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# The stimulus of European Union accession on the personal values formation process: a study of Croatia and Slovenia

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## ABSTRACT

The main purpose of this study is to investigate the change in the personal values orientations of individuals in Croatia and Slovenia resulting from the countries' accession to the European Union (EU). We examined business managers' and professionals' value orientation by using four individual-level higher-order dimensions of self-transcendence, self-enhancement, openness to change and conservation, as defined in Schwartz's value theory. To capture the effect of EU accession, we examined employees' values orientation before accession to the EU (Croatia N = 276; Slovenia N = 389) and after each country's accession (Croatia N = 223, Slovenia N = 336). This study reveals a substantial impact of this major socio-political change on the individual value-formation process. The value-formation of Croatia and Slovenia poorly follows manifested EU common principles and shared values, where Slovenians have more aversive look at the EU integration, then Croatians, what can be assigned to 'initial enthusiasm', as Croatia entered almost decade later. The identified 'EU integration gap' warns that accession to the EU is more associated with reaping economic benefits than with aligning the country's values with those emphasized by EU integration. The findings have important implications for value management in the EU, single countries, and organizations.

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## 1. Introduction

Over the years, the management research literature has demonstrated that personal values of leaders play an important role in organizations (Giberson et al., 2005; Hambrick & Mason, 1984; Waldman et al., 2006). For instance, personal values influence leadership styles (Brodbeck et al., 2000; Egri & Herman, 2000; House et al.,

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2004) and managerial behaviors (Fein et al., 2011; Nedelko & Potocan, 2019). While there have been a number of cross-cultural studies of value differences and similarities across countries from different culture clusters (e.g., Sagiv & Roccas, 2021), studies addressing countries in close proximity and belonging to same cultural cluster are rare (Brodbeck et al., 2000; Lang et al., 2013). A few studies deal with personal values in societies from the same cultural cluster or in neighboring countries sharing a common history, similar paths toward a free market economy, and EU membership (Akaliyski, 2019; Reynaud et al., 2007). Conversely, more studies have included numerous countries (Ralston et al., 2006; van Hoorn, 2019) instead of emphasizing a few specific countries. Since personal values act as an important catalyst for organizations' operations and behavior from various standpoints, a deeper examination of the personal values in the 'under-examined' areas of Central and South-Eastern Europe is needed.

There has been ongoing debate about stability, change and forces that may influence changing values (Griseri, 1998; Ralston et al., 2006; Rokeach, 1973; Ros et al., 1999; van Hoorn, 2019; Vecchione et al., 2016). Among drivers of value changes, little attention has been given to major sociopolitical events' impact on the value-formation process of individuals (Egri & Ralston, 2004). In the European context, a significant and notable event representing an important and obvious turning point in the value formation process is a country's accession to the European Union (EU) (Akaliyski et al., 2022; Calligaro et al., 2016).

Although many studies focus on the current state of personal values or explain the importance of the societal context for the studied phenomena, existing studies are mainly cross-sectional. This approach prevents the researchers from gaining insight into the developmental process of personal values in society. In sum, the literature does not offer any evidence on how major sociopolitical events in EU, specifically countries' accession to the EU, impact the value formation process of individuals in different countries in EU. In that context, it is worthwhile and relevant to examine how accession to EU impacts the value-formation process of individuals, as entering the EU entails opening borders and increasing the free flow of goods and human resources. From the EU perspective, we do not yet know how personal values of individuals of EU countries align with 'common EU values' (Akaliyski et al., 2022).

To determine the impact of EU accession on the value orientations of individuals, a comparison of individuals' personal value development in two countries belonging to the same cultural cluster with a common background will be essential to capture the impact of EU accession on this process. A natural choice can be found in Croatia and Slovenia, as both countries share a common history from their former common country of Yugoslavia (Gričar et al., 2019), and both countries belong to the same culture cluster, sharing similar values, culture and norms (Dabic et al., 2017). Further, both countries shared some common societal characteristics, as they were the most advanced economies in their common country before 1991, having similar technological development (Švarc et al., 2019, 2021), belonging to the same cultural cluster (Švarc et al., 2021), having a relatively favorable starting position for the transition toward a free market economy and applying similar managerial tools (Dabic et al., 2013); moreover, both countries adopted a gradual approach toward transition. The

key distinguishing characteristics between Croatia and Slovenia are conflict-related, as Slovenia was not greatly affected by the war (i.e., 10 days Slovenian independence war in 1991), whereas Croatia (i.e., was involved in war between 1991 and 1995) suffered huge losses, especially economic losses. These differences have been increasing since the 1990s, which is also evident in the countries' differing dates of EU accession; Slovenia entered the EU as part of the largest expansion ever in 2004, while Croatia entered almost a decade later, in 2013.

The main contribution of this paper is to investigate the impact of a major socio-economic and political event—namely, EU accession—on the value orientations of managers and professionals in Croatian and Slovenian organizations. In particular, we are interested in how accession to the EU common market, with the free movement of goods, people and capital, has influenced the personal value orientations of individuals in both countries, as well as the extent to which these values have become aligned to those emphasized in the common EU area.

This paper makes the following contributions. It offers a new dynamic perspective on considering the personal value formation process in both countries, where personal values will be considered over a longer period to reveal the development of personal values in both societies, going beyond typical cross-sectional studies and a static perspective. This seminal study will thus provide a building block for understanding the results of future studies, as it will reveal personal value evolvement in a broad context. For instance, the results of this study will be helpful to explain the role of values for leadership style, perception of corporate social responsibility, and future crisis management in organizations.

The paper is structured as follows. First, in the theoretical part we present the starting points for understanding values, followed by the presentation of values in the Croatian and Slovenian context and the presentation of macroeconomic factors influencing the development of values in both selected countries. Within the established context, we develop the hypotheses. Next, we outline the research methodology, followed by the presentation of results. In the final sections, we discuss the results in light of the development of values in terms of the country's accession to the EU, and we highlight the theoretical and practical implications of the findings, as well as outline the limitations and directions of future research.

## **2. Theoretical background and hypotheses**

### **2.1. Cultural values evolution**

Comparative analyses of cultural values were initially conducted within individual countries (Shenkar, 2001), and then progressed to comparative research of inter-cultural, inter-situational and long-term changes in values across countries (Schwartz, 1992; Tung & Verbeke, 2010). In their frameworks, researchers have conceptualized the development of values (Rokeach, 1968), integrative theories of values (Hofstede, 2001; Schwartz, 1992), the influences of micro- and macro-level factors on value evolution (Roccas & Sagiv, 2010), analyzing effects of cultural values on individuals (Rokeach, 1968, 1973), and causes of similarities and differences in values within and across societies (House et al., 2004; Tung & Verbeke, 2010).

The convergence, divergence, and crossvergence theories of values evolution in societies identify three types of trajectories (Ralston, 2008; Webber, 1969). Convergence theory argues that modern globalization forces (e.g., technological, political and economic forces) exert influence on cultural value systems, leading them to more closely reflect the values of Western capitalism (Ronen & Shenkar, 2013; Webber, 1969). Divergence theory emphasizes the predominant influence of sociocultural factors on the formation of individuals' values that are constant over time (Webber, 1969). Crossvergence theory argues that the dynamic interaction of socio-cultural influences and modern globalization forces results in the development of new and unique value systems for individuals in societies (Ralston, 2008).

## **2.2. Cultural values of Croatia and Slovenia**

We focus on Croatia and Slovenia as two countries that have had similar socio-political histories over the centuries but have progressed on different paths since joining the EU in the 2000s (Banalieva et al., 2017; Hisrich et al., 2003; Reynaud et al., 2007). Croatia and Slovenia are neighboring countries in the Balkan region of southeastern Europe, with populations that are predominantly South Slavic and Christian. They share a common political history, having been part of the Habsburg Monarchy, Kingdom of Yugoslavia (1918–1945), and republics in the Socialist Federal Republic of Yugoslavia (1946–1991), before each declaring independence in 1991 (Berber & Lekovic, 2018; Boduszyński, 2010; Potočan & Mulej, 2007). While Croatia and Slovenia have a pro-European orientation towards development, their socio-economic development in the first decade after independence differed in terms of their approaches to the transition from a socialist to a market economy (Gričar et al., 2019), as well as Croatia's 1991–1995 military conflict to gain full control of the country's territory (Boduszyński & Pavlaković, 2019). There are different assessments regarding the impact of this period on the development of cultural values in each country (Gričar et al., 2019; Ralston et al., 2014). While some researchers claim that the war in Croatia was a short-term disruption in the process of developing common pro-European values in the Croatian population, other cross-cultural studies report similar long-term trends in the social and business ideologies in both countries during the period from 1991 to 2000 (Berber & Lekovic, 2018; Gričar et al., 2019; Ralston et al., 2014).

In 2000, both countries began the process of joining the EU, with Slovenia completing its accession to the EU in 2004 (Gričar et al., 2019) and Croatia obtaining full EU membership in 2013 (Boduszyński & Pavlaković, 2019). While research has focused on the impact of joining the EU on the socio-cultural development of individual countries, these studies used cross-sectional value data which are limited with respect to examining values' change dynamics (e.g., Furrer et al., 2010; Reynaud et al., 2007). In the present study, we address this limitation by examining the impact of EU integration on the development of personal values orientations over the time period from 2002 to 2015, which covers the diverse effects of Slovenia's EU membership and Croatia's pre-accession negotiations for EU integration until 2012 in period of its full EU membership until 2015.

### **2.3. Macro-level factors influencing the values orientation of Croatia and Slovenia**

Cultural values similarities and differences are argued to be determined by both micro- and macro-level factors (Au & Cheung, 2004; Steel & Taras, 2010), thus requiring a more nuanced consideration of various influences on cultural values changes within and between societies (Shenkar, 2001; Tung & Verbeke, 2010). Previous research has highlighted the importance of micro-level factors (e.g., age, gender, education) in the development of cultural values (Lange, 2008; Steel & Taras, 2010). However, there have been relatively few studies on the effect of changes in societal, economic, political and technological factors on the values orientations of business managers and professionals (Ralston, 2008; Ralston et al., 2014; Ralston et al., 2020). Previous studies have revealed that economic and political changes are closely linked to the business ideology in societies and that the time frame for these changes is shorter than for technological and cultural factors (Ralston, 2008; Shenkar, 2001; Webber, 1969). Accordingly, we focus on the effect of socio-economic and political macro-level factors on values orientations changes among Slovenian and Croatian business managers and professionals during the 2002 to 2015 time period.

### **2.4. Convergence, divergence and crossvergence of values orientations in Croatia and Slovenia**

To develop our hypotheses regarding the impact of societal change on the values orientations of business managers and professionals, we first examine indicators of cross-national institutional distances between Croatia and Slovenia in the selected period. Berry et al. (2010) posited that cross-national institutional distance is a multi-dimensional construct, and they provide longitudinal distance data for various types of societal institutions (<https://www.globalscopelab.com/page21.html>). As shown in Table 1, Croatia and Slovenia have become more similar over this time period (i.e., smaller distances), especially with respect to demographic, financial, global connectedness, and political institutional distances, while there has been an increase in economic institutional distance.<sup>1</sup>

Overall, these data suggest that more institutional similarity would result in a convergence of values orientations between Croatia and Slovenia in the considered period. This would be consistent with arguments that EU membership would result in greater institutional and socio-cultural similarity among member countries (e.g., Furrer et al., 2010). However, these distance data do not provide specific information regarding the trajectories of institutional change for each country, which would help us to understand the impact of various societal institutions on different cultural values. Thus, in developing our hypotheses, we also consider changes in specific societal indicators that have been identified as influential factors in value changes (e.g., Ralston, 2008; Ralston et al., 2020; Shenkar, 2001; Steel & Taras, 2010). Table 1 provides the 2002, 2004, 2013 and 2020 scores for each of these societal indicators as well the percentage of change within countries.

We next describe the main indicators as well as the convergence–divergence–crossvergence patterns suggested by changes over this time period.

**Table 1.** Societal indicators for Slovenia and Croatia.\*

	2002	2004	2013	2018	% change <sup>a</sup>
<b>Institutional Distances<sup>a</sup></b>					
Demographic distance <sup>b</sup>	2.26	9.83	1.52	6.27	+ 177 %
Economic distance <sup>c</sup>	0.39	0.43	1.39	1.29 (2019)	+ 231 %
Financial distance <sup>d</sup>	n.a.	2.86	0.75	0.39 (2019)	-86 %
Global connectedness distance <sup>e</sup>	3.09	3.81	4.14	5.62	+ 82 %
Political distance <sup>f</sup>	5.53	0.02	0.23	4.59 (2016)	-17 %
	<b>Croatia</b>				
	2002	2004	2013	2020	% change <sup>a</sup>
<b>Socio-Economic indicators<sup>h</sup></b>					
Human Development Index <sup>i</sup>	.77	.79	.83	.85 (2019)	+ 10 %
GDP pc ppp (constant intl \$ 2017) <sup>j</sup>	\$20,773	\$22,818	\$24,057	\$27,077	+ 30 %
Exports (% GDP) <sup>k</sup>	35.9	36.6	39.9	42.0	+ 17 %
Imports (% GDP) <sup>l</sup>	45.3	45.1	41.9	48.8	+ 8 %
Economic Freedom Index <sup>m</sup>	51.1	53.1	61.3	62.2	+ 22 %
Market capitalization of listed domestic companies (% of GDP) <sup>n</sup>	30.0	26.1	36.5	38.9	+ 30 %
Listed companies (total) <sup>o</sup>	67.0	166.0	192.0	104.0	+ 55 %
Internet users (% population) <sup>p</sup>	17.8	30.9	66.7	78.3	+ 340 %
International tourism receipts (% of total exports) <sup>q</sup>	40.1	45.3	41.4	23.3	-42 %
<b>Societal governance<sup>r</sup></b>					
Control of Corruption <sup>s</sup>	63.6	62.9	62.1	61.5	-3 %
Government Effectiveness <sup>t</sup>	65.8	69.0	71.6	68.8	+ 5 %
Political Stability and Absence of Violence/Terrorism <sup>u</sup>	68.8	69.9	66.4	65.6	-5 %
Regulatory Quality <sup>v</sup>	63.8	68.0	66.8	65.9	+ 3 %
Rule of Law <sup>w</sup>	48.5	56.9	60.6	62.0	+ 28 %
Voice and Accountability <sup>x</sup>	65.2	69.2	64.3	64.3	-1 %
	<b>Slovenia</b>				
	2002	2004	2013	2020	% change <sup>a</sup>
Human Development Index <sup>i</sup>	.85	.86	.89	.92 (2019)	+ 8 %
GDP pc ppp (constant intl \$ 2017) <sup>j</sup>	\$27,994	\$30,042	\$32,234	\$37,051	+ 32 %
Exports (% GDP) <sup>k</sup>	52.3	55.1	74.2	77.9	+ 49 %
Imports (% GDP) <sup>l</sup>	51.3	56.5	69.5	68.7	+ 34 %
Economic Freedom Index <sup>m</sup>	57.8	59.2	61.7	67.8	+ 17 %
Market capitalization of listed domestic companies (% of GDP) <sup>n</sup>	23.7	28.1	14.7	15.8	-33 %
Listed companies (total) <sup>o</sup>	135.0	140.0	55.0	27.0	-80 %
Internet users (% population) <sup>p</sup>	27.8	40.8	66.7	78.3	+ 182 %
International tourism receipts (% of total exports) <sup>q</sup>	9.0	8.9	8.3	3.4	-62 %
<b>Societal governance<sup>r</sup></b>					
Control of Corruption <sup>s</sup>	78.8	83.4	74.4	79.3	+ 1 %
Government Effectiveness <sup>t</sup>	81.1	79.8	79.6	85.6	+ 6 %
Political Stability and Absence of Violence/Terrorism <sup>u</sup>	93.1	83.5	74.4	69.8	-25 %
Regulatory Quality <sup>v</sup>	76.0	77.3	72.5	77.4	+ 2 %
Rule of Law <sup>w</sup>	81.2	79.9	81.2	83.7	+ 3 %
Voice and Accountability <sup>x</sup>	85.1	84.6	79.8	78.3	-8 %

\* Sources and descriptions of indicators can be found in [Appendix A](#).

Our socio-economic indicator relating to demographic distance is the Human Development Index (UN, 2020), which indicates the health, knowledge, and standard of living in a country. As shown in Table 1, Slovenia had a higher level of human development in all considered years, and this has increased for both countries, with Slovenia's rate of increase (10%) being slightly greater than Croatia's (8%).<sup>2</sup> This suggests that there has been a partial convergence with respect to human development level.

The economic distance dimension relates to economic development and macroeconomic characteristics (Berry et al., 2010), and the three main component indicators are economic wealth as measured by GDP pc ppp (constant 2017 intl\$), exports of goods and services (% GDP), and imports of goods and services (% GDP) (WorldBank, 2022). We also include the Economic Freedom Index (EFI), which indicates the degree to which a country has a free market capitalistic system (Heritage, 2022). In 2002, Slovenia scored higher on each of these economic system indicators, and while there were increases for both countries, the rates of change differed. The rate of change (% increase) for economic wealth was similar for both Croatia and Slovenia (static divergence pattern), and the rates of change for exports and imports of goods and services were significantly greater for Slovenia than for Croatia (divergence pattern).

Financial distance relates to differences in financial sector development, with two components being market capitalization of listed companies (% GDP) and number of listed companies (per 1 million population (WorldBank, 2022)).<sup>3</sup> With respect to stock market capitalization, Croatia's higher level in 2002 had increased by 2020, and Slovenia's stock market capitalization level had also increased by 2020 (divergence pattern). With respect to the number of listed companies (per 1 million population), there was an intersecting-crossvergence pattern (Ralston, 2008) such that Slovenia had a higher level in 2002, but this decreased substantially, while Croatia showed a significant increase resulting in a higher level than Slovenia in 2020.

The number of internet users (% of population) and the international tourism receipts (% of total export) are indicators of global connectedness (WorldBank, 2022). Slovenia had a higher level of internet users; however, there were significant increases in internet users, with this increase being greater for Croatia (convergence pattern). In contrast, Croatia had substantially higher levels of international tourism receipts than Slovenia, indicating a divergence pattern.

For the political distance dimension, we used the World Bank's (2022) Worldwide Governance Indicators, which relate to the quality of political, legal, and government systems (Kaufmann et al., 2008; Thomas, 2010). These indicators consist of six dimensions of societal governance: control of corruption, government effectiveness, political stability and absence of violence/terrorism, regulatory quality, rule of law, and voice and accountability (democracy). In both 2002 and 2015, Slovenia had significantly higher societal governance scores than Croatia. While Croatia had substantially improved governance scores by 2015 (with the exception of a slight decrease in political stability and no change in voice and accountability), Slovenia slightly improved in four of the indicators but declined in the political stability and absence of violence/terrorism and the voice and accountability' indicators. Together, these



indicators suggest the start of a convergence pattern for the societal governance of these two countries.

For this study of longitudinal value change, we use Schwartz's (1992) integrative value model, which has been cross-culturally validated (e.g., Ralston et al., 2011; Schwartz et al., 2014). Schwartz's theory of values identifies a quasi-circumplex structure of 10 values that are allocated to four higher-order value dimensions: openness to change vs. conservation, and self-enhancement vs. self-transcendence. Whereas Schwartz's circumplex value model suggests that an increase in the importance of a values dimension is accompanied by a decrease in an opposing values dimension (e.g., Bardi et al., 2009; Maio et al., 2009), longitudinal studies of values change have found that this is not necessarily the case (e.g., Ralston et al., 2020).

### **2.5. Openness to change values**

Openness to change values (self-direction, stimulation) reflect 'the extent to which a person is motivated to follow his/her own intellectual and emotional interests in unpredictable and uncertain ways' (Ralston et al., 2011, p. 20). Attaining personal goals requires the freedom and resources to explore, pursue and realize one's interests and preferences with minimal limitations and constraints (Schwartz, 1992). Several studies report a general increase in the importance of openness to change values over time (Ralston et al., 2014; Reynaud et al., 2007) as a result of societal modernization and economic development, regardless of cultural context (Inglehart & Baker, 2000; Meglino & Ravlin, 1998).

Previous research suggests that improved economic conditions, fast economic development and high levels of economic well-being contribute to the increased importance of openness to change values for individuals and societies (Au & Cheung, 2004; Williams & Martinez, 2012). Favorable economic conditions support the development of values related to personal and social development and to the emergence and diffusion of new ideas (Schwartz, 1992). Further, the importance of openness to change values is higher in societies that have greater political stability, more democratic governments, and higher-quality governance systems (Egri & Ralston, 2004; Lange, 2008; Shenkar, 2001; Williams & Martinez, 2012)

The indicators presented in Table 1 also support the presented assumptions about development trends of openness to change values for individuals and societies (Au & Cheung, 2004; Williams & Martinez, 2012) for the countries under consideration.

The convergence of human development index in both countries supports the premise of permanent personal development of employees. Economic indicators generally point to significantly improved economic conditions, fast economic development and high levels of economic well-being, which support the development of society and its organizations. In this regard, it is necessary to point out above all the sustained growth of GDP pc ppp and the economic freedom index, as well as the growth of other economic indices. Convergence of most political indicators indicates support for the growing importance of openness to change values, mainly through the general growth trend of the control of corruption, government effectiveness, and rule of law indices, with smaller differences across countries over time.

Based on previous knowledge about the influence of favorable economic conditions on the values (Ralston et al., 2014; Reynaud et al., 2007) and trends of indicators on the actual economic development of the countries under consideration (See Table 1), we propose the following hypothesis.

**Hypothesis 1.** *Over the 2002–2015 time period, the importance of openness to change values for business managers and professionals in Croatia and Slovenia increased significantly.*

## 2.6. Conservation values

Conservation values (conformity, security, tradition) indicate ‘the extent to which a person is motivated to maintain the status quo in relationships with others, institutions, and traditions’ (Ralston et al., 2011, p. 20). Therefore, we expect that the importance of conservation values will decrease in the context of improving the economic and political situation in society. In particular, reducing the existential threat and increasing the sense of security of individuals in a rapidly evolving society reduces individuals’ willingness to follow traditional behaviors, solidarity, social expectations, and norms as major conservation values (Inglehart & Baker, 2000; Schwartz et al., 2014).

Economic progress opens up opportunities to achieve new goals because, together with increasing economic freedom in society, it influences the development of new behavioral values of individuals, even if such development violates the prevailing social rules of behavior in society (Egri & Ralston, 2004; Porumbescu et al., 2020). Schwartz et al. (2014) further notes that the growth of economic development has a significant impact on the importance of conservation values. Empirical research reports that the importance of conservation values in economically more developed countries is significantly lower than in economically less developed countries. The influence of political circumstances on this group of values is more complex, than on remaining groups (Furrer et al., 2010; Ralston et al., 2014). Although on the one hand the growth of social governance may support the increase in the importance of conservation values, on the other hand, the higher development of the political system contributes to the economic breakthrough of society and the consequent reduction of the importance of these values in society (Meglino & Ravlin, 1998; Shenkar, 2001). We follow research which presumes that improved the political circumstances decrease the conservation values of individuals by shaping a stable political framework which supports economic growth and economic freedom in society (Lange, 2008; Steel & Taras, 2010).

The development indicators from both countries in Table 1 indicate presumptions about the decreasing importance of conservation values—especially through demographics and governance indicators. Indicators to the greatest extent indicate political stability and absence of violence/terrorism (with the decrease being smaller in Croatia and larger in Slovenia), differences in trends in the control of corruption indicator (decreasing in Croatia and minimal increase in Slovenia) and the relative stagnation

of all other indicators indicate a more permanent decreasing of these values due to the influence of prevailing societal factors in the considered period.

Theoretical cognitions about the development of conservation values (Schwartz, 1992), the effects of the considered macro-level factors on these values (Porumbescu et al., 2020; Williams & Martinez, 2012), and data on the movement of selected societal indicators in Table 1 for the considered period indicate significant decreases in this group of values in both countries in the examined period.

Taking these arguments into account, we therefore propose the following hypothesis:

***Hypothesis 2.** Over the 2002–2015 time period, the importance of conservation values for business managers and professionals in Croatia and Slovenia decreased significantly.*

## **2.7. Self-enhancement values**

Self-enhancement values (achievement, hedonism, power) indicate ‘the extent to which one is motivated to promote self-interest, even [...] potentially at the expense of others’ (Ralston et al., 2011, p. 20). Self-enhancement values reflect the achievement of social status; control over people, resources or situations; and personal success of individuals (Schwartz, 1992; Shenkar, 2001). In Schwartz’s value typology (Schwartz, 1994), economic and political development may decrease self-enhancement values and their importance for individuals. However, the formation of these values in the countries under consideration can also be seen to have been significantly influenced by various factors as asserted by individuals in the development of a free market economy and the social development of collectivist values in distinctly individualistic values of individuals (Furrer et al., 2010; Hisrich et al., 2003). Due to the specific characteristics of societal development of the analyzed countries, we can therefore assume an increase in self-enhancement values among individuals.

From an economic perspective, the need to cope with the challenging conditions of a global free market can support greater competitiveness and individuals’ desire to control people and resources (Porumbescu et al., 2020; Williams & Martinez, 2012). Challenging conditions of the accession of the considered countries to the EU have further exacerbated the materialistic value orientation and desire for control of insecurity caused by competition and uncertainty of operation in demanding EU markets (Ralston et al., 2014; Reynaud et al., 2007). Studies of macro-level political factors reveal that values related to achievement are more related to accession to the EU, while power values are more related to the specific development characteristics of the countries concerned (Gričar et al., 2019; Ralston et al., 2014). The development of achievement values—especially general economic development and economic freedom—was most significantly influenced by regulations and norms of the EU and the necessity to align country’s regulations and norms to those of EU (Boduszyński & Pavlaković, 2019; Gričar et al., 2019). At the same time, the development of power values was more influenced by the specific factors of the countries in question, especially development interests and the demonstration of the success of new economic

elites in the sampled countries (Banalieva et al., 2017; Gričar et al., 2019). This was reflected primarily in the desire to demonstrate social status and prestige and to control local resources, and to a lesser extent in the development of competencies for broader, or even global, competencies comparable to those of more economically and politically developed environments (Berber & Lekovic, 2018; Gričar et al., 2019; Pinto et al., 2008).

The societal indicators in Table 1 support theoretical presumptions about the increase of self-enhancement values with economic factors, especially with the growing GDP and increasing economic freedom, as well as with political indicators such as the higher level of rule of law and the growth of government effectiveness.

We therefore propose the following:

***Hypothesis 3.*** *Over the 2002–2015 time period, the importance of self-enhancement values for business managers and professionals in Croatia and Slovenia increased significantly.*

### **2.8. Self-transcendence values**

Self-transcendence values (benevolence, universalism) indicate ‘the extent to which one is motivated to promote the well-being of others (both close friends and distant acquaintances) as well as nature’ (Ralston et al., 2011, p. 20). Self-transcendence includes values of universalism that express concern for the well-being of people from the wider social environment and nature (Ralston et al., 2011; Schwartz, 1992). Benevolence is aimed at increasing the well-being of people from close social groups with whom individuals often have personal contact, such as family and friends (Schwartz, 1992; Sortheix et al., 2019). Past research reported sustained growth of the level and importance of self-transcendence values over time (Schwartz & Bardi, 2001) but also highlighted certain differences in the development of universalism and benevolence values (Reynaud et al., 2007; Schwartz et al., 2014). In Schwartz’s value typology (Schwartz, 1992), economic and political development increase individuals’ sense of security and certainty, supporting the development of self-transcendence values. Moreover, researchers report that the impact of society’s development is stronger on universal values than on benevolence values (Schwartz et al., 2014). For example, with the development of modern social norms of society, individuals’ tolerance of social diversity and other social groups increases, as does their concern for the environment protection and preservation (Roccas & Sagiv, 2010; Shenkar, 2001). It is more difficult to assess the impact of societal development on benevolence, but past research suggests that rapid economic development does not increase significantly, and may even decrease, individuals’ concern for close others, because individuals become more oriented toward achieving individualistic goals related to personal success in the modern market economy (Au & Cheung, 2004; Schwartz & Bardi, 2001).

The indicators for the considered countries in Table 1 support the above-mentioned theoretical advancement trends of self-transcendence values, especially by increasing the government and governance effectiveness, economic freedom index, human and development index.

Thus, we hypothesize:

**Hypothesis 4.** *Over the 2002–2015 time period, the importance of self-transcendence values for business managers and professionals in Croatia and Slovenia increased significantly.*

### 3. Methods

#### 3.1 Sample

The study sample consisted of a total of 1224 business managers and professionals in Croatia and Slovenia who responded to surveys conducted in 2002 (Croatia  $N = 276$ ; Slovenia  $N = 389$ ) and 2015 (Croatia  $N = 223$ , Slovenia  $N = 336$ ). Data collection procedures involved contacting individuals at their places of employment with surveys delivered and collected either in person or by mail (with self-addressed and stamped return envelopes). There were no more than five respondents from a given organization. Survey response rates ranged from 18.5% to 25.3% across the subsamples. Survey participation was voluntary, and anonymity of responses was assured. The survey questionnaire was developed in English, and standard translation/back-translation procedures (Brislin, 1986) were used to develop questionnaires in Croatian and Slovenian.

#### 3.2. Measures

*Personal values.* Personal values orientations were measured using the Schwartz Value Survey (Schwartz, 1994). This instrument consists of 56 items, and we used the 45 cross-culturally equivalent SVS items (Schwartz, 1994; Schwartz & Bardi, 2001) to measure the ten values in Schwartz's circumplex values model (9-point response scale,  $-1 =$  'opposed to my values' to  $7 =$  'of supreme importance'). The ten values were then allocated to four higher-order value dimensions: openness to change (self-direction, stimulation), conservation (conformity, security, tradition), self-enhancement (achievement, hedonism, power), and self-transcendence (benevolence, universalism). The scale reliabilities (Cronbach  $\alpha$ ) for the four value dimensions were above 0.70 for the total sample ( $\alpha = .73$  to  $\alpha = .83$ ) as well as for the Croatian sample ( $\alpha = .76$  to  $\alpha = .83$ ) and Slovenian sample ( $\alpha = .71$  to  $\alpha = .84$ ). For analyses, we used the grand-mean-centered value scores.

*Covariates.* Covariates included age (years), gender (1 = female, 0 = male), position level (1 = professional/non-supervisor, 2 = first-level manager, 3 = middle-level manager, 4 = top-level manager), education level (1 = 8 or fewer years completed, 2 = 9–12 years completed, 3 = Bachelor's degree, 4 = Master's degree, 5 = Doctorate), company size (1 = less than 100 employees, 2 = 100–1000 employees, 3 = more than 1000 employees).

#### 3.3. Analyses

Hierarchical regression analyses were conducted to test the hypotheses. For each Schwartz values survey value dimension, the first regression step included the

**Table 2.** Descriptive statistics: means, standard deviations, correlations, and scale reliabilities.

	Mean	SD	1	2	3	4	5	6	7	8	9	10	11
1. Openness to change	-.13	.79	(.73)										
2. Conservation	-.22	.56	-.59**	(.81)									
3. Self-enhancement	-.40	.79	.22**	-.39**	(.79)								
4. Self-transcendence	.38	.52	-.23**	-.02	-.61**	(.83)							
5. Croatia 2015	.18	.38	.09**	.08**	-.15**	.15**							
6. Slovenia 2015	.27	.44	-.11**	.24**	.06*	-.06*	-.29**						
7. Croatia 2002	.23	.41	.07*	-.13**	-.14**	.02	-.25**	-.33**					
8. Age	36.16	11.18	-.13**	.22**	-.33**	.23**	.13**	.25**	.10**				
9. Gender	.63	.48	-.09**	-.03	-.12**	.12**	-.01	-.06*	-.08**	-.10**			
10. Education	2.95	1.00	.20**	-.15**	-.10**	.04	.34**	-.24**	.43**	.17**	-.05		
11. Position	1.67	1.02	.11**	-.07*	-.04	.02	.13**	-.04	.21**	.30**	-.16**	.35**	
12. Company size	1.60	.718	.03	.03	-.16**	.12**	.14**	-.05*	.12**	.14**	-.03	.17**	.09**

Notes: N = 1224 (223 Croatia 2015, 336 Slovenia 2015, 276 Croatia 2002, 389 Slovenia 2002). Scale reliabilities (Cronbach  $\alpha$ ) on the diagonal. Slovenia 2002 is reference category for country-year dummy coded variables. Categorical variables coded as follows: gender: 1 = female, 0 = male; education level was coded as: 1 = 8 or fewer years completed, 2 = 9–12 years completed, 3 = Bachelor's degree, 4 = Master's degree, and 5 = Doctoral degree; position: 1 = professional/non-supervisor, 2 = first-level manager, 3 = middle-level manager, 4 = top-level manager; company size: 1 = less than 100 employees, 2 = 100–1000 employees, and 3 = more than 1000 employees.

\* $p < .05$ , \*\* $p < .01$ .

**Table 3.** Hierarchical regression analyses: changes in value orientations of Croatian and Slovenian business managers and professionals.

	Openness to change	Conservation	Self-enhancement	Self-transcendence
Age	-.20***	-.20***	.27***	.17***
Gender	-.09**	-.09***	-.02	-.01
Education	.21***	.21***	-.17***	-.24***
Position	.08**	.08**	-.09**	-.09**
Company size	.01	.01	.03	.01
Croatia 2015		.02	.26***	.17***
Slovenia 2015		-.01	.26***	.03
Croatia 2002		-.02	.13***	-.21***
Model R <sup>2</sup>	.085***	.086***	.093***	.149***
$\Delta R^2$		.001	.057***	.042***
F	22.60	14.35	24.83	26.60
				46.08
				38.32
				22.04
				17.74

Notes: N = 1224. Standardized beta coefficients shown. Slovenia 2002 is the country/year reference group.

\* $p < .05$ , \*\* $p < .01$ , \*\*\* $p < .001$ .

covariates of respondent age, gender, education level, position level, and company size. The second step added a set of three country/year dummy-coded variables, with Slovenia 2002 being the reference category. Significant variance explained ( $\Delta R^2$ ) for the second step indicates country differences, the nature of which was confirmed by additional regressions with different country reference groups.

#### 4. Results

Table 2 presents the descriptive statistics (means, standard deviations, and correlations) for the study variables. Table 3 presents the results of the hierarchical regression analyses to test the hypotheses. Figure 1 shows the importance of conservation, Figure 2 shows the importance of self-enhancement, and Figure 3 shows the importance of self-transcendence values for the years 2002 and 2015.

With respect to openness to change values, there were no significant country/year differences ( $\Delta R^2 = .001$ ,  $p > .10$ ; M1b). For conservation values, there were

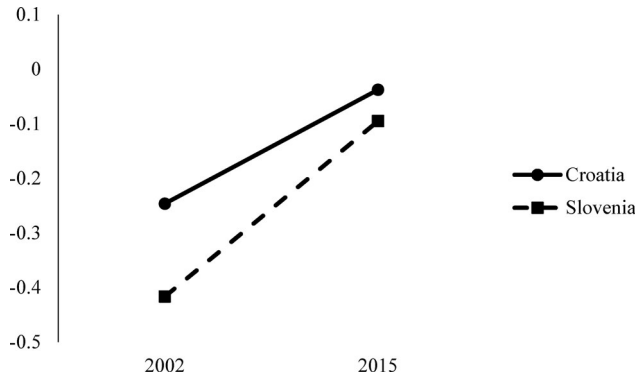


Figure 1. Conservation values.

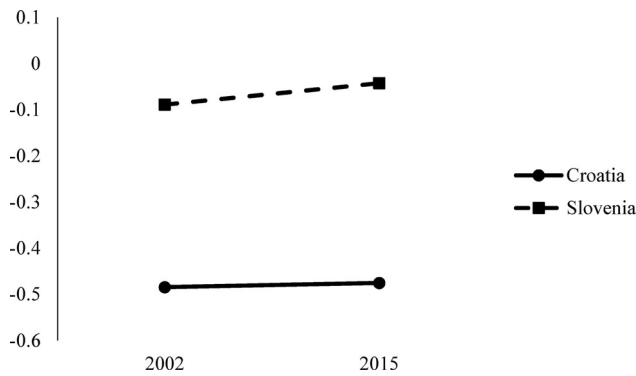


Figure 2. Self-enhancement values.

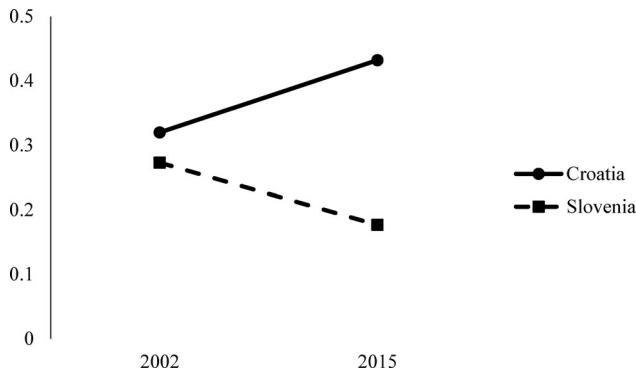


Figure 3. Self-transcendence values.

significant country/year differences ( $\Delta R^2 = .057$ ,  $p < .001$ ; M2b) such that: Slovenia 2015/Croatia 2015 > Croatia 2002 > Slovenia 2002. For self-enhancement values, there were significant country/year differences ( $\Delta R^2 = .042$ ,  $p < .001$ ; M3b) such that: Slovenia 2015/Slovenia 2002 > Croatia 2015/Croatia 2002. For self-transcendence values, there were significant country/year differences ( $\Delta R^2 = .022$ ,  $p < .001$ ; M4b) such that: Croatia 2015 > Croatia 2002/Slovenia 2002 > Slovenia 2015.

**Table 4.** Changes for considered groups of values for the selected countries during the observation period.

	Hypothesis testing (acceptance, rejection)	Analysis of the results regarding their convergence, divergence and crossvergence	The results indicate
Openness to change values	H1. Statistically significant increase – accepted	Croatia 2015 ~ Slovenia 2002 ~ Slovenia 2015 ~ Croatia 2002	Static crossvergence
Conservation values	H2. Statistically significant decrease – accepted	Slovenia 2015/Croatia 2015 > Croatia 2002 > Slovenia 2002	Conforming crossvergence
Self-enhancement values	H3. Statistically significant increase – accepted	Slovenia 2015/Slovenia 2002 > Croatia 2015/Croatia 2002	Static crossvergence
Self-transcendence values	H4. Statistically significant increase – accepted	Croatia 2015 > Croatia 2002/Slovenia 2002 > Slovenia 2015	Deviating crossvergence

Changes for considered groups of values for the selected countries during the observation period are shown in [Table 4](#).

## 5. Discussion

We argue that socio-economic and political contexts are driving factors that influence changes in the motivation and values orientation of business managers and professionals and their organizations (Inglehart & Baker, 2000; Ralston, 2008).

As we focus on the value formation process of individuals' personal values in Croatia and Slovenia in the context of entering into EU integration, we begin our discussion with findings about the development of personal values over the observed period. Accession of a country to the EU also means that countries need to adhere to institutional and formal principles prescribed by EU (Akaliyski, 2019). While this process is relatively clear, exact and transparent, the situation is much more blurred, uncertain and indefinite when it comes to the changes in personal values of EU member nations' citizens (Akaliyski, 2019; Akaliyski et al., 2022). EU emphasizes the common good and general convergence among countries; thus, it would be expected that, in line with the main principles of the EU regarding the free flow of people and goods and the building of a common EU spirit, self-transcendence values will be at the forefront. These values promote the well-being of people from the wider social environment and nature (Schwartz, 1992; Ralston et al., 2011). Also, openness to change values, which promote people's motivation to follow their own intellectual and emotional interests in unpredictable and uncertain ways (Ralston et al., 2011; p. 20), can positively contribute to the strengthening of the EU common values. Inversely, the conservation and self-enhancement values should be less important, as EU principles focus on the word 'common' rather than 'individual' (Calligaro et al., 2016; Švarc et al., 2021), as the conservation outlines focus on tradition, while self-enhancement put in the forefront individuals' own interest (Schwartz, 1992).

The development of values in Croatia and Slovenia in the observed period, through the lens of EU accession, reveals that the accession to the EU heightened the importance of self-transcendence in Croatia, while in Slovenia the effect was just the opposite –the importance of self-transcendence has decreased. This suggests that in terms of the development of self-transcendence values, Slovenia did not adhere to the common EU principles, which put in the forefront concern for the common good



and all EU citizens (Akaliyski et al., 2022). Moreover, the importance of these values for Slovenians is low at both observed points. An increase in the importance of self-transcendence values among Croatians may reflect the initial enthusiasm with EU entry which usually follows when significant changes occur (Vasilopoulou & Wagner, 2017), as Croatian entry to the EU was strongly desired by its citizens. The drop in Slovenia may be also attributed to the ‘natural drop’ which follows when initial enthusiasm wanes.

Among the four considered dimensions of values, non-significant changes before and after EU accession were observed only for openness to change values, although it may be expected that openness to change should become more important, as this reflect common EU principles and values. Coupled with the heightened importance of conservation values in both countries in the observed period, the development of openness to change and conservation values does not positively contribute to the improved adherence of countries to the common EU principles and especially the alignment of newcomers’ values to those values prevalent in the EU integration (Akaliyski et al., 2022; Calligaro et al., 2016). Based on the changes in importance of conservation values, we may even argue that the citizens of Croatia and Slovenia were keen to enter the EU due to the benefits of the free flow of goods and individuals, while the adaptation to the ‘common values of the EU’ lags substantially behind. This may be attributed to the traditional adherence of Slovenians, and especially Croatians, to their national culture (Švarc et al., 2019), which importance is still way above the common EU principles and values. For instance, in Croatia, the so called ‘Lijepa naša domovino’ (i.e., Our Beautiful Homeland) is very well-known and established. Thus, the entry of both economies into the EU was very favorable through the lens of economic benefits, while cultural integration and convergence with common EU values are still not complete.

Turning to the remaining value dimension, self-enhancement, it is evident that in Croatia the importance remains consistent, while in Slovenia an increase in the importance is observed in the same period. Also, self-enhancement values were in both observed points more important for Slovenians than for Croatians. This reflects that Slovenians were traditionally less collectivistic and more individually oriented compared to Croatians (Potočan & Mulej, 2007). The higher and still-increasing importance of self-transcendence values for Slovenians may also have its roots in the dominance of small and medium-sized enterprises, which developed quickly in the early 1990s after the separation from Yugoslavia and which often forefront ‘individual interests’ of owners (Potocan & Nedelko, 2021) more than larger organizations. Regarding the development of self-enhancement values following EU accession, we may find reasons in the high dependence of Slovenian organizations on Western economies, as Slovenian organizations mainly act as suppliers in large supply chains (Črešnar et al., 2022; Dabic et al., 2013). The imperative of competitiveness and high quality may increase the focus on self-interest.

The observed state of the value formation process in both countries opens a discussion about the depth of integration of Croatian and Slovenian society, and the alignment of the values of their citizens, with EU principles and values (Akaliyski, 2019; Vasilopoulou & Wagner, 2017). Personal values orientation in Slovenia show

stable openness to change, increased importance of conservation and decreased importance. This indicates deviation from the main principles of EU, like common policy, free flow of goods and people, more collective actions, and so on. Turning to Croatia, the increased importance of a conservation value orientation does not forefront enthusiasm for EU integration, similar to Slovenia, while the substantially increased importance of self-transcendence values in Croatia provides a fertile ground for development of a 'collective EU mind'. Again, this might be a consequence of Croatia's almost decade-later entrance into the EU.

A key finding of this research is that the value formation of Croatia and Slovenia poorly follows the common principles of EU. To summarize this finding, the slow convergence of the values of Croatia and Slovenia reflects the long-term integration process typical of former transition economies (Akaliyski et al., 2022). The more aversive response to the EU integration in Slovenia may stem from the strong importance of individualism in Slovenia after independence and the traditionally lower 'collective orientation' of Slovenia society (i.e., compared to Croatia and other former Yugoslav republics) (Dyck & Mulej, 1998; Mulej, 1981). A somewhat more favorable perception of EU accession in Croatia may still rest on 'initial enthusiasm', while in Slovenia skepticism about the EU integration may have already increased (Vasilopoulou & Wagner, 2017).

The change in the importance of values due to a significant sociopolitical event, such as EU accession, also challenges the theory of stability of values, which refers to the longevity of personal values over decades (Griseri, 1998). The value changes might also indicate EU skepticism (Akaliyski et al., 2022; Vasilopoulou & Wagner, 2017), as well as the desire to preserve one's own culture and identity, which confirms the growing importance of conservatism and tradition. We can further argue that the EU skepticism might be stronger than the often-emphasized longevity and stability of values over an extended time period (Griseri, 1998).

## 6. Theoretical implications

The breakthrough contribution of this study is capturing the impact of countries' accession to the EU on the value formation process of individuals. The study contributes to the understanding of the evolution of business managers' and professionals' value orientations following the EU accession of Croatia and Slovenia, which share a common history and similar development in the transition period. The divergence occurred when Slovenia entered the EU in 2004, while Croatia entered almost 10 years later. This study confirms the divergence in value orientations among individuals in the two countries, which reflecting the influence of EU accession. In that context, our results outline an 'EU integration gap' as there is the divergence between the prevalent value orientations of Slovenian respondents (i.e., increased conservation and decreased self-transcendence values) and Croatian respondents (i.e., increased conservation) on one side and EU common values on the other side. This shows deviation from the main principles of the EU, including common policy, free flow of goods and people, more collective actions, and so on, which are the main building block of EU principles (Akaliyski, 2019). This further highlights the 'EU integration

gap' by emphasizing that the 'mental integration' of adopting EU values is still not complete. This study thus complements the prior research about the impact of major sociopolitical events on the value-formation process of individuals (Egri & Ralston, 2004) through the lens of countries' accession to the EU, from the viewpoint of two neighboring countries sharing a common history (Calligaro et al., 2016). This study will contribute to a more comprehensive understanding of the impact on value formation processes of major socio-political events, like the COVID-19 epidemic, Brexit, and the Ukrainian war (Akaliyski et al., 2022), helping to understand citizens' fear and anger regarding EU integration (Vasilopoulou & Wagner, 2017), as aforementioned events challenge the claims about the longevity of personal values over a long period of time (Griseri, 1998).

## 7. Practical implications

The most significant practical implication of this study is the realization of the impact of countries' accession to the EU on the value-formation process of individuals and the recognized gap and lag in the acceptance of common EU values and further convergence towards common EU values. It becomes evident that despite countries having formally accessed to the EU, the actual process of developing common EU values (Akaliyski et al., 2022), based on the free movement of goods and persons and reflected through openness to change, has been very slow (Vasilopoulou & Wagner, 2017). This implies that more attention is needed at the national and international level to enhance the value convergence process between new member states and EU common values based on EU 15 countries. At the national level, actions should be aimed at raising awareness about the importance of preserving national identity, which is of great importance in both countries, while also fostering convergence with EU common values and principles. This is of particular importance for Slovenia, as the value formation process is moving away from the convergence process.

This study reveals the substantial impact of a major social political event like EU accession on individuals' values formation process. An opportunity to strengthen the common EU values also lies in the context of tackling the COVID-19 pandemic as well as issues related with the Euro, refugees, Brexit, and the Ukrainian war (Akaliyski et al., 2022). This implies that we need to be ready and prepared to observe and steer the impact of such events. In this context, the key question is whether these events will positively affect the much-needed consolidation of the EU, which is under a barrage of criticism, or whether the differences between the views of individual EU members will increase. The strengthening of common EU awareness will also be significantly influenced by joint EU actions regarding these events, as the right decisions at the EU level will make a decisive contribution to strengthening common European values, just as the wrong ones will increase disparities.

Turning to the organizational context, our cognitions also implies that there may be a mismatch between the values pursued by companies and EU shared values. This is especially true for Slovenia, where the importance of self-transcendence values has diminished in the observed period. So, organizations may also play an important role in fostering common EU values by aligning their values with the ones emphasized by

the EU integration. Further, those values can be adopted by employees via in-service trainings, workshops, and so on. Also, the common EU values may also be emphasized in the official values of the organizations and organizational policy (Štrukelj & Sternad Zabukovšek, 2019). Next, managers in organizations should recognize the evolution of personal values in both countries, as personal values play a substantial role in organizations, as seen in the impact of openness to change values, which are stable over the examined period, in the adoption and acceptance of new technologies like Industry 4.0 principles. The stability of openness to change and the heightened importance of conservation values in Slovenia and Croatia importantly contributed to the decreasing innovation activities in enterprises, as personal values play a decisive role in supporting enterprises' innovativeness in creative economy (Dabic et al., 2016). This is also reflected in innovation performance, where Slovenia recorded the greatest decrease in innovation performance among EU member countries other than Romania. We can argue that the personal value orientations are not favorable to or supportive of innovativeness in organizations, but the main cause of low innovativeness among Slovenian organizations lies in the position of many Slovenian organizations in the supply chain, which is often limited to that of suppliers for larger organizations. This implies that innovativeness is not necessary, as the enterprises often only produce already developed products. Stated calls for immediate action for boosting innovativeness. For this purpose, managers should introduce workshops for increasing awareness about innovativeness in organizations.

As personal values are also an important catalyst for corporate social responsibility (Hemingway, 2005), the divergence in self-transcendence value evolution between Croatia and Slovenia reflects the fact that in Croatia, the heightened importance of self-transcendence values supports concern about environmental problems, while in Slovenia the decreased importance of self-transcendence values reduces concern for environmental problems, as self-transcendence values positively predict concern for environmental problems (Schultz et al., 2005). One recommendation in line with the persisting concern for environmental issues over the last two decades is that managers in Slovenian organizations need to foster self-transcendence values in the long term in order to increase the dedication of business managers and professionals to environmental concerns. Thus, managers should recognize the importance of the current state of personal values and take this into account when implementing new technologies, managing innovativeness, boosting corporate social responsibility.

## 8. Limitations

This paper has some noteworthy limitations. The first of these is the use of self-assessment by participants, which implies that assessment of values by individuals might be brighter than that actual situation is. Second, the impact of the global financial crisis between 2009 and 2011 is not considered (Potocan & Nedelko, 2021). This may have some implications for individuals' values orientation, as some researchers reported an impact of the economic crisis on short-term changes in personal values. Although there might be some short-term changes, substantial changes in value orientations seem not to have occurred as a consequence of the crisis due to the stability

and longevity of personal values (Ralston et al., 2006; Vecchione et al., 2016). Third, the cultural background of the two considered countries may limit the broad generalizability of the results. Finally, we used data from four unrelated samples instead of cohorts as typically used in longitudinal studies (Kish-Gephart et al., 2019). Although panel data could increase the data quality, access to the same respondents across different observations for a longer period is often not possible (Kaptein, 2010).

## 9. Future research

The most feasible future research directions are as follows. First, future studies should examine the ‘EU accession gap’ and report how personal values of society members converge with (or diverge from) typical EU values (Akaliyski, 2019). Second, future studies should replicate the survey in another ‘pair’ of similar societies, to see the pattern of the results. Third, the change in the importance of personal values due to significant sociopolitical events such as EU accession also challenges the theory of stability of personal values over time (Griseri, 1998), especially its validity for younger generations (Nedelko et al., 2022); this should be further examined, to determine the strength of the impact. Next, future studies should examine whether this study’s finding of the more favorable response in Croatia regarding further development of common EU values is due to the initial enthusiasm upon accession to the EU or whether the values are actually developing toward convergence with those of the EU. Next, future studies should examine the personal value orientation of business managers and professionals in both countries again, in light of current challenges involving refugees, the Euro, and the Ukrainian war, and observe the impact of these events on the development of individuals’ values. Finally, in the observed period, there was also a significant divergence in socio-economic indicators (e.g., market capitalization, number of listed companies, international tourism), while in societal governance indicators the differences are smaller. Further studies should shed light on the links between the individual building blocks of the indicators and the development of values in the ‘old EU 15’ countries as well as in the 10 new member countries from 2004 (Reynaud et al., 2007; Vrh, 2018).

## Notes

1. Berry et al.’s (2010) set of institutional distances includes four that we do not include in this study of values change. Administrative distance and geographic distance are fixed and do not change over time; cultural distance is excluded because cultural distance data for both countries are not available until 2011; are knowledge distance indicators (number of patents, number of scientific articles) are more relevant for scientists and academics.
2. The results for 2002 and 2019 are taken into account.
3. World Bank WDI data for domestic credit to private sector (% GDP) are not available for Slovenia in 2002.

## Disclosure statement

No potential conflict of interest was reported by the authors.

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## Appendix A – Sources and description of indicators

<sup>a</sup>Source of data for institutional distances and their definitions: Berry, Guillen, & Zhou (2010). <https://www.globalscopelab.com/page21.html>. Note: used current year estimates of institutional distances.

<sup>b</sup>Demographic distance stands for differences in demographic characteristics and is based on following indicators: life expectancy, birth rate, population under 14 and population under 65; <https://gwu.app.box.com/s/gipo5h57zlcye6vvlc8z0njqg8k5q4g2>

<sup>c</sup>Economic distance stands for differences in economic development and macroeconomic characteristics and is based on following indicators: income, inflation, exports and imports; <https://gwu.app.box.com/s/tdy29g4c0gkjie9ou230xo0dd3efn5cd>

<sup>d</sup>Financial distance stands for differences in financial sector development and is based on following indicators: private credit, stock market cap and listed companies; financial institutional distance data for Slovenia unavailable until 2004; <https://gwu.app.box.com/s/iaur296gibb3vmbhfw07uomz4tiwz9dm>

<sup>e</sup>Global connectedness distance stands for differences in tourism and internet use and is based on following indicators: international tourism expenditure, international tourism receipts, and internet use; <https://gwu.app.box.com/s/aa9fusk9cfyhafhshubqr5eqvcq7wxcz>

<sup>f</sup>Political distance stands for differences in political stability, democracy, and trade bloc membership and is based on following indicators: policy-making uncertainty, democratic character, size of the state, WTO member and regional trade agreement; <https://gwu.app.box.com/s/agkbro48qbe57qmmz5pwzpmz8f6pzxo>

<sup>g</sup>Change is calculated based on first and last available date for each distance indicator.

<sup>h</sup>Sources: World Bank World Development Indicators <http://data.worldbank.org/data-catalog/world-development-indicators>; <https://databank.worldbank.org/reports.aspx?source=2&>

series=NE.CON.GOV.T.ZS&country=; United Nations Human Development Reports <http://hdr.undp.org/>

<sup>i</sup>United Nations Human Development Reports <http://hdr.undp.org/en/data#>; <http://hdr.undp.org/en/indicators/137506#>;

The Human Development Index (HDI) is a summary measure of achievements in three key dimensions of human development: a long and healthy life, access to knowledge and a decent standard of living. The HDI is the geometric mean of normalized indices for each of the three dimensions.

<sup>j</sup>GDP per capita, PPP (constant 2017 international \$) - GDP per capita based on purchasing power parity (PPP). PPP GDP is gross domestic product converted to international dollars using purchasing power parity rates. An international dollar has the same purchasing power over GDP as the U.S. dollar has in the United States. GDP at purchaser's prices is the sum of gross value added by all resident producers in the country plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources. Data are in constant 2017 international dollars.

<sup>k</sup>Exports of goods and services (% of GDP) represent the value of all goods and other market services provided to the rest of the world. They include the value of merchandise, freight, insurance, transport, travel, royalties, license fees, and other services, such as communication, construction, financial, information, business, personal, and government services. They exclude compensation of employees and investment income (formerly called factor services) and transfer payments.

<sup>l</sup>Imports of goods and services (% of GDP) - represent the value of all goods and other market services received from the rest of the world. They include the value of merchandise, freight, insurance, transport, travel, royalties, license fees, and other services, such as communication, construction, financial, information, business, personal, and government services. They exclude compensation of employees and investment income (formerly called factor services) and transfer payments.

<sup>m</sup>Index of Economic Freedom <http://www.heritage.org/index/>; <https://www.heritage.org/index/visualize?cnts=croatia|slovenia&src=ranking>;

Economic Freedom Index is an indicator of the extent to which a country has free market capitalistic system. Each of the twelve economic freedoms within these categories is graded on a scale of 0 to 100. A country's overall score is derived by averaging these twelve economic freedoms, with equal weight being given to each.

<sup>n</sup>Market capitalization (also known as market value) is the share price times the number of shares outstanding (including their several classes) for listed domestic companies. Investment funds, unit trusts, and companies whose only business goal is to hold shares of other listed companies are excluded.

<sup>o</sup>Listed domestic companies, including foreign companies which are exclusively listed, are those which have shares listed on an exchange at the end of the year. Investment funds, unit trusts, and companies whose only business goal is to hold shares of other listed companies, such as holding companies and investment companies, regardless of their legal status, are excluded. A company with several classes of shares is counted once. Only companies admitted to listing on the exchange are included.

<sup>p</sup>Individuals using the Internet (% of population) - Internet users are individuals who have used the Internet (from any location) in the last 3 months. The Internet can be used via a computer, mobile phone, personal digital assistant, games machine, digital TV etc.

<sup>q</sup>International tourism, receipts (% of total exports) - are expenditures by international inbound visitors, including payments to national carriers for international transport. These receipts include any other prepayment made for goods or services received in the destination country. They also may include receipts from same-day visitors, except when these are important enough to justify separate classification. For some countries they do not include receipts for passenger transport items. Their share in exports is calculated as a ratio to exports of goods and services, which comprise all transactions between residents of a country and the

rest of the world involving a change of ownership from residents to nonresidents of general merchandise, goods sent for processing and repairs, nonmonetary gold, and services.

<sup>f</sup>World Bank Worldwide Governance Indicators <https://databank.worldbank.org/reports.aspx?source=worldwide-governance-indicators>; Percentile ranks have been adjusted to correct for changes over time in the composition of the countries covered by the WGI.

<sup>g</sup>Control of Corruption: Percentile Rank. Control of Corruption captures perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as 'capture' of the state by elites and private interests. Percentile rank indicates the country's rank among all countries covered by the aggregate indicator, with 0 corresponding to lowest rank, and 100 to highest rank.

<sup>h</sup>Government Effectiveness: Percentile Rank captures perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies. Percentile rank indicates the country's rank among all countries covered by the aggregate indicator, with 0 corresponding to lowest rank, and 100 to highest rank.

<sup>i</sup>Political Stability and Absence of Violence/Terrorism: Percentile Rank. Political Stability and Absence of Violence/Terrorism measures perceptions of the likelihood of political instability and/or politically-motivated violence, including terrorism. Percentile rank indicates the country's rank among all countries covered by the aggregate indicator, with 0 corresponding to lowest rank, and 100 to highest rank.

<sup>j</sup>Regulatory Quality: Percentile Rank. Regulatory Quality captures perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development. Percentile rank indicates the country's rank among all countries covered by the aggregate indicator, with 0 corresponding to lowest rank, and 100 to highest rank.

<sup>k</sup>Rule of Law: Percentile Rank. Rule of Law captures perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence. Percentile rank indicates the country's rank among all countries covered by the aggregate indicator, with 0 corresponding to lowest rank, and 100 to highest rank.

<sup>l</sup>Voice and Accountability: Percentile Rank. Voice and Accountability captures perceptions of the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media. Percentile rank indicates the country's rank among all countries covered by the aggregate indicator, with 0 corresponding to lowest rank, and 100 to highest rank.