Hofstede’s seminal work (1980; 2001). Also, the basic reviewing and synthesizing comparative study of 25 countries by Ronen and Shenkar (1985) did not encompass East European cultures. The situation has rapidly changed during the postsocialist transformation period. For example, Hickson and Pugh (1995) revealed the existence of Central-Eastern European cluster, represented by Russia, Poland, Ukraine, Latvia and Bulgaria. These countries were linked together by their common past: planned economy, one-party system, Soviet influence, and dual hierarchy. Generally, the most common explanation of the East European cluster is based on Soviet hegemony. However, this factor, although obviously important, does not reflect other relevant forces, such as geography and pre-Soviet history (Gupta and Hanges, 2004: 185).

Smith and his colleagues also collected data about Eastern European cultures in their sample of 43 countries. The major dividing line in approaches to management within Europe, in their opinion, was between the East and the West. Eastern European cultures have a tendency to prefer utilitarian involvement vs. loyal involvement and hierarchy (conservatism) vs. equality (egalitarian commitment) (Smith, Dugan and Trompenaars, 1996). Hampden-Turner and Trompenaars (2000) found Eastern European cultures (Bulgaria, Czech Republic, Greece, Hungary, Poland, Russia, Yugoslavia) to be particularistic, medium to high individualistic, mostly specific, ascribed (non-achievement oriented), outer directed, and synchronous (polychronic).

Finally, GLOBE researchers empirically verified the existence of Eastern European cluster. Countries or cultures included in the GLOBE study were Albania, Georgia, Greece, Hungary, Kazakhstan, Poland, Russia, and Slovenia (Gupta, Hanges and Dorfman, 2002: 13). The cluster is a mixture of countries bearing different linguistic, ethnic, religious traditions and economic backgrounds and at the same time, sharing many other attributes. Again, the major common characteristic for all of the countries (except for Greece and, to some extent, Slovenia) is Soviet political and economic influence. From a geopolitical perspective, these states are relatively small, with the exception of Russia. Geographically, they are located on two continents: Europe (Albania, Greece, Hungary, Poland, European-Russia, and Slovenia) and Asia (Georgia, Kazakhstan, Asian-Russia) (Bakacsi et al., 2002: 70).

The societal practices (or cultural dimensions) of the Eastern European cluster are rated as high on group collectivism (score 5.53 on a scale from 1 to 7), as well as power distance (5.25). The cluster has low scores on uncertainty avoidance (3.57), and future orientation (3.37). The other cultural dimensions are rated in the mid-range, around an average of 4 (Bakacsi et al., 2002: 75). The cluster is distinguished as tolerating uncertainty, highly group oriented and hierarchical.

Serbia has not been originally included in the GLOBE research program. However, a follow-up study (Vukonjaski, 2013) has revealed (expected) similarity of Serbian culture with the Eastern European cluster. This is consistent with a wide-spread belief about the existence of a common cultural background in Eastern Europe, which, according to institutional approach, to a large extent determines the nature of institutions and organizations in each society. Pejovich (1993: 68) rightfully argues that the transformation of former socialist states has been, in effect, their search for a new set of (formal) institutions. Again, it is plausible to remind that formal rules have always been deeply rooted in informal frameworks – norms and values. That is why analysis must explain the nature and scope of the influence of informal rules on transformation (Pejovich, 2003: 348). All of these claims support the proposition that this process is a cultural issue rather than a mere technical one (Colombatto, 2001).

Traditionally, public administration in socialist countries of the Eastern Europe had been highly politicized, being only an implementation apparatus with no role in policymaking (Žarković-Rakić, 2007: 235). The situation in former Yugoslavia (and Serbia) was somewhat different because of the quasi-market elements in economy and some limited political and cultural liberalization in comparison to other socialist states (represented in specific form of organization of political and economic systems called “self-management”). Based on these factors, the prospects for transformation from planned toward market economy in Yugoslavia (and Serbia) had been better in comparison to other former socialist countries.

Although the postsocialist transformation started in 1989, it had soon become blocked by a combination of external (civil war, UN sanctions) and internal (the authoritarian nature of Milošević’s regime) factors. It comes as no surprise that public administration in the last decade of the 20<sup>th</sup> century in Serbia in such circumstances has been inefficient, unpredictable and non-transparent (Milenković, 2013). After the political changes in 2000 the process of postsocialist transformation was unblocked and Serbia entered the period of slow consolidation of capitalist system (Lazić and Pešić, 2012). One of the main challenges for the new democratic government was the reform of public administration. New Public Management model has been chosen, with public administration adopting managerial practices and behavior from the private sector, and embedded in the values of efficiency and continuous performance orientation (Box et al. 2001).

Džinić (2011) suggested that there have been two main phases, each with two sub-phases, regarding the position, the role and the development of public administration in Serbia. “The first one began in 1990 and ended in 2004, when the PAR Strategy was adopted. It can be divided into two sub-phases: the period of *repression*, which ended with the breakdown of Milošević’s regime in 2000,

and the period of *re(dis)orientation* between 2000 and 2004. The second phase started with the adoption of the PAR Strategy and can be called the phase of *reformation*". According to this author, its first sub-phase ended in 2008 with expiration of the 2004–2008 Action Plan for the implementation of the PAR Strategy and adoption of the 2009–2012 Action Plan, when the second sub-phase was launched (Džinić, 2011: 1077).

Strategy of the Public Administration Reform (PAR Strategy) from 2004 has been adopted with an (at least planned) emphasis on provision of the high quality public services to the citizens and transformation of public administration in Serbia in order to become a key factor in overall economic and social reforms (Public Administration Reform Strategy in the Republic of Serbia, 2004: 1). During the implementation of the reform (2004–2013) other strategic documents and acts have been adopted in order to complete the legal framework for the process. General legislation framework has been established and Action Plans for the periods 2004–2008 and 2009–2012 have been adopted (as mentioned). The legislation framework refers to National Program for Integration (NPI), National Program for Adoption of EU Acquis (2013–2016), Strategy for Professional Development of Civil Servants, and Regulatory Reform Strategy of the Republic of Serbia.

However, the results of the reform have shown the basic reform weaknesses in Serbia, such as poorly developed system of the division of power (checks and balances), weak institutions, weak rule of law, partocracy, etc. (Đorđević, 2011: 931). Kordić (2009: 1211) also concluded that, in spite of declared plans to professionalize and depoliticize the public administration, in reality it has not become the real and true service of all citizens.

Janićijević and Bogićević Milikić (2011: 434) agree that public administration reform in the first decade after political changes in 2000 was very slow and with almost no significant results. Nevertheless, in 2009 the Serbian Government considerably strengthened its efforts toward implementation of more successful reform of public management. Set of measures adopted in March 2009 consisted of the following: freezing new recruitments temporarily; employee reduction in local government by 8,000; cutting progressively the salaries of civil servants and officials, drafting a new Action plan on the public administration reform, etc. However, very soon it was clear that these efforts showed none or only limited results.

In the following years (beginning from December 2009) merely all reform plans have been those planning the downsizing the public administration. "At the republic level, the Government precisely determined the target number of employees to be reached after downsizing – 28,400 people, which represents downsizing by 8% comparing to the situation noted on September 29th 2009" (Janićijević and Bogićević Milikić, 2011: 434). This downsizing should have been conducted during year 2010.

Again, only limited goals and results have been accomplished, leading to the adoption of new strategy in 2014 (Public Administration Reform Strategy in the Republic of Serbia, 2014). The PAR Strategy in 2014 has been followed by adoption of Action Plan for the Implementation of Public Administration Reform Strategy in the Republic of Serbia, 2015–2017 (2015). "The general objective of the Reform is to ensure further enhancement of the public administration

operations in line with the principles of European Administrative Space that is, to create the high quality services for citizens and businesses, and the public administration in Serbia that will significantly contribute to economic stability and improved living standard of citizens” (Public Administration Reform Strategy in the Republic of Serbia, 2014: 10).

These principles include:

1. Reliability and Predictability and/or legal certainty.
2. Openness and Transparency of the administrative system and promotion of the participation of citizens and social entities in the work of the PA.
3. Accountability of PA bodies.
4. Efficiency and Effectiveness.

In addition, PAR process in Serbia should also rely on the principles of decentralization, depolitization, professionalization, rationalization and modernization (Public Administration Reform Strategy in the Republic of Serbia, 2014: 11).

Although it is still early to give definite judgments about the implementation of the 2014 PAR Strategy, it is now obvious that neither the first four, nor the latter five principles have been accomplished. What are the reasons 17 years after the political changes in 2000? Why are formal institutions (in this case public administration) so resistant to change? We tried to explain this in accordance with institutional theory and the impact of informal institutions (culture) on transformations of formal institutional arrangements (in this case, public administration).

## Methodology and hypotheses

Grounds for the analysis of culture and its impact on public administration reform in Serbia has been an empirical study conducted in July and August 2016 on a nationally representative sample of citizens of Serbia (600 respondents). Adjusted GLOBE survey questionnaire has been used for the scores on cultural dimensions and then compared to attitude towards public administration reform. The data have been collected in July and August 2016 by CATI (Computer Assisted Telephone Interviews) technique. As for data analysis, descriptive statistics (frequency distribution, measures of central tendency) have been used, along with T test of independent samples.

General hypothesis: Culture represents a significant informal obstacle for the public administration reform (PAR) in Serbia.

Specific hypothesis 1: Negative expectations from public administration reform (PAR) (that the reform will not be successful) are correlated with lower uncertainty avoidance and stronger power distance as dominant characteristics of culture in Serbia.

Specific hypothesis 2: Positive expectations from public administration reform (PAR) (that the reform will be successful) are correlated with stronger future and performance orientation as marginal (sub-cultural) orientations in Serbia.



## Results and discussion

The first goal of the study was to identify scores on dimensions of culture in Serbia. On the grounds of the cultural similarity in Eastern Europe and prior study by Vukonjanski (2013) we expected no significant differences on cultural dimensions' scores. Likert's 7-point scale has been applied in order to identify the level of agreement with specific items as indicators of cultural dimensions (Table 1).

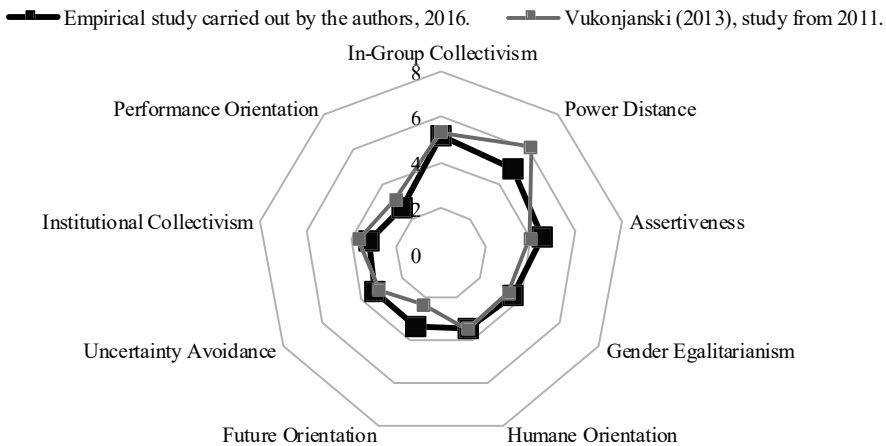
Table 1 Agreement on specific items  
and average scores on cultural dimensions

| Individual items and dimensions   | Disagree<br>(marks 1+2+3) | Neither<br>agree, nor<br>disagree<br>(mark 4) | Agree<br>(marks<br>5+6+7) | Average<br>score |
|---|---------------------------|---|---------------------------|------------------|
| <b>... children generally live at home with their parents until they get married.</b> (In-Group Collectivism)                                     | 22.4%                     | 5.2%  | 72.4%                     | <b>5.27</b>      |
| <b>...power is concentrated at the top.</b> (Power Distance)  | 28.5%                     | 6.6%  | 64.9%                     | <b>5.12</b>      |
| <b>...aging parents generally live at home with their children.</b> (In-Group Collectivism)   | 23.4%                     | 7.3%  | 69.3%                     | <b>5.09</b>      |
| <b>...boys are not encouraged more than girls to attain a higher education.</b> (Gender Egalitarianism)   | 31.0%                     | 10.4%   | 58.6 %                    | <b>4.78</b>      |
| <b>...followers are expected to obey their leaders without question.</b> (Power Distance)   | 33.4%                     | 9.1%  | 57.5%                     | <b>4.64</b>      |
| <b>...people are generally tough.</b> (Assertiveness)   | 30.5%                     | 14.8%   | 54.7%                     | <b>4.55</b>      |
| <b>...people are generally dominant.</b> (Assertiveness)  | 31.0%                     | 18.1%   | 50.9%                     | <b>4.40</b>      |
| <b>... people are generally very tolerant of mistakes.</b> (Humane Orientation)   | 43.3%                     | 14.7%   | 42.0%                     | <b>3.90</b>      |
| <b>...group cohesion is valued more than individualism.</b> (Institutional Collectivism)  | 57.0%                     | 11.3%   | 31.7%                     | <b>3.44</b>      |
| <b>...the accepted norm is to plan for the future.</b> (Future Orientation)   | 60.8%                     | 6.6%  | 32.6%                     | <b>3.43</b>      |
| <b>...most people lead highly structured lives with few unexpected events.</b> (Uncertainty Avoidance)  | 56.0%                     | 9.2%  | 34.8%                     | <b>3.37</b>      |
| <b>...more people live for the present than live for the future.</b> (Future Orientation)   | 64.1%                     | 6.1%  | 29.8%                     | <b>3.26</b>      |
| <b>...societal requirements and instructions are spelled out in detail so citizens know what they are expected to do.</b> (Uncertainty Avoidance) | 57.5%                     | 9.0%  | 33.5%                     | <b>3.23</b>      |
| <b>...people are generally very sensitive toward others.</b> (Humane Orientation)   | 67.1%                     | 7.2%  | 25.7%                     | <b>3.00</b>      |
| <b>...being innovative to improve performance is generally substantially rewarded.</b> (Performance Orientation)                                  | 68.4%                     | 10.3%   | 21.3%                     | <b>2.94</b>      |
| <b>...the economic system is designed to maximize individual interests.</b> (Institutional Collectivism)  | 68.3%                     | 8.8%  | 22.9%                     | <b>2.92</b>      |
| <b>...women are more likely to serve in a position of high office.</b> (Gender Egalitarianism)  | 77.7%                     | 11.2%   | 11.1%                     | <b>2.48</b>      |
| <b>...major rewards are based on only performance effectiveness.</b> (Performance Orientation)  | 78.0%                     | 8.9%  | 13.1%                     | <b>2.38</b>      |

Source: Empirical study carried out by the authors, 2016.

Comparison of scores on our research and previous study (Vukonjanski, 2013: 31, study from 2011) showed expected similarity (Figure 1), except for Power Distance (lower) and Future Orientation (higher in our research than in 2011). These differences could be partly ascribed to different sampling in two studies. Namely, unlike GLOBE research (and Vukonjanski study), where respondents were middle managers, the sample in our study has consisted of individuals from the general population. This is a limitation of our study that will be further discussed at the end of the article.

Figure 1 Dimensions of Serbian culture

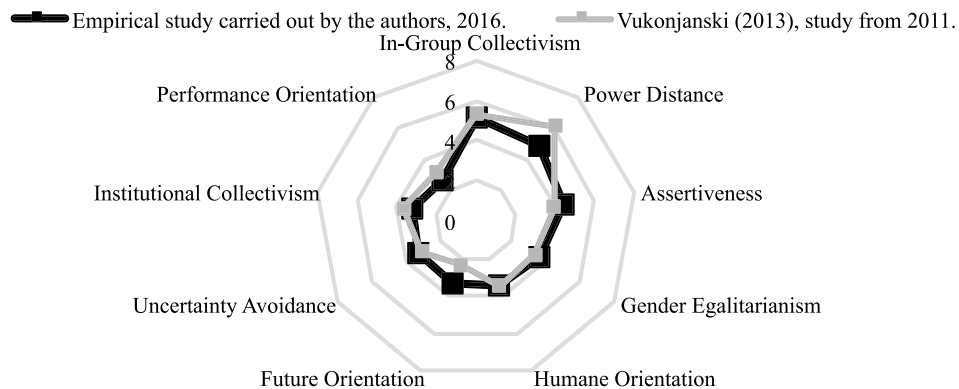


Source: Empirical study carried out by the authors, 2016; Vukonjanski (2013: 31), study from 2011.

Also, as it was already stated, the similarity of scores on cultural dimensions between Serbia and the Eastern European cluster was expected. Our study has confirmed the assumption of cultural similarity between Serbia and East European cultures represented in GLOBE (Figure 2). Significant differences have shown on Performance Orientation and Institutional Collectivism (lower score in our study) and Uncertainty Avoidance (higher score in our study in comparison to GLOBE Eastern European cluster). Again, the sampling procedure could at least partly explain these differences.

These findings have classified Serbian culture (as well as the Eastern European cluster) into cultures (and clusters) high on In-group Collectivism, Power Distance and Assertiveness. Middle scores can be observed on Humane Orientation and Gender Egalitarianism, while low scores have dimensions of Future Orientation, Uncertainty Avoidance, Performance Orientation and Institutional Collectivism. What is the correlation of these scores on cultural dimensions and expectations from the public administration reform (Figure 3)?

Figure 2 Dimensions of Serbian culture and Eastern European cluster (GLOBE)



Source: Empirical study carried out by the authors for Serbian culture (2016); GLOBE scores for East European cluster: <http://globe.bus.sfu.ca>

Figure 3 Dimensions of Serbian culture and perception of public administration reform (PAR)



Source: Empirical study carried out by the authors, 2016.

When perceptions of the outcome of PAR are analyzed regarding positive vs. negative expectations by the respondents (Table 2), we can observe clear cultural differences on six dimensions. T test of independent samples revealed statistically significant differences on the following dimensions: Uncertainty Avoidance, Future Orientation, Power Distance, Institutional Collectivism, Humane Orientation and Performance Orientation. Dominant cultural orientation in Serbia (correlated to expectation of unsuccessful public administration reform) has been grounded in higher Power Distance as well as lower Uncertainty Avoidance, Future Orientation, Institutional Collectivism, Humane Orientation

and Performance Orientation. Sub-cultural orientation in Serbia (correlated to expectation of successful public administration reform) has been embedded in the opposite perception of the existing norms and values – lower Power Distance as well as higher Uncertainty Avoidance, Future Orientation, Institutional Collectivism, Humane Orientation and Performance Orientation. These findings confirm the general and specific hypotheses about Serbian culture as strong informal institutional obstacle for the public administration reform.

Table 2 T test of independent samples  
(positive vs. negative expectations of the PAR)

|                            |                             | Levene's Test for Equality of Variances |      | t-test for Equality of Means |         |                 |                 |                       |   |       |
|----------------------------|-----------------------------|---|------|------------------------------|---------|-----------------|-----------------|-----------------------|---|-------|
|                            |                             | F                                       | Sig. | t                            | df      | Sig. (2-tailed) | Mean Difference | Std. Error Difference | 95% Confidence Interval of the Difference |       |
|                            |                             |   |      |                              |         |                 |                 |                       | Lower                                     | Upper |
| Uncertainty Avoidance      | Equal variances assumed     | .000                                    | .997 | -3.843                       | 523     | .000            | -.675           | .176                  | -1.021                                    | -.330 |
|                            | Equal variances not assumed |   |      | -3.791                       | 229.379 | .000            | -.675           | .178                  | -1.026                                    | -.324 |
| Future Orientation         | Equal variances assumed     | 1.141                                   | .286 | -4.458                       | 523     | .000            | -.757           | .170                  | -1.090                                    | -.423 |
|                            | Equal variances not assumed |   |      | -4.327                       | 223.052 | .000            | -.757           | .175                  | -1.101                                    | -.412 |
| Power Distance             | Equal variances assumed     | .020                                    | .886 | 2.873                        | 523     | .004            | .477            | .166                  | .151                                      | .802  |
|                            | Equal variances not assumed |   |      | 2.856                        | 232.417 | .005            | .477            | .167                  | .148                                      | .805  |
| Institutional Collectivism | Equal variances assumed     | 8.143                                   | .004 | -3.154                       | 523     | .002            | -.481           | .153                  | -.781                                     | -.182 |
|                            | Equal variances not assumed |   |      | -3.354                       | 264.408 | .001            | -.481           | .144                  | -.764                                     | -.199 |
| Humane Orientation         | Equal variances assumed     | 3.366                                   | .067 | -2.432                       | 523     | .015            | -.366           | .151                  | -.662                                     | -.070 |
|                            | Equal variances not assumed |   |      | -2.520                       | 251.137 | .012            | -.366           | .145                  | -.653                                     | -.080 |
| Performance Orientation    | Equal variances assumed     | 19.994                                  | .000 | -8.971                       | 523     | .000            | -1.162          | .130                  | -1.416                                    | -.907 |
|                            | Equal variances not assumed |   |      | -8.016                       | 196.372 | .000            | -1.162          | .145                  | -1.448                                    | -.876 |
| In-group Collectivism      | Equal variances assumed     | 1.076                                   | .300 | -.072                        | 523     | .942            | -.012           | .165                  | -.336                                     | .312  |
|                            | Equal variances not assumed |   |      | -.070                        | 223.558 | .944            | -.012           | .170                  | -.347                                     | .323  |
| Gender Egalitarianism      | Equal variances assumed     | .181                                    | .670 | .346                         | 523     | .730            | .046            | .132                  | -.214                                     | .306  |
|                            | Equal variances not assumed |   |      | .342                         | 230.472 | .733            | .046            | .134                  | -.218                                     | .309  |
| Assertiveness              | Equal variances assumed     | 1.009                                   | .316 | 1.293                        | 523     | .197            | .176            | .136                  | -.091                                     | .443  |
|                            | Equal variances not assumed |   |      | 1.320                        | 244.038 | .188            | .176            | .133                  | -.087                                     | .438  |

Source: Empirical study carried out by the authors, 2016.

Several influential scholars (Friedrich von Hayek and James Buchanan, for example) have argued that the basic formal institutions setting market economy and capitalism apart from other systems are private property rights, the law of contract, an independent judiciary, and a constitution that de facto protects individual rights. A culture supportive of capitalism is the culture that encourages individuals to pursue their private ends – that is, the culture of individualism. By holding that the individual is superior to any group, the culture of individualism encourages behavior based on the principles of self-interest, self-responsibility, and self-determination (Pejovich, 2006: 237).

However, the prevailing culture in Eastern Europe (including Serbia) has a bias toward collectivism and egalitarianism as a legacy of the socialist past. The community in these countries tends to be seen as an organic whole in which individuals are expected to subordinate their private ends to the pursuit of common values (however defined) (Pejovich, 2006: 238). As Bakacsi et al. emphasize (2002: 79), the behavioral heritage of these societies is a strong power culture. People with such cultural traits tend to depend on their superiors, expect care from them, and avoid taking responsibility.

Generally, the results of our and similar studies have shown that individualism has not yet prevailed as a norm and a value in cultures of Eastern Europe. Kyriacou (2016: 100) rightfully claimed that individualism/collectivism dimension also “has an incidence on the public sphere where individualism translates to meritocracy and individual potential as well as the historical emergence of formal institutions that facilitate impersonal exchange while collectivism implies in-group favoritism in the form of nepotism and clientelism and a history of informal contract enforcement within identified groups. From this vantage point, individualist societies should do better insofar as they achieve stronger property right protection and rule of law, lower corruption and higher bureaucratic efficiency”.

## Conclusion

The main goal of the paper has been to discuss the influence of informal institutions (cultural norms and values) on reforms of public administration in Serbia during postsocialism. The GLOBE replication study has been conducted in order to analyze the nature and strength of this influence.

The results of our study have confirmed the wide-spread proposition in theory and research that transformation of formal institutions (including public administration) has been to a large extent determined by informal institutions or culture. Our research showed that almost three decades after the collapse of planned economy the formal institutional framework of market economy in Serbia remains mostly incomplete and inadequate, predominantly due to unfavorable informal institutional framework (cultural norms and values). Having in mind Ralph Dahrendorf’s daring and insightful consideration (cited at the beginning of the paper), this comes as no surprise. Our research has again confirmed his prediction.

However, there are two limitations to our study. The first one is specific for our research design. Although the sample is representative for Serbia, the respondents have been citizens, not middle managers as in GLOBE research program. This fact could have slightly distorted the responses and scores on cultural dimensions in comparison to other GLOBE replication studies. The second limitation is of a more general nature and related to the GLOBE framework itself and, almost universal, to any intercultural study of organizations and institutions. For example, Graen (2006: 98) evaluated GLOBE theory and methodology as somewhat culturally biased, while number of authors (Child, 1981; Tayeb, 1994) emphasized conceptual, methodological and practical difficulties in conducting intercultural studies. Nevertheless, having in mind the importance and overall influence of GLOBE and lack of similar studies, this research brought, in our opinion, some interesting findings and possible directions for future research.

Institutional approach has been more alive and inspiring today than ever in the last decades, especially in attempts to explain the process of postsocialist transformation. Besides formal institutions, cultures or informal institutions also change (although in a longer period of a time), depending on various internal and external factors. Another influential theoretical framework in contemporary sociology – structuration theory (developed by Anthony Giddens) can shed some additional light on these processes. Namely, Giddens proposes that people actively make and remake social structure during the course of their everyday activities. “Societies, communities and groups have ‘structure’ only insofar as people behave in regular and fairly predictable ways. On the other hand, ‘action’ is only possible because each individual possesses an enormous amount of socially structured knowledge which pre-exists them as individuals” (Giddens and Sutton, 2013: 90). Therefore, the interplay of formal and informal institutions, and their overall impact on structure and functioning of public administration is very complex phenomenon and remains very challenging and interesting topic for general public, researchers and practitioners (public administrators).

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