

## THE INFLUENCE OF CULTURAL SPECIFITIES ON DECISION MAKING: SERBIAN AND GERMAN STUDENTS

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**Abstract:** The study analyzes the research results about traditional variables influence on forming students' economic attitudes and decisions. As the starting frame, it was used Inglehart–Welzel theory of world cultural map (Inglehart *et al.* 2004; Inglehart and Welzel 2010). According to the theory, the global cultural map shows what country's results are achieved in terms of two major dimensions of cross cultural variation: 1. traditional values vs. secular-rational values and 2. survival values vs. self-expression values. Traditional values emphasize the importance of religion and stronger parent-child ties. Countries in which these values are expressed have high levels of national pride and a nationalistic outlook. On the other hand, countries, that pay attention to secular values, less emphasize religion, traditional family values and authority. These countries are closer to post-industrial economy. The aim of the research is to determine whether there were differences in the answers of the Serbian and German students. The study analyzed 2 samples. The first sample included 139 students from the Faculty of Economics at the University of Belgrade. The second sample contained 161 students from the Business School at Technical University of Ingolstadt, Germany. As a method, it was used comparative-descriptive statistics with correlation analysis. As a methodological instrument for collecting data, it was used a questionnaire. In the first part of research, it was measured the significance that Serbian and German students attached to family and religion, so-called traditional variables. In the second part, students were asked to take attitude on the scale 1-10 concerning evaluation of hard work. It was also measured the attitude towards bad influence of democracy on the economy. After that, students were asked to decide who should build the flats: the state, investors or both the state and investors. In the final step, it was analyzed the relationship between traditional variables, measured attitudes and decision. As for the Serbian students, it was found a negative correlation between traditional variables both with attitudes and decision. In the case of German students, no correlations were found between the same variables or they were statistically insignificant.

**Keywords:** students, traditional variables, economic attitudes, economic decision.

### 1. INTRODUCTION

The modern science is giving evidence of growing interest for measuring cultural dimensions and putting them in relations to various economic, managerial or social and historical problems. The trend is very positive for better understanding of the complex contemporary problems, strongly enriching the analyses and offering, very often, the necessary interdisciplinary framework of the studies. This could be regarded as a call for widening the approaches and achieving more comprehensive results. The role of the institutional development, and particularly, the role of informal institutions (customs, social norms, mental matrix of the people) in economic development has widely entered into economic analyses. Changing informal institutions requires a much longer time than the change of formal institutions. Altogether, these are long run processes. According to the Nobel prize laureate, Douglas North (1973), the institutions, the way how property rights are embedded in the institutional environment, together with the informal institutions, are framing the “path dependence” of the societies in a long run. North has written (in the Epilogue of his book “The Rise of the Western World”) that his book on economic history ends, when the other one begins – in the eighteen century, intending to underline the longevity of the processes.

The end of the twentieth century and the beginning of the new Millennium marked the rise of interest in studying cultural dimensions and attitudes. Besides the interest for this issues shown within the economic theory, managerial economics and practical problems in the corporate sector gave a very strong impact on further studies. It was found out that the managerial styles differ due to the cultural attitudes and traditions. Geert Hofstede (1984) became not only among the first undertaking a huge world-wide survey of the cultural dimensions and their role in organizations, but, some 20 years after launching his first results, Hofstede was recognized as one of the business thinkers of the world.

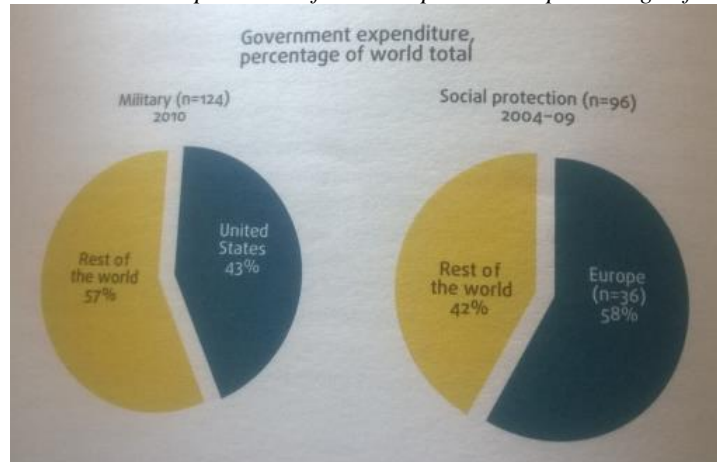
Besides the deeper understanding of the relevance of the “software of the mind” (Hofstede’s expression for the interdependence between cultures and organizations), the studies help to get the insight into the dynamics of the processes in the modern world, due to the globalization and unique patterns in education. This affects the changes in “the software” that is the most remarkable in the changes of the work-related values within the multinational companies.

## 2. THE CONCEPTS ENABLING THE RESEARCH OF DIMENSIONS AFFECTING THE MENTAL MATRIX OF FUTURE ECONOMISTS/MANAGERS FROM GERMANY AND SERBIA

There is a number of studies on cultural differences that have large social groups in focus. In this research, the groups are narrowed, to those who have already studied the rationality of the “economic man” and who are finishing studies preparing themselves for managerial or analytical tasks on economic issues. The German university is situated in Ingolstadt, known for its Audi plants. At the same time, the students are Germans, almost all of them, thus sharing the attitudes of one culture. Additional reason for choosing the sample was that Ingolstadt is located in Bavaria, a federal state of Germany with predominant roman-catholic religion, which is closer to Serbian orthodox tradition than the protestant culture.

Concerning the Hofstede’s cultural dimensions, the most remarkable difference could have been expected in regard to individualism (general characteristic both for Western and German societies). The low score of 25 ([www.geert-hofstede.com/Serbia](http://www.geert-hofstede.com/Serbia)) shows that the society is still a collectivistic one, where the members are strongly committed to family rules and cultures. There are many facts that prove these results when youngsters are the subject of the surveys. Thus, the latest study on employment of the young generation in Serbia, 2015 ([www.ilo.org](http://www.ilo.org)) has shown that even some 10% of the young population of Serbia are serving as a contributing family workers (what means not regularly paid), a category which has almost disappeared in the Western societies. On the other hand, as the sample consists from the students finishing the studies in economics and management, it was expected that the contact with the same theories and text books, getting the same knowledge and skills, could serve as a factor of convergency between the two groups – Serbian and German. On the other side, postindustrial society of Germany was searching for a number of post-materialistic values. Young generations, specially the intelligentsia, was ready to accept some of them. The European lifestyle performed via high social expenditures.

Picture 1. Government expenditures for social protection: percentage of world total



Source: Gill and Raiser, 2012, p. 18.

The results shown in the study give an evidence of the fact that German students are also very sensitive about the role of other subjects (organizations, the state) in flat buildings that, at first sight, could be surprising.

Concerning the design of the questionnaire, it is important to understand it is a combination of the well-known questions from the World value survey (<http://www.worldvaluessurvey.org/WVSDocumentationWV6.jsp>) and the decisions newly made in order to enter deeper into the cultural attitudes of the two groups.

### 3. TRADITIONAL VARIABLES AND THEIR INFLUENCE ON FORMING ECONOMIC ATTITUDES AND DECISIONS

The chapter analyzes part of the research results completed at the end of 2016. Two independent samples were defined. The first sample included 139 students at the Faculty of Economics at the University of Belgrade. The second sample contained 161 students from the Business School of Technical University Ingolstadt, Germany. The students from the second to the fourth year of studies were interviewed. The choice of faculties and countries was intentional. As a method, we used comparative descriptive statistics with correlation analysis. As a methodological instrument for collecting data, it was used a questionnaire with closed answers and 4 and 10 degrees Likert scales. Questionnaires were distributed to Serbian students during the classes and during the break, while German students were interviewed during the course. Students were selected on the basis of official record list. In the sample we tried to include the maximum possible number of available students that moment. As the starting frame, it was used Inglehart–Welzel theory of world cultural map (Inglehart *et al.* 2004; Inglehart and Welzel, 2010). According to the authors, the global cultural map shows what country results are achieved in terms of two major dimensions of cross cultural variation: 1. traditional values vs secular-rational values and 2. survival values vs self-expression values. (Inglehart and Welzel, 2010). According to authors, traditional values emphasize the importance of religion and stronger parent-child ties. Countries in which these values are expressed have high levels of national pride and a nationalistic outlook (*ibid*). On the other hand, countries, that pay attention to secular values, less emphasize religion, traditional family values and authority. These countries are closer to post-industrial economy.

Under the scope of our analysis will be so-called traditional variables. As traditional variables we chose family and religion. It was measured the significance that Serbian and German students attached to these variables. In the next phase, we measured two economic attitudes and analyzed an economic decision of both groups of students. In the last phase of the research, it was analyzed the relationship between traditional variables and economic attitudes and decision. The basic assumption was that the results of Serbian and German students differ significantly and that the differences are the result of different cultural values and preferences.

In order to measure the importance of family and religion students from both countries were put the following questions: *How important is family in your life?* and *How important is religion in your life?* According to results, students from both countries attach similar importance to the family. However, it can be seen that Serbian students attach a little bit more importance to the family. On the other hand, it is noticeable that religion for Serbian students has a far greater significance than for German students (Table 1-2)

**Table 1. Serbian students: The importance of family and religion**

|                  | Family % | Religion % |
|------------------|----------|------------|
| very important   | 96.4     | 31.7       |
| important        | 3.6      | 30.9       |
| not so important | /        | 20.9       |
| unimportant      | /        | 16.5       |

Source: The authors' calculation

**Table 2. German students: The importance of family and religion**

|                  | Family % | Religion % |
|------------------|----------|------------|
| very important   | 93.2     | 5.6        |
| important        | 6.8      | 13         |
| not so important | /        | 40.4       |
| unimportant      | /        | 41         |

Source: The authors' calculation

In the next step, students were asked to take attitude on the scale from 1 - 10 concerning evaluation of hard work, where 1 means they agree completely with the attitude on the left while 10 means they agree completely with the attitude on the right:

In the long run, hard work usually brings a better life

1 2 3 4 5 6 7 8

Hard work doesn't generally bring success—it's more a matter of luck and connections

9 10

On the basis of the obtained results, it can be seen that 53.9% of the respondents' answers in total are grouped in the interval from 8 - 10 and that the Serbian student does not tie the life success to hard work, but it is a matter of luck

and connections. On the other hand, only 29.6% of the respondents in total are grouped in the range from 1 - 5 that represents an area of those who still believe in the results of hard work.

**Table 3. Serbian students: Evaluation of hard work**

| Degree on the Likert scale* | Frequency | Percent |
|-----------------------------|-----------|---------|
| 1                           | 14        | 10.1    |
| 3                           | 14        | 10.1    |
| 4                           | 13        | 9.4     |
| 6                           | 13        | 9.4     |
| 7                           | 10        | 7.2     |
| 8                           | 15        | 10.8    |
| 9                           | 33        | 23.7    |
| 10                          | 27        | 19.4    |

\*1-In the long run, hard work usually brings a better life;

10-Hard work doesn't generally bring success—it's more a matter of luck and connections

Source: The authors' calculation

There is a slightly different situation with German students. According to the results, 37.9% of the respondents in total are concentrated in the range from 1 - 5, while 46% are grouped in the area from 8-10 (Table 4):

**Table 4. German students: Evaluation of hard work**

| Degree on the Likert scale* | Frequency | Percent |
|-----------------------------|-----------|---------|
| 1                           | 7         | 4.3     |
| 2                           | 12        | 7.5     |
| 3                           | 18        | 11.2    |
| 4                           | 15        | 9.3     |
| 5                           | 9         | 5.6     |
| 6                           | 9         | 5.6     |
| 7                           | 17        | 10.6    |
| 8                           | 29        | 18.0    |
| 9                           | 27        | 16.8    |
| 10                          | 18        | 11.2    |

\*1-In the long run, hard work usually brings a better life;

10- Hard work doesn't generally bring success—it's more a matter of luck and connections

Source: The authors' calculation

The survey measured the students' attitude towards the bad impact of democracy on the economy. According to the results, 23.9% of Serbian students completely disagree while 56.5% do not agree completely with the statement:

**Table 5. Serbian students: Democracy causes bad economy?**

|                          | Percent |
|--------------------------|---------|
| I disagree completely    | 23.9    |
| I don't agree completely | 56.5    |
| I agree                  | 13.8    |
| I agree completely       | 5.8     |

Source: The authors' calculation

In the case of German students, disagreement is even more expressed:

**Table 6. German students: Democracy causes bad economy?**

|                          | Percent |
|--------------------------|---------|
| I disagree completely    | 42.2    |
| I don't agree completely | 55.9    |
| I agree                  | 1.9     |
| I agree completely       | /       |

Source: The authors' calculation

Of course, it should be noted that in both cases it is about economic students but in the case of general population the results would be probably different.

In the final part, students were asked to make a decision who should build the flats. Students could choose one of three decisions: 1. the state, 2. investors and 3. both the state and investors. The table 7 shows the results of Serbian students:

**Table 7. Serbian students: Who should build the flats?**

|                              | Percent |
|------------------------------|---------|
| The state                    | 11.5    |
| Investors                    | 2.9     |
| Both the state and investors | 85.6    |

Source: The authors' calculation

The majority of the Serbian students (85.6%) decided that the flats should be built by the state and investors, while the smallest part of the students (2.9%) made a decision that the apartments should be built by investors. With German students, the situation is different. Most of German students (79.5%) decided the flats should be built both by the state and investors, while 15.5% of the respondents considered that apartments should be built by private investors. As can be seen, only 5% think that the state should build the flats:

**Table 8. German students: Who should build the flats?**

|                              | Percent |
|------------------------------|---------|
| The state                    | 5.0     |
| Investors                    | 15.5    |
| Both the state and investors | 79.5    |

Source: The authors' calculation

It should be noted that according to some authors, the respondents who choose the option 3 are closer to social - democratic ideas, while those who choose the option 2 favor economic principles of classical liberalism (Prokopijevic, 2000).

We did a step forward trying to determine if the traditional variables have a linear relationship with the measured economic attitudes and the students' decision. Table 8 shows the results of the correlation analysis for the Serbian students:

**Table 9. Serbian students: Correlation analysis**

|          |                     | Evaluation of hard work | Democracy causes bad economy | Who has to build the flats? |
|----------|---------------------|-------------------------|------------------------------|-----------------------------|
| Family   | Pearson Correlation | -,180*                  | ,053                         | ,077                        |
|          | Sig. (1-tailed)     | ,017                    | ,267                         | ,184                        |
|          | N                   | 139                     | 138                          | 139                         |
| Religion | Pearson Correlation | -,328**                 | -,238**                      | -,187*                      |
|          | Sig. (1-tailed)     | ,000                    | ,002                         | ,014                        |
|          | N                   | 139                     | 138                          | 139                         |

\*. Correlation is significant at the 0.05 level (1-tailed)

\*\*.. Correlation is significant at the 0.01 level (1-tailed).

Source: The authors' calculation

In case of the family, a negative correlation was found with the evaluation of hard work (-0.180). Besides, we found significant negative correlations between the following variables: religion and evaluation of hard work (-0.328), religion and "democracy causes bad economy" (-0.238) and finally, between religion and building the flats (-0.187). Negative correlation presents a relationship between two variables in which one variable increases as the other decreases, and vice versa. In the case of German students, no correlations were found between the same variables or they were statistically insignificant. It can be concluded that in the case of German students, traditional variables have neither influence on measured attitudes nor decision-making. This can be interpreted as one of the features of post industrial countries.

#### 4. CONCLUSION

The development of the nations and their younger population has been very diversified due to the rapid globalization of societies. There is a confrontation between traditions and major challenges of modern societies. Belonging to the value systems cannot be always the most productive way how to claim for the ever influential relativism. The time of widely promoted tolerance toward different attitudes and cultural systems could additionally justify the relativism. But, there are strong scientific results (North, Hofstede, Putnam, Acemoglu, etc) that the plurality of the value systems produces unequal economic results. And different chances for economic developments of the societies. The concept of economic culture stands as a powerful analytical platform, but still, it is important not to understand it as a »panacea« (Zver, 2003) for achieving always the most relevant result. The achieved results from the study are expected in regard to the big importance of the public sector in Germany and social security achieved in the post-war period. Gill and Reiser (2012) say that Europe could be understood as »life style superpower« with strong promise of social protection. It influenced, for sure, on the opinion of German students about the role of the state and organizations in building flats. Economic attitudes and decision are based also on traditions – the share of private property in the housing sector in Germany is lower than in many of the other European countries. But, when asked about the relation between democracy and economy, there is a sharp disagreement between the students in Germany and Serbia. It could be understood knowing that according to the poor economic results achieved in the transition period, that is, at the same time, the period of introducing a number of institutions of the democratic society, that for some of the respondents, there is a certain identification of the period of weak economic performance and unemployment with the period of democratization. Among German students, there was a full disagreement with the relationship between democracy and bad economic results. The role of the family remains strong even in the society known for its individualistic culture. In Serbia, due to the permanent low economic results, the family plays a significant role not only from the cultural point of view, but in economic sense, as well: long-term expectation of an economic support (accommodation, help in searching for working place, etc). The research has to be repeated with different samples, in Germany and Serbia (young people, but not being students of economics and managerial sciences), because it might be that the field of studies is also making an influence on their answers and the entire results. The survey confirms that both groups, German students and Serbian students, are sharing the dynamics of the relation between trends and traditions in Europe.

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