

PRACE NAUKOWE

Uniwersytetu Ekonomicznego we Wrocławiu

RESEARCH PAPERS

of Wrocław University of Economics

Nr 441

Global Challenges of Management Control and Reporting



Publishing House of Wrocław University of Economics
Wrocław 2016

Copy-editing: Marcin Orszulak
Layout: Barbara Łopusiewicz
Proof-reading: Barbara Cibis
Typesetting: Agata Wiszniowska
Cover design: Beata Dębska

Information on submitting and reviewing papers is available on websites:
www.pracnaukowe.ue.wroc.pl
www.wydawnictwo.ue.wroc.pl

The publication is distributed under the Creative Commons Attribution 3.0
Attribution-NonCommercial-NoDerivs CC BY-NC-ND



© Copyright by Uniwersytet Ekonomiczny we Wrocławiu
Wrocław 2016

ISSN 1899-3192
e-ISSN 2392-0041

ISBN 978-83-7695-596-4

The original version: printed

Publications may be ordered in Publishing House:
Wydawnictwo Uniwersytetu Ekonomicznego we Wrocławiu
ul. Komandorska 118/120, 53-345 Wrocław
tel./fax 71 36-80-602; e-mail: econbook@ue.wroc.pl
www.ksiegarnia.ue.wroc.pl

Printing: TOTEM

Contents

Introduction	7
Piotr Bednarek, Rolf Brühl, Michael Hanzlick: Long-range planning and cross-cultural research. A literature review / Planowanie długookresowe i badania międzykulturowe. Przegląd literatury	9
Agnieszka Bieńkowska, Zygmunt Kral, Anna Zabłocka-Kluczka: Responsibility centres in strategic controlling / O ośrodkach odpowiedzialności w controllingu strategicznym	21
Maciej Ciołek: The lean thinking in overhead cost-cutting / <i>Lean thinking</i> w cięciu kosztów ogólnych.....	34
Joanna Dyczkowska: Do annual reports communicate strategic issues? Insight into reporting practices of high-tech companies / Czy raporty roczne komunikują kwestie strategiczne? Wgląd w praktyki sprawozdawcze spółek wysokich technologii	47
Tomasz Dyczkowski: Towards an NGO performance model / W kierunku modelu dokonań w organizacjach pozarządowych	65
Zdzisław Kes, Krzysztof Nowosielski: The process of cost assignment in a local railway company providing passenger transportation services. A case study / Proces alokacji kosztów w regionalnym przedsiębiorstwie świadczącym usługi pasażerskiego transport kolejowego	86
Petra Kroffin: Value-based management and value reporting. Impact of value reporting on investment decisions and company value perception / Zarządzanie wartością a raportowanie o wartości. Wpływ raportowania wartości na decyzje inwestycyjne i postrzeganie wartości przedsiębiorstwa.....	99
Sylvia Łęgowik-Świącik, Marcin Stępień, Sylwia Kowalska, Małgorzata Łęgowik-Malolepsza: Efficiency of the heat market enterprise management process in terms of the concept of the cost of capital / Efektywność procesu zarządzania przedsiębiorstw rynku ciepła w świetle koncepcji kosztu kapitału	115
Edward Nowak: Cost control and its role in controlling company operation / Kontrola kosztów i jej rola w controllingu działalności przedsiębiorstwa	125
Marta Nowak: Cultural determinants of accounting, performance management and costs problems. A view from the Polish perspective using G. Hofstede's and GLOBE culture dimensions / Kulturowe determinanty problemów dotyczących rachunkowości, zarządzania dokonaniem oraz kosztów. Spojrzenie z polskiej perspektywy z wykorzystaniem wymiarów kultur G. Hofstede'a oraz GLOBE	134

Jari Paranko, Petri Huhtala: Productivity measurement at the factory level / Pomiar produktywności na poziomie wydziału produkcyjnego.....	150
Ülle Päril, Rodney Koyte, Salme Näsi: Examining middle managers mediating role in MCS implementation / Badanie pośredniczącej roli menedżerów średniego szczebla we wdrażaniu systemów controllingu	164
Michał Pietrzak, Piotr Pietrzak: The problem of performance measurement at public universities / Problem pomiaru efektywności w publicznym szkolnictwie wyższym	191
Anita Reizinger-Ducsai: Bankruptcy prediction and financial statements. The reliability of a financial statement for the purpose of modelling / Predykcja bankructwa a sprawozdania finansowe. Wiarygodność sprawozdań finansowych dla potrzeb modelowania	202
Ricardo Luiz Sichel: Intellectual property. Its relevance for the management control / Prawa własności intelektualnej. Ich znaczenie dla controllingu ...	214

Introduction

Contemporary management control and reporting both face challenges. Consequently, a new and more sophisticated scientific approach is needed. From one point of view, interdisciplinary studies and theories are necessary. From another point of view, empirical research and practical issues call for a more specific and specialized approach. This complexity is reflected by the content of this book, which covers topics that emerge from present world's complexity. Therefore, the authors focus on ever-important issues (such as the strategic approach and its support by management control and reporting, survival of companies), and more modern issues (e.g. cultural aspects, measurement and reporting adjusted to branches, spheres and organizations and specific issues of management control and reporting).

The strategic approach to managerial control and financial statements and their role for company's survival is presented in papers by J. Dyczkowska (who addresses the question whether annual reports communicate strategic issues and focuses her study on reporting practices of high-tech companies), A. Bieńkowska, Z. Kral, A. Zabłocka-Kluczka (who explain the role of responsibility centers in strategic controlling), P. Kroflin (who explores the value-based management and management reporting examining impacts of value reporting on investment decisions and company value perception) and A. Reizinger-Ducsai (who discusses bankruptcy prediction and financial statements). The problems of management control and reporting and their adjustment to specific conditions and organizations are undertaken by T. Dyczkowski (who introduces his NGO performance model), Z. Kes and K. Nowosielski (who present the case study of the process of cost assignment in a local railway company providing passenger transportation services), S. Łęgowik-Świącik, M. Stępień, S. Kowalska and M. Łęgowik-Małolepsza (who analyse the efficiency of the heat market enterprise management process in terms of the concept of the cost of capital), and M. Pietrzak and P. Pietrzak (who discuss the problem of performance measurement in the public higher education). The cultural aspect of managerial control and reporting is explored in papers written by M. Nowak (who presents cultural determinants of accounting, performance management and costs problems showing the issue from Polish perspective using G. Hofstede and GLOBE cultural dimensions) and P. Bednarek, R. Brühl and M. Hanzlick (who provide a literature overview of planning and cross-cultural research). The specific problems and concepts of managerial control and reporting are investigated by M. Ciołek (who discusses the lean thinking and overhead costs), E. Nowak (who analyses the role of costs control role in controlling company operation), Ü. Päril, R. Koyte,

S. Näsi (who examine middle managers' mediating role in MCS implementation), R.L. Sichel (who discusses the relevance of intellectual property for management control), J. Paranko and P. Huhtala (who analyse the productivity measurement at the factory level).

Marta Nowak

Marta Nowak

Wrocław University of Economics
e-mail: marta.nowak@ue.wroc.pl

**CULTURAL DETERMINANTS OF ACCOUNTING,
PERFORMANCE MANAGEMENT AND COSTS
PROBLEMS. A VIEW FROM THE POLISH
PERSPECTIVE USING G. HOFSTEDÉ'S
AND GLOBE CULTURE DIMENSIONS**

**KULTUROWE DETERMINANTY PROBLEMÓW
DOTYCZĄCYCH RACHUNKOWOŚCI, ZARZĄDZANIA
DOKONANAMI ORAZ KOSZTÓW. SPOJRZENIE
Z POLSKIEJ PERSPEKTYWY Z WYKORZYSTANIEM
WYMIARÓW KULTUR G. HOFSTEDÉ'A ORAZ GLOBE**

DOI: 10.15611/pn.2016.441.10

JEL Classification: M12, M14, M16, M41, M49, M54, Z10

Summary: The main goal of the paper is to explore the problems of accounting, costs and performance management caused by intercultural work. The specific goals of the paper are: a) identification of problems, b) explanation of them. The problem is presented from the Polish perspective. The countries chosen for the comparison are: India, Russia, Ukraine, France and Germany. The methodology consists of case studies which are based on interviews with Polish managers and controllers who interact with foreign staff in their everyday work life. The reasoning is backed by the theories of G. Hofstede and GLOBE, which are two models used for explanation of the problems. The paper provides knowledge of the problems of intercultural work in the field of accounting, cost and performance management. The contribution of the author is identification of such problems from the Polish perspective and presentation of explanation of such problems with the basis of G. Hofstede and GLOBE cultural dimensions.

Keywords: culture, Hofstede, GLOBE, accounting, costs, performance management.

Streszczenie: Głównym celem artykułu jest eksploracja problemów dotyczących rachunkowości, kosztów oraz zarządzania dokonaniem spowodowanych pracą międzykulturową. Szczegółowymi celami są: a) identyfikacja problemów, b) ich wyjaśnienie. Problemy te zostaną przedstawione z polskiej perspektywy. Kraje wybrane do porównania to: Francja, Niemcy, Indie, Rosja i Ukraina. Na metodologię składają się studia przypadków bazujące na wywiadach z polskimi managerami i controllerami, którzy w swojej codziennej pracy wykazują interakcję z personelem zagranicznym. Rozumowanie będzie wsparte teoriami G. Hofstede'a

i GLOBE, które są dwoma modelami użytymi w celu wyjaśnienia zidentyfikowanych problemów. Artykuł dostarcza wiedzy na temat problemów związanych z pracą międzykulturową w obszarze rachunkowości, kosztów oraz zarządzania dokonaniami. Wkładem autorki jest identyfikacja takich problemów z polskiej perspektywy i dostarczenie ich wyjaśnień na bazie wymiarów kultur autorstwa G. Hofstede'a oraz GLOBE.

Słowa kluczowe: kultura, Hofstede, GLOBE, rachunkowość, koszty, zarządzanie dokonaniami.

1. Introduction

R. Gesteland defines two “iron rules” of international business: “In international business, the seller is expected to adapt to the buyer” and “In international business, the visitor is expected to observe local customs” [Gesteland 1999]. The rules seem to be quite obvious; nevertheless, the situation becomes complicated when it comes to the relation between employees and employers. Moreover, other complications arise when the matter does not focus on problems of buying and selling but focuses on such problems as costs, accounting, performance management and similar matters. Cultural diversity can contribute a lot to business but also it can cause many problems. When they relate to such important matters as accounting, costs and performance management, the financial stability of a company can be threatened. Therefore, the thorough research of such problems can have a loss-avoiding character.

The research presented in the paper integrates the subject of accounting, costs and performance measurement with the topic of culture. The main goal of the paper is to explore the problems of accounting, costs and performance management caused by intercultural work. The specific goals of the paper are: a) identification of problems, b) explanation of them. The considerations will consist of a) an empirical study on the problems of Polish managers, controllers and accountants working with people from other cultures based on interviews and b) explanations of problems identified during interviews based on chosen culture classifications. The interaction of Polish managers, controllers and other accounting-related specialists with members of French, German, Indian, Russian and Ukrainian cultures will be analyzed.

At the beginning of the paper, the theoretical background will be given. Culture and the problems of its definition and research on it will be presented. Different concepts of culture and its dimensions will be indicated. The choice of culture models which are most applicable and relevant for the subject of the paper will be made. The cultural dimensions of chosen models will be presented. After the theoretical background for the study, its methodology will be explained. Therefore, the actual study will be presented.

2. Theoretical background and methodology

2.1. Essence of culture and cultural dimensions.

G. Hofstede's and GLOBE research studies

T. Eagleton states that culture is said to be one of the two or three most complex words in the English language, and the term which is sometimes considered to be its opposite – nature – is commonly awarded the accolade of being the most complex of all [Eagleton 2000]. For the study presented in this paper two models were chosen: G. Hofstede's and GLOBE models. Consequently the culture definitions by G. Hofstede and GLOBE will be used. G. Hofstede in his studies refers to the understanding of culture in a boarder sense, which is used in sociology and anthropology. It focuses on patterns of thinking, feeling and acting mental programs, or, as he calls it, "the software of the mind" [Hofstede 2001]. GLOBE stands for Global Leadership and Organizational Behavior Effectiveness research program. Its authors used some aspects of G. Hofstede findings. GLOBE researchers define culture as shared motives, values, beliefs, identities and interpretations or meanings of significant events that result from common experiences of members of collectives and are transmitted across age generations [House et al. 2002]. There are many models of culture introduced by different authors. Most significant concepts with different dimensions of culture are elaborated by: G. Hofstede [Hofstede 1991], E. Hall [Hall, Hall 1990], R. Inglehart [Inglehart 1997], S. Schwartz [Schwartz 1994], R. Gesteland [Gesteland 1999], F. Trompenaars [Trompenaars 1994], F. Trompenaars, C. Hampden-Turner [Trompenaars et al. 1995], GLOBE [House et al. 1999]. Each of cultural dimensions is conceptualized and depicted as a continuum between two extreme poles. [www.grovetwell.com/pub-GLOBE-intro.html]. As it was mentioned at the beginning of the paper, two of them will be used in this study. Table 1 presents the cultural dimensions of G. Hofstede's and GLOBE models.

Table 1. Essence of G. Hofstede's and GLOBE cultural dimensions

Model	Dimensions	Dimensions' essence
1	2	3
G. Hofstede	Power distance	Degree to which members of a society accept and expect that power is distributed unequally.
	Individualism	Preference for a loosely-knit social framework in which individuals are expected to take care of only themselves and their immediate families.
	Masculinity	Preference in society for achievement, heroism, assertiveness and material rewards for success.
	Uncertainty avoidance	Degree to which the members of a society feel uncomfortable with uncertainty and ambiguity.
	Long term orientation	Degree to which society maintains some links with its own past while dealing with the challenges of the present and the future.
	Indulgence	Allows relatively free gratification of basic and natural human drives related to enjoying life and having fun

1	2	3
GLOBE	Power distance	Degree to which members of a collective expect power to be distributed equally.
	Uncertainty avoidance	Extent to which a society, organization, or group relies on social norms, rules, and procedures to alleviate unpredictability of future events.
	Humane orientation	Degree to which a collective encourages and rewards individuals for being fair, altruistic, generous, caring, and kind to others.
	Collectivism I (institutional)	Degree to which organizational and societal institutional practices encourage and reward collective distribution of resources and collective action.
	Collectivism II (in-Group)	Degree to which individuals express pride, loyalty, and cohesiveness in their organizations or families.
	Assertiveness	Degree to which individuals are assertive, confrontational, and aggressive in their relationships with others.
	Gender egalitarianism	Degree to which a collective minimizes gender inequality.
	Future orientation	Shows the extent to which individuals engage in future-oriented behaviors such as delaying gratification, planning, and investing in the future.
	Performance orientation	Degree to which a collective encourages and rewards group members.

Source: own elaboration based on [*Leader Effectiveness*... 2014; Hofstede 1991; <http://geert-hofstede.com/national-culture.html>].

2.2. The methodology of the research

The research presented in the paper consisted of a two-step procedure. The first stage of the research had a qualitative character and the second one was based on quantitative data. The first step was the analysis of case studies whose aim was to identify the problems of accounting, costs, and performance management caused by the intercultural interactions within the companies. The case studies are based on the extensive interviews with Polish managers and controllers who work in the international companies. The chosen countries are Russia, Ukraine, India, Germany and France and the choice of those countries was determined by the author's possibility of interviewing the Polish staff working in those companies. As the results of the interviews, the author identified most significant problems occurring in the investigated companies, seen from the Polish perspective. The second step of research consisted of the comparison of Poland and the other country in terms of G. Hofstede's and GLOBE culture dimensions, which were briefly defined in Section 2.1. Those dimensions are presented in the graphs and their operationalization has a quantitative character. The problems identified in the case studies were then explained according to cultural differences. The research outcome is presented in Section 3 and its structure for each analyzed country is as follows:

- a) the problem of accounting, costs or performance management emerging from intercultural interaction is identified and described,
- b) the comparison of Poland and the investigated country based on G. Hofstede's model is made,
- c) the differences are explained according to G. Hofstede's model,
- d) the comparison of Poland and the investigated country based on the GLOBE model is made,
- e) the differences are explained according to the GLOBE model.

As GLOBE research studies did not cover Ukraine, therefore the comparison of this country and Poland is based only on G. Hofstede's model because of the lack of a quantitative basis for comparison defined in points d) and e).

3. Empirical and explanatory study of problems

3.1. Polish and French culture

A French company overtakes a Polish financial institution. French top managers decide to change the organization and rules of accounting without any consultation with the Polish staff. Polish managers feel ignored. French managers never ask their employees for opinions and never take their recommendations into consideration. After some time it turns out that the Polish legal system and practice of doing business in Poland causes the necessity of re-adaption of accounting systems so that they can fit the Polish conditions. Polish managers feel that this way of functioning is ineffective and feel more and more frustrated. They also feel that their promotion or remuneration is influenced by their bosses' mood, not by their own accomplishments.

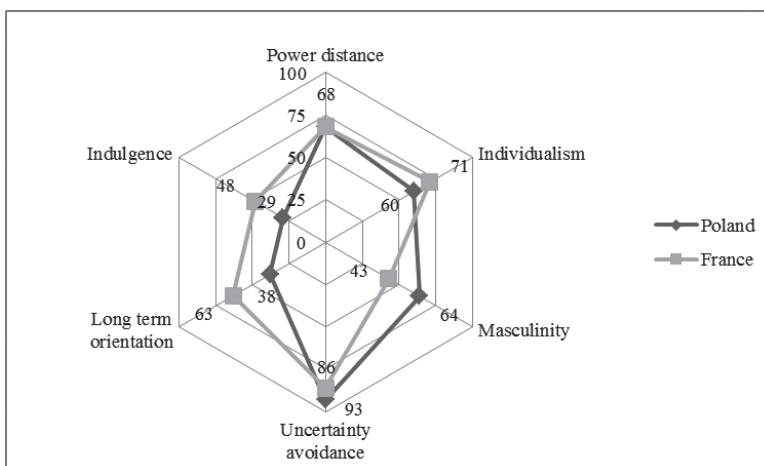


Figure 1. Cultural comparison between Poland and France according to G. Hofstede's indexes

Source: own elaboration based on [<http://geert-hofstede.com/countries.html>].

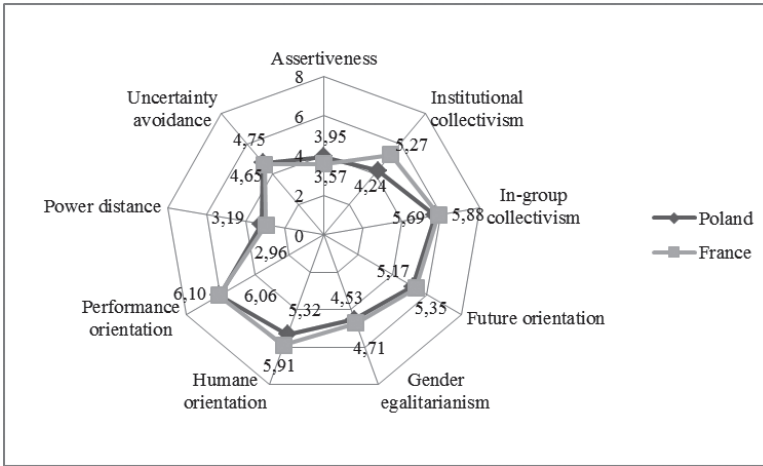


Figure 2. Cultural values comparison between Poland and France according to the GLOBE study

Source: own elaboration based on House et al. [2004].

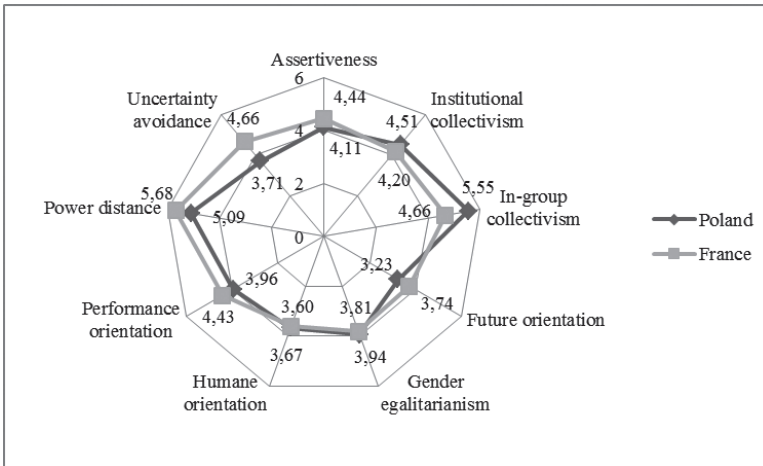


Figure 3. Cultural practices comparison between Poland and France according to the GLOBE study

Source: own elaboration based on House et al. [2004].

The problems, which were presented, can be explained by the analysis of differences and similarities between G. Hofstede’s indices for Poland and France. According to the opinion of the author of this paper, the main problem lies actually not in the differences but in the similarity of power distance index. Both Polish and French people are characterized by quite high power distance. This means that usually the managerial values and practices are not based on participation. Decision-making has the top-down character. This means that employees who work on lower

managerial levels or who hold specialist positions do not take part in decision making nor are asked for their opinions. Therefore, the problem is that French high managers do not feel the necessity of consulting Polish staff. Moreover, Polish accountants do not feel entitled to communicate with their French superiors and are more likely to complain to their peer Polish staff. When the differences of cultural dimension are taken into account, the most important ones are the differences of the individuality level. As France scores far more on the individualism, it is probable that French managers are accustomed to one-person decision making whereas Polish accountants expect that the wider group, including Polish managers, should influence important decisions. Moreover, Polish culture is more masculine than French one. Consequently Polish employees expect the financial benefits and want to be enumerated on the basis of their quantitatively assessed performance. French board members and managers put more importance on the social benefits like extra healthcare and do not understand the value of clearly defined motivational rewards for meeting the quantitative goals.

The analysis of differences between Polish and French society according to the GLOBE research also provides an explanation of the problem. In France institutional collectivism is valued much more than in Poland. In Poland the practice of in-group collectivism is higher. This means that French managers and directors declare the importance of the interest of a company more than Polish workers do, so Frenchmen stress the institutional goals more. Polish people in their lives tend to be more loyal to their own group. In this case the loyalty among Polish accountants and managers is higher than their loyalty for the French company. Future orientation is another important dimension characterized by differences. An especially significant difference takes place between practices. French people are more focused on future. Polish people, with much more lower future orientation, prefer to see the outcomes of their work immediately. Moreover, they feel frustrated when their work is not rewarded shortly after their outstanding performance.

3.2. Polish and German culture

A global German company establishes its plants in Poland. It has a very wide controlling system. The company hires Polish managers. The aim is that German top managers want to fit local conditions and they hope that Polish managers will take care of that. Nevertheless, Polish managers act in the way that they think will be approved by their German superiors. Moreover, Polish managers, who participate in the international meetings of company's management, think that the meetings are quite silly and that they are not aimed at common, international, problem-solving but at communicating the decisions of German board to the "rest of the world." German managers, on the other hand, complain that they do not have enough support from Polish managers, when they need suggestions on what will motivate Polish employees, and how their actions should be adjusted to Polish mentality.

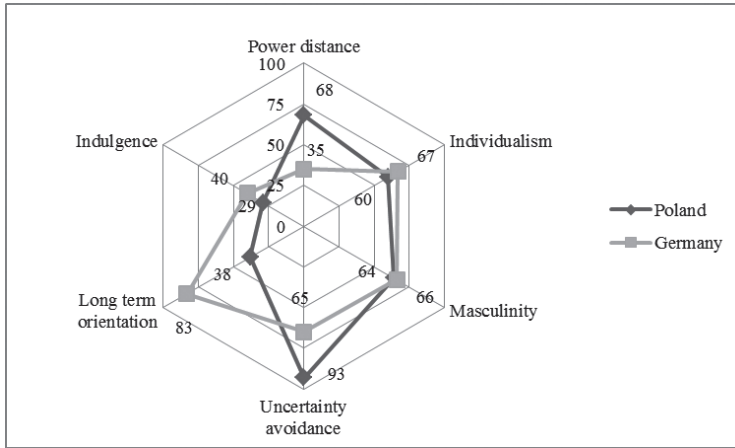


Figure 4. Cultural comparison between Poland and Germany according to G. Hofstede’s indexes

Source: own elaboration based on [<http://geert-hofstede.com/countries.html>].

The most significant cultural differences in G. Hofstede’s model between Poland and Germany focus on long term orientation, power distance and uncertainty avoidance. The problems of communication between German board members and Polish managers can be attributed not to each single difference but to a set of differences. Polish managers are not eager to give advice or oppose their German bosses because they think that it to be very risky. Polish power distance prevents them from clear communication and confrontation with their superiors. Uncertainty avoidance makes them avoid a risky situation of opposing their boss.

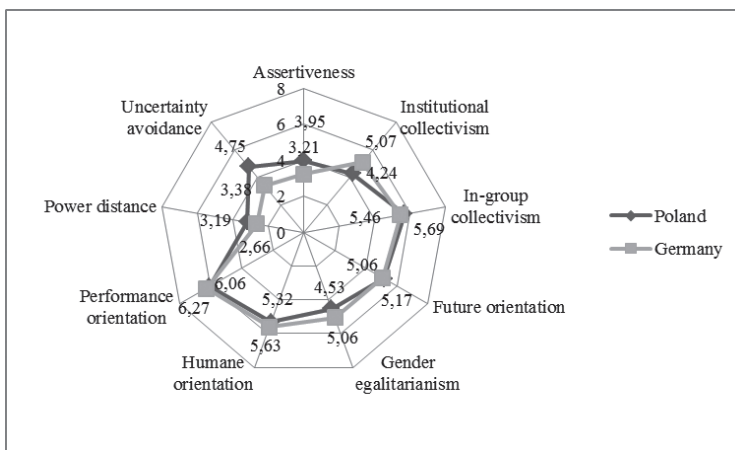


Figure 5. Cultural values comparison between Poland and Germany according to the GLOBE study

Source: own elaboration based on House et al. [2004].

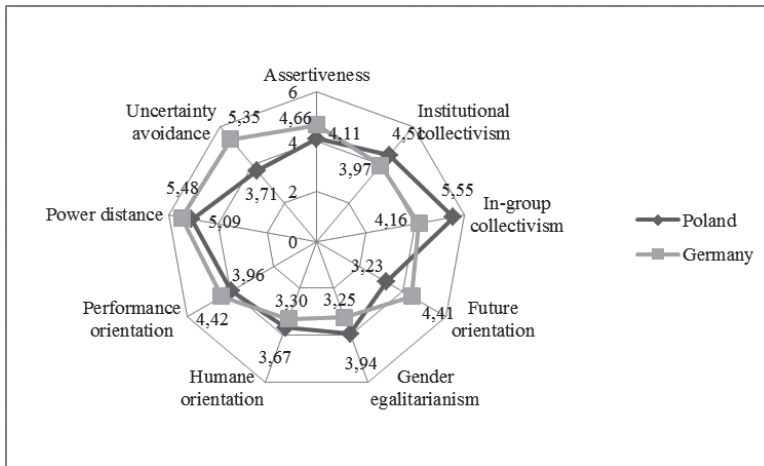


Figure 6. Cultural practices comparison between Poland and Germany according to the GLOBE study
Source: own elaboration based on House et al. [2004].

Analyzing the differences of GLOBE dimension between Poland and Germany, one must stress the differences between assertiveness dimension. In declarations, Polish people value assertiveness more than the German do. Nevertheless, when it comes to practice, Polish culture is less assertive than German one. This prevents Polish managers from communicating their opinions (especially critical ones) to their superiors. Moreover, as assertiveness is important according to declared values in Polish society, Polish managers are not aware of their problems with practical assertiveness. Polish group collectivism is stronger than German one (in terms of declarations of values and practices both). This means that more solidarity will appear among the group of Polish managers than between Polish managers and their German superiors. There is also a big gap between Polish and German practices of future orientation. That means that Polish managers will not understand or agree with the plans of German managers.

3.3. Polish and Indian culture

A Polish company was taken over by an Indian company. The company is to implement the Balanced Scorecard. However, Polish managers and specialists who are responsible for that complain that there are a lot of difficulties in communication and collaboration with Indian superiors. Indian managers tend to disappear when their decision or acceptance is needed. They also take a two-hour break in the middle of their work day and they are not available on the phone. Indian managers need a lot of time to make their responsibilities done, as they are supported by Indian workers in all detail. This, according to Polish managers, does not help. Conversely, more

time is needed to do a task or make a decision by Indian managers, because they are waiting for someone from India to do some part of work. Polish managers have to travel to India to settle things which could be settled by email or teleconference, without any necessity to travel all over the world.

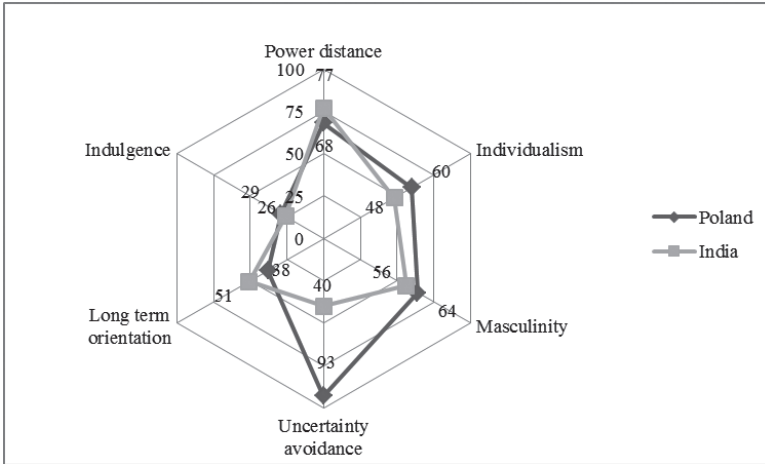


Figure 7. Cultural comparison between Poland and India according to G. Hofstede's indexes

Source: own elaboration based on [<http://geert-hofstede.com/countries.html>].

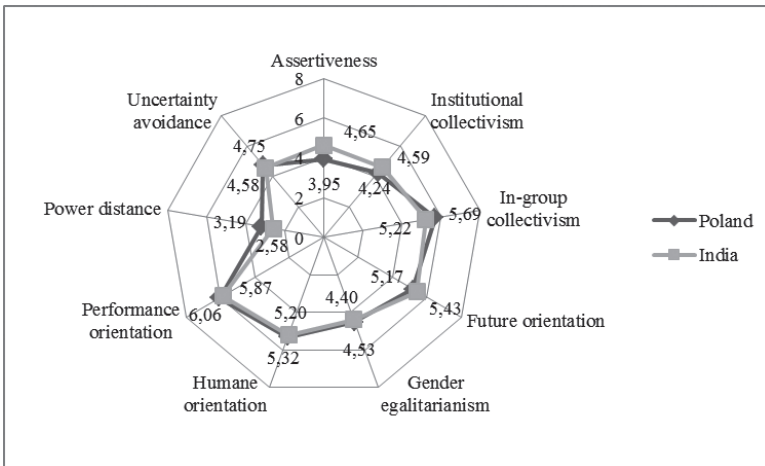


Figure 8. Cultural values comparison between Poland and India according to the GLOBE study

Source: own elaboration based on House et al. [2004].

When Poland and India are compared according to G. Hofstede's model, the most visible difference concerns the uncertainty avoidance and it is really very huge. This

means that Polish people value much more stable conditions, rules and agreements than Indian do. On the other hand, Indian managers do not understand the need of Polish managers of untestable rules, clear communication and predictability. As Polish people are characterized by higher individualism, it is for them difficult to understand that managers from India need to cultivate good relationship among their own national group and they tend to disappear to have long lunches together.

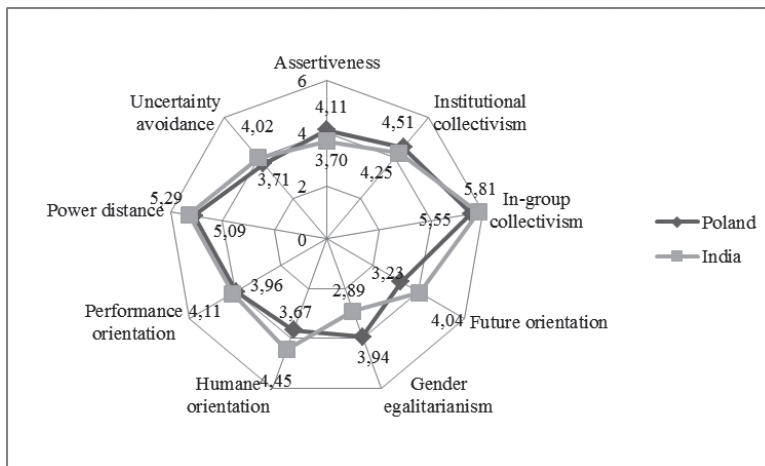


Figure 9. Cultural practices comparison between Poland and India according to the GLOBE study

Source: own elaboration based on House et al. [2004].

A significant difference, concerning the GLOBE cultural model, between Poland and India, appears at the level of gender egalitarianism. It is stronger in Poland, especially when it comes to practice. Therefore, an additional problem can emerge from the probability that Indian managers do not treat female managers seriously. That can result in ignoring their opinions and not consulting them during decision making.

3.4. Polish and Russian culture

An international company operating in Poland decides to open their offices in Russia. They decide that Polish managers are the best ones to go and work there. As Polish managers are not eager to do that, the company uses some motivational actions. Polish managers who agree to go to Russia for at least half-year period are promised a very competitive salary and promotion afterwards. The company also provides them in Russia with a car and the possibility of non-limited fuel up costs cover so managers can explore Russia. This generates many high costs for the company. Anyway, Polish managers still are not willing to go for a half-year contract to Russian quarters. Also, they report that they have many problems with

the mentality of their Russian workers who are very passive, show no initiative and do only what they are ordered to do.

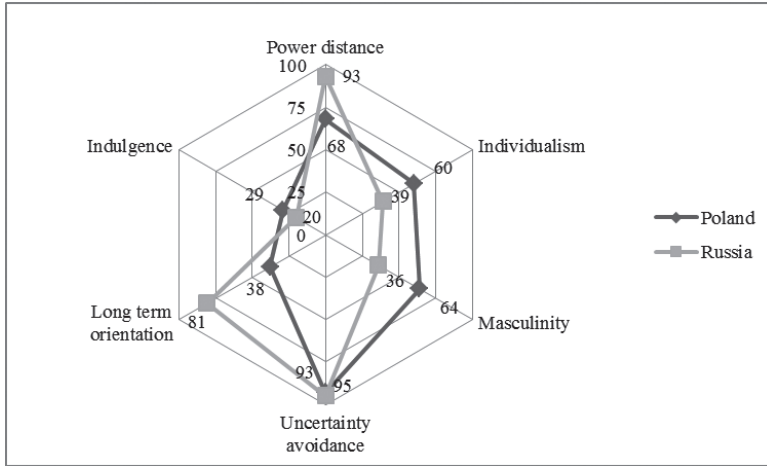


Figure 10. Cultural comparison between Poland and Russia according to G. Hofstede's indexes

Source: own elaboration based on [<http://geert-hofstede.com/countries.html>].

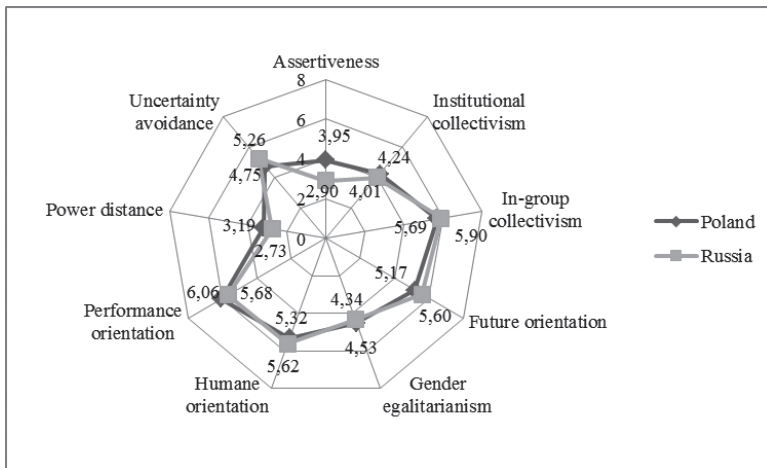


Figure 11. Cultural values comparison between Poland and Russia according to the GLOBE study

Source: own elaboration based on House et al. [2004].

There are many significant cultural differences between Poland and Russia. When G. Hofstede's dimensions are taken into account, four of them differ more than 20 points. According to the author of this paper, the problems which were identified, emerge especially from the contrasts in power difference, individualism

and masculinity. Russian culture has much higher power distance. That explains the passivity of Russian employees who expect their superior to tell them strictly in a detailed way what to do. Polish culture has a higher individualism index. That explains the fact that Russian workers are not as work-oriented as Polish managers expect them to be because for Russian workers socializing in work is more important. Moreover, Polish culture is more masculine. This means that the priority of Polish manager is to gain quantitative effects and financial results and to make company competitive whereas Russian workers care more about relationships and climate of their work.

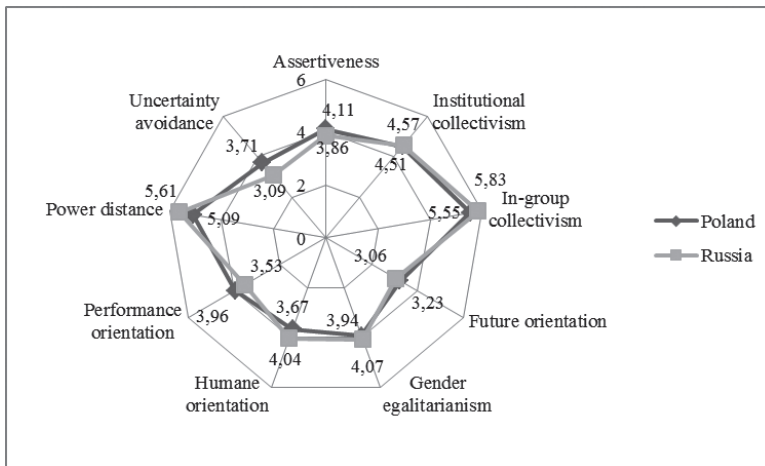


Figure 12. Cultural practices comparison between Poland and Russia according to the GLOBE study
Source: own elaboration based on House et al. [2004].

The comparison of Polish and Russian culture using GLOBE dimensions also shows important differences that cause problems which were presented. Polish culture values and practices assertiveness more. This explains why Polish managers are frustrated by their contacts with their Russian employees. Polish managers expect feedback or suggestions from their workers but usually do not obtain such a feedback. Humane orientation is higher in Russia than in Poland. This means that in their work Russian people focus more on contacts with their peers and express kindness and politeness to them. Polish culture is more performance oriented. This means that Polish managers tend to focus on getting their job done and on meeting performance standards. Moreover, Russian people are characterized by a higher level of in-group collectivism which again supports the thesis that they more strongly care for interpersonal relations with their co-workers, as the members of the group, than Polish people do.

3.5. Polish and Ukrainian culture

A Polish manager is appointed a representative of an international fast moving consumer goods company in Ukraine. Her responsibilities are focused on marketing management and management of human resources in Ukraine and marketing controlling and performance management. She finds out management of the Ukrainian staff extremely difficult. Some of them lack basic knowledge of the modern management, marketing and economy. They accomplish only basic tasks and they want extra payment for any additional or non-standard piece of work.

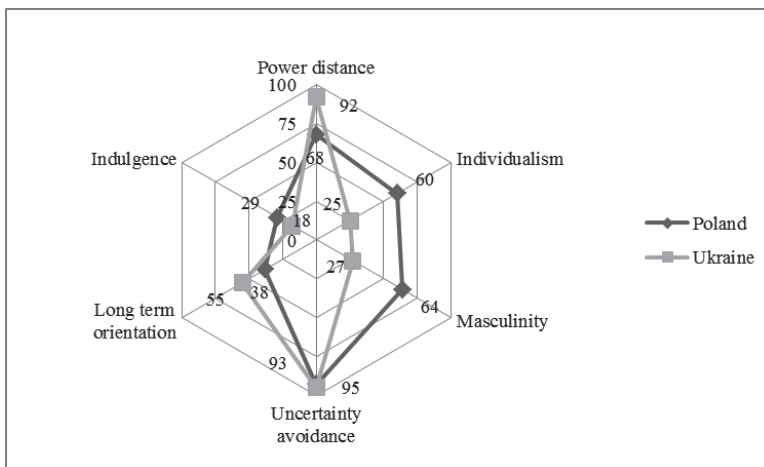


Figure 13. Cultural comparison between Poland and Ukraine according to G. Hofstede's indexes

Source: own elaboration based on [<http://geert-hofstede.com/countries.html>].

The analysis of this particular case will be based only on G. Hofstede's model, as the GLOBE survey was not conducted in Ukraine. The results of the comparison between Poland and Ukraine resemble to some extent the comparison between Poland and Russia. The power distance of Ukrainian culture is much higher. This explains why the workers demand extra money for any extra effort or initiative. They simply find it very difficult; therefore, they expect it will be rewarded sufficiently. Moreover, they are accustomed to much more collective work. This explains that it is very difficult for them to take the responsibility for their own actions and decisions. This explains the previously given thesis about the need of extra reward for being more independent. Moreover, Ukrainian culture is much more feminine. This means that people in their work care a lot about relations and fulfillment of goals and results achievements are not their priorities.

4. Conclusions

The study presented in the paper can be summarized by a conclusion that many problems concerning accounting, costs and performance management in international companies can be attributed to cultural differences. The cultural dimensions of G. Hofstede and GLOBE provide a clear explanation of the problems of Polish workers and managers who interact with professionals from France, Germany, India, Russia and Ukraine.

The problems of accounting, costs and performance management can emerge from the differences of merely all cultural dimensions of G. Hofstede's and GLOBE models. Anyway it can be observed that the problems are bigger when a culture difference is stronger (e.g. difference of uncertainty avoidance between Poland and India or power distance and individualism difference between Poland and Russia). The dimension in which the difference is identified is not as important as the size of the difference.

The problem can also emerge when actually power distance is similar for two countries but it is quite high. Therefore, there are significant problems with the lack of communication.

Another problem can emerge from the fact that declared values and practices can be very different for the same country (e.g. Polish managers do not exercise as much assertiveness as they value it).

Also an important problem is when for one country institutional collectivism is quite high and in-group collectivism is quite low whereas for the other country the situation is opposite.

The research limitations emerge from the two-step methodology which consisted on qualitative case study research based on interviews and quantitative data. The interviews always result in seeing the point of view only of a person (or persons) interview and they may not be representative. Nevertheless, as the identifications of problems was its aim, it was the most relevant method to use.

The future studies should include additional methods of comparison (both qualitative and quantitative), more countries, more different culture dimensions models and other kinds of culture, such as organizational culture or subculture of accounting.

References

- Eagleton T., 2000, *The Idea of Culture*, Blackwell Publishers, London.
- Gesteland R., 1995, *Patterns of Cross-Cultural Business Behavior Marketing, Negotiating and Managing across Cultures*, Copenhagen Business School Press, Copenhagen.
- Gesteland R., 1999, *Patterns of Cross-Cultural Business Behavior Marketing, Negotiating and Managing across Cultures*, Copenhagen Business School Press.
- Grove C.N., *Introduction to the GLOBE Research Project on Leadership Worldwide*, Grovell LTD, www.grovewell.com/pub-GLOBE-intro.html (date of access: 19.01.2016).
- Hall E.T., Hall M.R., 1990, *Understanding Cultural Differences*, Intercultural Press, Yarmouth Maine.

- Hofstede G., 1991, *Culture and Organizations: Software of the Mind*, McGraw-Hill, London.
- Hofstede G., 2001, *Culture's Consequences: Comparing Values, Behaviors, Institutions and Organizations across Nations*, Sage, Thousand Oaks.
- House R., Javidan M., Hanges P., Dorfman P., 2002, Understanding cultures and implicit leadership theories across the globe: an introduction to project GLOBE, *Journal of World Business*, vol. 37.
- House R.J., Hanges P.J., Javidan M., Dorfman P.W., Gupta V., 2004, *Culture, Leadership, and Organizations. The Globe Study of 62 Societies*, Sage, Thousand Oaks.
- House R.J., Hanges P.J., Ruiz-Quintanilla A., Dorfman, Javidan M., Dicksons M., 1999, *Cultural Influences on Leadership and Organizations: Project GLOBE*.
<http://geert-hofstede.com/national-culture.html> (date of access: 24.02.2016).
- Inglehart R., 1997, *Modernization and Post-Modernization: Cultural, Economic, and Political Change in 43 Societies*, Princeton University Press, Princeton.
- Leader Effectiveness and Culture: The GLOBE Study*, 2014, Center for Creative Leadership.
- Schwartz S.H., 1994, *Beyond individualism-collectivism: new cultural dimensions of values*, [in:] Kim U., Triandis H.C., Kagitcibasi C., Choi S.-C., Yoon G. (Eds.), *Individualism and Collectivism: Theory, Method and Application*, Sage, Newbury Park, pp. 85–119.
- Trompenaars F., 1994, *Riding the Waves of Culture*, Irwin, New York.
- Trompenaars F., Hampden-Turner C., Trompenaars A., 1995, *The Seven Cultures of Capitalism: Value Systems for Creating Wealth in the United States, Britain, Japan, Germany, France, Sweden and the Netherlands*, Judy Piakkus, London.
- www.groviewell.com/pub-GLOBE-intro.html (date of access: 19.01.2016).