**ABSTRACT**

**Objective:** The phenomenon of ethnocentrism in the public sector has not been well recognized. The study was aimed at initiating an effort to fill the research gap by introducing the concept of “public ethnocentrism” and presenting empirical evidence from a preliminary test of the concept.

**Methodology:** While analysing and seeking full contextual understanding of the public ethnocentrism the ethnographic public representative’s observation and open-ended interviews have been chosen. Study of public ethnocentrism in Poland have been supplemented by interviews with 11 representatives of public sector from the USA, Germany, Czech Republic, Austria, Indonesia, Malaysia, Tanzania, Namibia and Mexico.

**Findings:** Studies have shown a scale of willingness to use an ethnocentric attitude when making decisions in a public organization. It was found that public ethnocentrism restricts innovation by disrupting public choice.

**Value Added:** Two new research questions are identified.

**Recommendations:** There is a need to create an Ethnocentrism Perception Index (EPI). The tendency for ethnocentric behaviour should be taken into accounts when determining whether formal and informal institutions are conducive to running a business in a given country.