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THE EFFECT OF NATIONAL CULTURE ON BUDGETING IN GHANA

ABSTRACT

This study applies a qualitative approach to examine the moderating effects of national culture on budgeting processes and practices among Ghanaian Multinational Companies. Interview responses from twenty Ghanaian respondents from ten companies were analyzed. Applying logical inferences, the evidence suggests that budgeting processes and practices are affected by the concept of 'self', the acceptance of logical contradictions, abstractness in language, high priority for non-verbal communication, the cultural need for receivers of information to be good perspective takers, polychronic, and the prioritization of in-groups among others. This study also describes how Ghanaian respondents weave through ethical dilemmas and form an ethical perspective especially when there are conflicts within and between cultural values and beliefs by prioritizing certain cultural values over others, espousing dissonance and rationalization.

Key Words: Budgets, Culture, Ghana, Logical-contradictions, Multinational corporations (MNCs), Polychronic

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INTRODUCTION

Accounting as a social construct must reflect the characteristics of a cultural group and the society in which an organization operates to reduce the confrontation of local values and mentality with efforts for international convergence (Feleagă, 1999). The evidence from the limited cross-cultural literature suggests that nations differ on important cultural dimensions relating to work activity of employees (Schein, 1985; Chow, Kato, and Merchant, 1996) such that cultural differences tend to confound the absorption and reactive response to various types of control systems (Williams and Seaman, 2001). Therefore, even though management control systems have a fluid propensity to change, this assumption cannot be transferred unabridged because national settings may be constrained by the influence of national culture. Unfortunately, studies about the manner of the interaction of national culture on control systems have been scanty and where they have occurred the resulting findings have been mixed.

Also, research in this area has focused on the broad area of management control and not on the specific subunits and/or levers of control such as budgeting processes and practices. These omissions are an important lacuna in cultural studies. Firstly, if the hypothesis that national culture affects management control is held to be true, despite the current case of mixed results, it is not far-fetched that the manner and nature of control affect the nature of the interaction. Therefore, rather than study this interaction at a supra level, it is more helpful to appreciate how national culture interacts with sub levers of control. This omission perhaps explains why an all-encompassing proposition of the interaction of national culture on management control is missing from the literature (Chow, Shields, and Wu, 1999). Aside the fact that the scant literature has not clearly established a theoretical basis for national differences in management control (Carr, Kolehmainen, and Mitchell, 2010) prior research on the link between control systems and national culture has predominantly relied on quantitative survey methods which have not provided consistent results (Harrison and McKinnon, 2007) about this phenomenon and hence the recent calls for more qualitative studies (Bhimani 2006). Qualitative studies, it is hoped, will answer the *why* regarding the interaction of national culture with control systems.

Budgets are traditionally used for planning and control within organizations. However various studies have asserted the limited application and even widespread misapplication of budgets in developing countries (e.g., Hoque and Hopper, 1994; Abdul-Rahaman, Gallhofer, Haslam, and Lawrence, 1997; Tsamenyi, Mills and Tauringana, 2008;

Hopper and Bui, 2016; Hopper, Lassou, and Soobaroyen, 2017). Whereas the extent of application of budgets for strategic, operational and tactical decisions in developing countries has been widely empirically explored, an understanding, preferably from a contextual perspective, of the reasons for the empirically observed results has not received comparable scholarly attention. In this study, I apply a qualitative method to gain an understanding of why budgets are ineffectively prepared and used with a dataset of MNCs incorporated in Ghana. I particularly explore the moderating effects of specific aspects of Ghanaian culture on the budgetary process. In doing this my research objective is to describe how Ghanaian national culture affects the preparing and use of budgets in MNCs incorporated in Ghana and the broader context implications thereof.

Applying a qualitative approach to achieve this research objective is useful because it provides the opportunity to respondents to be reflective and hence allows the researcher to gain useful insights and the opportunity to unearth unconscious reasons for often ‘routinized’ and ‘taken for granted’ behaviors and actions. Admittedly, however, any conclusions drawn about the effects of culture on budgeting will be based on the researcher’s logical inferences. While this approach has limitations, it is not without merit and has been extensively applied in empirical work (e.g., Wickramasinghe, Hopper, and Rathnasiri, 2004; Nabulsi and Abdalla, 2008; Seow-Ling Yee, Otsuka, James, and Kwai-Sim Leung, 2008; Hopper, Lassou, and Soobaroyen, 2009, 2017). Moreover, asking respondents to consider the cultural implications of their actions will be ineffective because, by its definition, the moderating effects of culture are unconscious reflex actions that may not be immediately apparent to respondents.

This study is useful because it answers Hopper’s (2017) call for more studies that consider management accounting practices from a national culture lense. Other researchers have made similar calls (e.g., Hammond and Preston, 1992; Van der Stede, 2003; Wu, 2005; Douglas, HassabElnaby, Norman, and Wier, 2007; Brown, Dillard, and Hopper, 2015; Chua, Lowe, and Puxty, 2015; Hopper, Ashraf, Uddin, and Wickramasinghe, 2015; Komori, 2015; Hopper and Bui, 2016; Lassou and Hopper, 2016; Hopper et al., 2017). In doing so, these studies have highlighted the growing empirical evidence that corporate control is significantly affected by national culture (Duong and Salter, 2016) while admitting the paucity of research in this area. Whereas prior studies have confirmed that budget gaming behaviors result from organizational contextual variables and individual differences in values, the consideration of culture as a moderation factor has largely been ignored with few exceptions.

Douglas and Wier (2005) apply a variety of cultural and ethical variables, such as Hofstede's theory of national culture to study how culture and ethics affect budgeting systems. Seow-Ling Yee et al. (2008) also explore how Japanese culture affects budgeting. In that respect, this study adds to the empirical literature about how national culture affects budgeting and hence provides MNCs with guidance regarding how to ensure an effective planning and control environment within African countries, such as Ghana. This is particularly so because Hofstede (1980) suggest similarities in national culture across African countries, especially south of the Saharan. Suffice to say that this is the first study of its kind with data set from Africa. The relevance of this study is underscored by Hewege (2012) assertion that 'management control issues emanating from non-Western contexts would remain largely unexplained or poorly explained unless alternative theoretical perspectives', rooted in disciplines such as political economy, sociology, and anthropology, are used to enrich the mainstream management control theory. Additionally, considering the growing challenges with Hofstede's cultural dimensions, the application of Schein (1985) cultural levels as well as Kluckhohn and Strodtbeck (1961) six dimensions as a bedrock for cultural valuation in this study offers a new perspective and could provide needed guidance to other researchers who are considering new approaches to cultural studies in Africa.

Recently, corporate Ghana has witness wide media coverage about a breakdown in corporate governance, including numerous instances of falsified accounts and fraud. Many organizations previously considered and cited as examples of the rise of corporate Ghana have vanished spectacularly as a result of such scandals (e.g., RLG Group). This has been more pronounced among the financial sector with the central bank declaring over forty financial institutions (seven of them being Banks) as insolvent and, hence withdrawing their licenses. Whereas questions are being raised about regulatory and supervisory failures, there are also legitimate concerns about understanding the context of managerial performance management (MPM) processes and practices to ascertain the level of reliance that can be placed on them. Budgets are often considered a critical lever in managerial performance management and Business Performance Management (BPM). Despite these limitations, Ghana, and indeed Africa is attracting significant foreign direct investments (FDI) from MNCs that previously will not have dared to invest in Africa, an attribution to the growing global relevance of African countries including Ghana. Ghana is an appropriate place for studies about corporate control in Africa because it is one of the highest recipients of FDI within the continent.

To a large extent, therefore, corporate governance and control issues in Africa are beginning to have a bearing on international capital markets and hence any empirical effort that provides guidance to MNCs regarding their investments in Africa cannot be considered as lacking a broader international context and/or appeal. The complex global integration that has improved the mobility of people, goods, and capital almost certainly implies that corporate Africa has a burden on the *broader context*. Harrison, Chow, Wu, and Harrell, (1999: 144) confirm this with the assertion that MNCs require knowledge on “whether the nature and mix of management issues...may vary across national settings”. Lau, Low, and Eggleton., (1995) also highlight that studies that encourage the adoption of sophisticated accounting systems and practices based on cultural considerations can facilitate “the rapid adoption of improved management accounting systems”.

I reckon the likely ease, temptation, and perhaps trend to ignore studies with dataset from Africa (Melber, 2009) that are not based on a comparative approach to European studies to meet the so-called *broader context* and I argue that inherent in my disposition for this study is the hypothesis that national cultures are distinctive and unique and should first be empirically studied separately before any attempt at cross border validation and comparison. My point is that it is impossible to cross-compare cultural studies about management control, without having empirical information about how culture affects control and governance procedures in the first place. The fact that such cultural studies are scant with the dataset from Africa highlights the need and the gap in the literature. Another suggestion often made regarding studies that apply dataset from Africa is to publish in national relevant journals, perhaps failing to recognize the limited existence of such credible journals or even the fact that the suggestion subtly admits that’s African studies have no international bearing without being positioned as a comparative study.

Hopper, Tsamenyi, Uddin, and Wickramasinghe (2009) argue that even when contextual factors and issues are not unique to developing countries, developing countries are still relatively distinctive and it will be wrong to categorize research on developing countries as ‘exotic and irrelevant’ to mainstream accounting studies. They suggest that research in accounting in developing countries must be encouraged and such research should aim at fostering the understanding that promotes local solutions to local challenges rather than the wholesale adoption of western proposed solutions influenced by ‘alien values’. Komori (2015) argues that scholarships in accounting must take into consideration the social, political and economic environment, particularly in developing countries. Duong, Kang, and Salter, (2016) argue for wider studies in accounting that incorporate indigenous

models to mitigate uncertainty in planning. Hopper and Bui (2016) suggest caution in the application of ‘foreign theories’ to developing countries that have different political and social systems. Considering the relevance of scholarships in accounting on developmental issues such as governance, planning, employment and quality of life (Hopper et al., 2009); studies in accounting could contribute to the general debate about how governance and control can better serve the humanitarian development. Without more studies in accounting in developing countries, Hopper et al. (2009) argue that ‘local politics and culture’ can transform accounting systems into mechanistic ‘tools of cohesion or external legitimacy rather than rational control’ and accountability. Therefore, if the purpose of the research is to promote social development and human progress, then a compelling case arises for continuous empirical studies using the dataset in Africa, without the compelling pressure for Africa-Western World comparison.

The remainder of this paper presents the discussion of theory and prior research, explains our results and conclusions and discuss possible implications. In discussing the literature, I focus mainly on the contextual literature on corporate budgeting in Ghana and to a limited extent Africa to highlight my argument of a paucity of research in this area. I only discuss prior general research about the influence of national culture on management control in a limited manner.

PRIOR STUDIES ABOUT THE INFLUENCE OF NATIONAL CULTURE ON MANAGEMENT CONTROL

A number of prior studies have investigated how national culture affects management accounting and management control (Birnberg and Snodgrass, 1988; Harrison, 1993; Ueno and Wu, 1993; O'Connor, 1995), with varying results. Some studies have suggested that national culture affects management control preferences and design, however, the results of many such studies have been either non-significant or significant but either the sign of the mean difference or the form of the detected interaction was opposite to prediction (Williams and Seaman, 2001). Chow, Shields, and Wu (1999) contend that an important cause of these mixed within-study results may be ineffective control for the effects of contingency variables because many prior studies have used samples of managers with different cultural backgrounds and working within one organization, which could be confounding. In addition, Chow, Shields, and Wu (1999) argue that it may be difficult to

have a one size fits all prediction of the relationship between national culture and control systems because (a) firms that operate in different national settings may be subject to different laws, regulations and local competitive factors which could have contextual bearing and (b) no two national cultures are the same. Therefore, even when cross-national comparisons are deemed necessary, the reliability of study results can be improved by controlling for exogenous and contingent variables.

Chow, Shields, and Wu (1999) investigates the effects of national culture on firms' design of and employees' preference for management controls using data collected from 159 Taiwanese managers (working in six each of Japanese, Taiwanese, and U.S.-owned, size-matched, computers/electronics firms in Taiwan) to test two hypothesis. Their results generally show that national culture affects these firms' design and employees' preference for seven management controls, though there also are anomalies. Specifically, control systems are affected by a national culture-by-competition interaction. However, Chow, Shields, and Wu (1999) find that cultural similarity cannot explain why, relative to the Taiwanese firms, the Japanese firms' design level for participative budgeting was contrary to the predicted ordering based on Hofstede's framework. Based on this they argue that in conjunction with the prior studies' mixed results and the challenges abound in the literature in deriving unambiguous directional differences from cross-national cultural studies, it was imperative to examine whether the massive stream of research based on Hofstede's taxonomy has problems stemming from ineffective research design and/or method, poor selection and/or measurement of variables, and/or inaccurate theory. Based on their findings they proceed to identify desirable improvements in research design and method, variable measurement and selection, as well as the theoretical foundation for culture-based research on management controls.

The main conclusion from their study is that modeling the linkages between national culture and management controls is difficult and requires an interdisciplinary approach. National culture affects control systems because it affects the perceived cost and benefits of alternative designs, such that, when a firm operates across numerous national boundaries, comparability across organizational sub-units for planning and control can increase the perceived costs of culture-based control systems tailoring. Therefore, to the extent that a common global control system is consistent (or, conversely, inconsistent) with local employees' culture-based preferences, it should affect such outcome variables as job effort, stress, performance, satisfaction, and turnover intentions.

There are several taxonomies within the literature applied in national culture studies (e.g., Hodgetts and Luthans, 1997) spanning over several periods. Schwartz (1994) for instance, has ten national culture types which have a two-dimensional structure. Trompenaars' (1994) has seven cultural orientations five of which are based on people relationships. Smith, Trompenaars, and Dugan (1996) extended Trompenaars' work, with a sample of 8,841 workers in 43 countries identifying a three-dimensional model with two primary dimensions. Hofstede's (1980) taxonomy has been extensively applied in national culture studies in management control (O'Connor, 1995). However, Hofstede's national culture theory is not without contestation with a growing consensus that alternative dimensions need to be explored (Chow, Shields, and Wu, 1999).

Chow, Kato, and Shields (1994) perform four experiments and apply Hofstede's taxonomy of work-related national cultural dimensions to analyze preferences for specific management controls at the interface between the organization and the external labor market using Japanese and the US. MBA students. Their results were mixed and did not provide conclusive evidence that national culture affects preference for management control systems.

Chanegrih (2015) utilized Hofstede's (1980, 1991) framework to investigate the influence of national culture on the volume of management accounting control systems (MACS) changes, and their location, nature and perceived success. The dataset was from French manufacturing companies which are comparable with those collected in Canada (Libby and Waterhouse, 1996), Singapore (Williams and Seaman, 2001) and Malaysia (Sulaiman and Mitchell, 2005). The results show dramatic differences in MACS changes attributable to cultural differences. Specifically, high uncertainty avoidance reflects in more changes to control systems, which is reinforced by individualism and power distance. Also, High Confucian dynamism results in more changes to planning systems. However, the effect of culture on changes to bonuses was not significant. Chanegrih (2015) concludes that Individualism explains differences in nature and perceived success of changes including the likelihood of additions to MACs but belonging to a collectivistic culture limits the elimination of MACS. This is because managers in individualistic cultures rate the success of changes more highly than managers in collectivistic cultures. More specifically, managers in individualistic cultures measure success by the number of new techniques introduced while managers in collectivist cultures measure success by modifications.

Guinea (2016) apply a qualitative approach to investigate cultural influences on the objective-setting process and on the procedures for the adoption and implementation of a management accounting system. The study identifies specific cultural dimensions and how they influence the process of defining goals within management accounting systems. The study finds significant evidence that an entity's strategic objectives are affected by national and cultural characteristics. Guinea (2016) offers many culturally dependent reasons and estimations about how culture interacts with variations of business objectives.

Granlund and Lukka (1998), Kidger (2002), and Van der Stede (2003) examined the extent of influence of national culture on control systems by MNCs with mixed results. Van der Stede (2003) results suggest an insignificant relationship concluding that most MNCs find adaptation to local culture too costly or ineffective. Granlund and Lukka (1998) designed their study to find similarities rather than difference concluding that convergence dominates divergence. Kidger (2002) confirmed a tendency by MNCs tendency towards standardization. Lu (2012) performed a meta-analysis of 14 existing studies confirming variations in methods and conclusions. Chow, Duh, and Xiao (2007) examined the factors that affect control systems in China providing a comprehensive summary of current practices and accounting techniques in China. Efferin and Hopper (2007) examined specific Chinese business preferences and find results consistent with earlier studies (e.g., Merchant, Chow, and Wu, 1995) about the effect of national culture on Chinese business practices.

Choe and Langfield-Smith (2004) examined cultural effects on the amount of information provided by management accounting information systems (MAISs) and its characteristics (i.e. *content, amount and format*) between Australian and Korean cultures and found that different national cultures lead to different information systems requirements. Specifically, more flexibility performance information is provided in Korean firms, while the amount of quality performance information and traditional cost control information (TCCI) produced in Australian firms is more than in Korean firms. They also investigated the effect of the three-way interactions among national culture, level of advanced manufacturing technology (AMT), and information on production performance, revealing a significant impact of three-way interactions on the improvement of production performance. Boucoiran, Enderich, Heinrich, and Trapp (2009) also studied the influence of national culture on management accounting systems in a comparative study of Germany and France. They adopt a qualitative approach interviewing 16 management accountants and managers of German and French corporations and find evidence that differences in

national culture have a bearing on the appreciation and use of management accounting systems.

CHARACTERISTICS OF ORGANIZATIONAL BUDGETING IN GHANAIAN ORGANIZATIONS.

There is a dearth of information about the public sector (national) budgeting and capital budgeting in private organization in Ghana. However, there is scant literature about corporate budgeting in Ghana. Among the few Tsamenyi, Mills, and Tauringana, (2002) used a field study to investigate the budgeting process in four large-scale organizations in Ghana and find that the budgeting process is highly centralized - implying that senior managers were not fully involving junior managers in budget decisions- and of poor quality. Furthermore, the budget was minimally perceived as a planning and control device. Rather managers perceived the budget's resource allocation role as its most useful purpose. Ackah, Adu-Gyamfi, and Agboyi (2014) also studied the budgeting process in selected private organizations within Ghana and discovered, high level of poor-quality budgets, lack of appropriate checks and balances, ineffective use of budget committees, delays in budget preparation and implementation and a strict hierarchical structure that reduced active participation by junior employees. The finding of low participation in the budgetary process, within Africa, Ghana inclusive, is not new and has been confirmed by numerous studies such as a Ghanaian context by Uddin and Tsamenyi (2005) and a Ugandan context by Kasozi-Mulindwa (2013). Tsamenyi, Mills, and Tauringana (2002) attributed their findings to a high level of environmental uncertainty as well as poor quality staff.

Subsequently, Tsamenyi, and Mills (2003) used the dataset in Ghana to explore how perceived environmental uncertainty and organizational culture influence budget participation for private sector organizations, and how participation in budgeting, in turn, influences managerial performance. Their study confirms prior empirical evidence that organizational culture influences budget participation, even though perceived environmental uncertainty does not influence budget participation. Of more interest is their evidence that budget participation influences managerial performance. Owusu, Dwomoh, Collins, Yaa, and Daniel (2014) followed Tsamenyi, Mills, and Tauringana (2002) to confirm the relatively low participation of employees in budgeting in Ghana and proceed to examine the relationship between budget participation and employees' performance using data set from a public university. Their study finds a positive but insignificant relationship. Despite

this, they use other anecdotal evidence to argue for employee participation in budgeting because it serves as the foundation for other behavioral elements that influence budget goals.

Pimpong and Laryea (2016) assessed the impact of various budgeting variables on firm performance using a dataset of non-bank financial institutions in Ghana and find that budget coordination has a significant and positive relationship on the performance of non-bank financial institutions. However, they find very scanty evidence of effective budget coordination among Ghanaian non-bank financial institutions. Agbenyo, Danquah, and Shuangshuang (2018) found similar evidence of a significant positive relationship between budgeting and firm performance for manufacturing firms listed on the Ghana Stock Exchange.

The notion of contextual considerations for budget effectiveness in Ghana is not new. Bempah (2017) employed path analyses to explain the determinants of implementing sound budgets and financial management practices and concludes that considerations of strategic issues, characteristics of implementing agencies, contextual factors and the disposition of management teams are relevant influencing variables. However, his data set is from local government agencies. Aside from the fact that his study does not explicitly consider culture as a variable, the generalization of his findings to private, profit-oriented organizations may be defective. There is evidence to support the assumption that private and government-owned organizations are confronted with distinct issues and challenges and hence often adopt different practices and processes (e.g. Hawkins, Gravier, and Powley, 2011). If this underlying assumption is held to be true, then the interaction of cultural values and beliefs with organizational budgetary practices will be different between public and private organizations.

MAIN FEATURES OF GHANAIAAN CULTURE

Relatively, cultural dynamism in Ghana is conservative with a high taboo system, numerous myths and a distinct dichotomy between rights and wrong. Applying a value dimension 'obligation' scale (Trompenaars, 1993), Ghana is relatively more universalistic than relativistic. This means that context plays a very insignificant role in defining collective societal views of approved ethical actions (Quarcoo, 2013). However, there is evidence of a shift to a contextual consideration of ethical dilemmas within the educated working class perhaps due to the adaptation to foreign influences from interactions with foreigners (European culture) both within and outside Ghana.

Cultural studies within business organizations are valuable because such organizations are embedded within cultural systems (Dimmock and Walker, 2000) and hence are influenced somewhat by societal and organizational values especially regarding system development, processes, and practices. Admittedly, the underlying values of societies are relatively more enduring but their effect on organizational actions and behaviors vary and change over time (Dimmock and Walker, 2000) and hence cultural studies within organizations need to be continuous. Schein (1985) proposed that culture has three levels, of artifacts, espoused values, and basic underlying assumptions. It is difficult to separate the lower two levels (espoused values and basic underlying assumptions) since attitudes and values tend to overlap. However, they form the underpinnings of individual and business interactions. I apply Kluckhohn and Strodtbeck's (1961) six dimensions, in describing Ghana's cultural orientation and values. My focus is on the espoused values and basic underlying assumptions (or beliefs).

Notion of harmony

Much of Ghanaian culture can be explained by a focus on spirituality (the belief in a higher invisible authority) and a high preference for peace and physical harmony. Impliedly Ghanaians typically prefer everything in harmony and are uncomfortable with uncertainty, often taking a long-term view of things (Hofstede, 1980). Due to this, change can be viewed as disruptive, in particular, if the change is sudden and substantial. When confronted with new situations that have the potential to disrupt harmony, Ghanaians will typically prefer, non-action to action (Pitta, Fung, and Isberg, 1999). Due to this, Ghanaians are pragmatic and take actions that fit the existing patterns and hence the thinking process is not linear. This carries on into the work environment creating a strong emphasis on seniority and rank and the workgroup as the building block of business. Cooperation and identification with the workgroup are expected and open expression and conflict are discouraged (Stedham, Yamamura, and Lai, 2008). The non-linear way of thinking among Ghanaians is more exposed in dealing with logical contradictions. Due to the cultural need for harmony and peace, Ghanaians have the tendency to accept two contradictory statements at the same time, reconciling the differences with a 'middle way' (Kwiatkowska, 2015). Peng and Nisbett (1999) refer to this as the 'dialectic approach' to contradiction based on holistic thinking. Two statements make up a dialectical contradiction if each of them is consistent and their union is inconsistent.

Importance of relationship

Generally, Ghanaian culture is characterized by high social trust. Social trust is the assumption, belief, and expectations that another person's actions will be beneficial for us or at least will not be harmful (Kramer and Carnevale, 2001). Ghanaians also value long term relationships, resulting in a complex interdependence on wide social groups underpinned by the extended family (rather than nuclear family) system. Even within bureaucratic institutions, personal relationships are considered more important than rules. Human feelings are considered important and more often than not a shared and collectivist approach is adopted to achieve common goals. As a result, individualism is not singled out to be important and privacy is not so highly valued.

Subtlety and explicitness

Ghanaian culture is built on subtlety and based on the abstraction of ideas with most Ghanaian language not as precisely structured as the English language. Typically, Ghanaians avoid confrontation when there is disagreement. When confronted with a situation where they do not like the outcome, they do not explicitly indicate how they feel. Outspokenness is not the norm and direct questioning is viewed as rude. Courtesy is important in Ghanaian culture and extreme efforts are made not to be ridiculed or to ridicule others. Due to this extreme regard to be courteous to persons in authority and to older persons, Ghanaians feel obligated to honor the request of their seniors however perverse the request. Under most circumstances, the refusal of a request can be considered rude. Also, Ghana is a high context culture (Hall, 1976) and hence words and figures, carry only a portion of the message. In many cases, the most important portion of communication is non-verbal and indirect, such as through facial expression, the tone of voice and spatial configurations of the transmitter. This ties in with the need to avoid confrontation and embarrassing others. The receivers of information are required to be perspective takers who bear the responsibility to evaluate the accuracy of the information because the ability to anticipate the action of others is considered a measure of intelligence.

Attitude toward time

Ghanaians are polychronic in their approach to time implying that social interaction emphasizes relational development and personal relationship and its maintenance rather than adherence to schedules, clocks or calendars. Therefore, plans and schedules are

constantly adapted to changing environments because people's issues are more important than a fixed schedule. Interruptions are not seen as disturbances and timeliness as well as compliance with figures is not an overriding principle (Reuter, 2014). Unlike western cultures that insist on punctuality, most Ghanaians relatively speaking, are less concern with precision and punctuality. In essence, time only provides a reference point and hence simultaneous activities and disruptions are common. As an example, a pre-arranged meeting can be interrupted with frequent phone calls and other meetings at the same time. Ghanaian "polychronic" induces the general tendency to seek minimal personal commitment, to refuse personal responsibility, and to deflect blame for failure for promised action to take place. Due to this, decisions can be delayed until options have disappeared and when a decision is finally forced, it is often impulsive with little discrimination or sense of proportion in the action taken, little consideration of the consequences and often with predictable consequence.

METHODOLOGY

Twenty respondents from ten MNCs were involved in this study. The MNCs were identified from the database of the Ghana Investment Promotion Centre (GIPC) for 2016 as well as the membership of the Association of Ghana Industries (AGI) for the same period. The selection of MNC was purposive with an attempt to have a spread of organizations across the key industries in Ghana and also on organizations that had operational head offices within Accra (the national capital of Ghana). The focus on organizations that had an operational presence in Accra was for convenience and easy accessibility for the respondent. It is worthy of note that over 80% of MNCs listed on the GIPC database has an operational presence in Accra. Data for this study was deliberately collected between March and June. Most organizations completed their budgeting process by January and hence the research period was useful because respondents had 'fresh experience' from the just-completed budgeting cycle.

The research approach began with an introductory letter to the organizations requesting to interview qualified persons for the purpose of academic work. My letters were personally submitted at the published offices of the organizations of interest and concurrently scanned and sent via email to an identified email address on the organizations' website. My letter requested a meeting to discuss my research, answer all questions of

concern, provide needed clarity and offer professional and ethical assurances to the organizations. The letter was in most cases addressed to the Public Relations Director/Manager and in a few cases to the CEO/General Manager. Letters were dispatched to 15 organizations and follow up calls and visits were made for a response. Eleven organizations responded, via a phone call agreeing to a meeting. One organization responded via email agreeing to a meeting. Three organizations did not respond.

At the meeting, I explained the qualifying criteria for respondents and went through an interactive process with the organization's representative to identified respondents who met the criteria. Respondents were required to have experience with the budget preparation process of their organization and be of Ghanaian heritage. The focus on persons with Ghanaian heritage was to espouse the moderation effects of Ghanaian national culture on the respondent's actions and perspective. In ten of the organizations, which eventually became the research sample, I was given the opportunity to interact with mutually identified persons, without the presence of the organization's representative, to reassess their suitability and to convince them to voluntarily participate. The organizations representative only introduces me to these respondents and confirmed the fact that the organization agreed in principle with the objective of my research and will not restrict employees who voluntarily chose to participate.

The organizations representative was not present in any engagement between the researcher and the potential respondents, after the initial introduction. One organization did not agree to the interview after the face to face meeting, arguing that it did not have suitable persons of Ghanaian heritage. Another organization requested to see a summary of the interview responses albeit without specifically identifying or naming the respondents. They argued that they needed such insights to improve their operational efficiency. I disagreed and hence we mutually agreed not to proceed with the research further. Of the ten organizations that provided the twenty respondents used in this study, six organizations requested that I sign some form of confidentiality and non-circumvention agreement, the basic tenets of which included that, the final work should not expressly identify the organization and the data collected should be used for the intended purpose only and not disclosed to competitors, regulators, the media. Respondents were managers such as departmental heads and sectional unit heads, from diverse backgrounds including marketing, public relations, strategy, human resources, and accounting. It also included three CEOs albeit of varied references within the organization (i.e. CEO or General Manager). The interviews were semi-structured and lasted about an hour per respondent. The focus of the

semi-structured questions was to understand respondent's perception of popular and routinized budgeting practices within their organizations as well as their understanding of why such practices persist.

I also requested for some documents from the organizations, to which seven organization's obliged albeit at varying degrees of fulfillment. I requested copies of budget manuals, annual operating plans, and periodic budgets to actual performance analysis, performance contracts and strategic plans. Table 1 describes the respondents.

Table 1: Description of Respondents

Ref.	Age	Gender	Position	Experience	Industry
1R	35-50	M	CFO	>3 years	ICT-Telecoms
2R	35-50	F	Strategy Director	>3 years	ICT-Telecoms
3R	35-50	M	CEO	>3 years	Energy-Oil and Gas
4R	35-50	M	Finance Director	>3 years	Energy-Oil and Gas
5R	35-50	F	Marketing Director	>3 years	ICT-Telecoms
6R	25-34	F	Financial Controller	>3 years	ICT-Telecoms
7R	35-50	F	Human Resource Director	>3 years	Manufacturing-FMCG
8R	25-34	M	Financial Planning and Analysis Manager	>3 years	Manufacturing-FMCG
9R	35-50	M	Finance Manager	>3 years	Manufacturing-FMCG
10R	35-50	F	Commercial Manager	>3 years	Manufacturing-FMCG
11R	25-34	M	Management Accountant	>3 years	Extractive-Mining
12R	25-34	M	Financial Accountant	>3 years	Extractive-Mining
13R	35-50	M	General Manager	>3 years	Extractive-Wood
14R	35-50	F	Finance Manager	>3 years	Extractive-Wood
15R	35-50	F	Corporate Affairs Director	>3 years	Manufacturing-Other
16R	25-34	M	Business Analyst	>3 years	Manufacturing-Other
17R	35-50	M	General Manager	>3 years	Service-Hospitality
18R	35-50	M	Finance Manager	>3 years	Service-Hospitality
19R	35-50	M	CEO	>3 years	Service-Banking
20R	35-50	F	Finance Director	>3 years	Service-Banking

Face-to-face interviews were preferred over phone interviews because face-to-face interviews allowed for a naturalistic setting (Heppner, Kivlighan and Wampold, 1999) and

deeper insights into perceptual issues. Hill et al. (2005) recommend developing interview protocols that consist of between 8 – 10 questions to fit within one hour. They also recommend at least two pilot interviews to test the questions. The interview protocols in this study consisted of ten questions, and two pilot interviews were conducted. Interviews varied in length but were approximately one hour per interview. The interviews were voluntary, and participants were made aware that they could refuse to participate or truncate the interview at any time. Participants were also assured of anonymity, were not required to provide any unique identifying personal information such as staff numbers or names and all interviews took place outside the organizations' premises.

All interviews begun with participants signing a consent form and interviews were audio-taped. After the interview, participants were asked if they wanted to hear a playback of the recordings as well as if they wanted to edit their responses, change their answers or withdraw their consent for use of their interview responses. No respondent withdrew consent or edited responses after the interview. Data collected from interviews were initially transcribed, coded and fitted into salient themes. The transcripts revealed themes and patterns that emerged from the data and form the basis for the subsequent analysis.

FINDINGS AND ANALYSIS

Budgeting process

This was an effort to understand the iterative steps for budget preparation vis-a-vis the documented and approved company guidelines and steps. All respondents indicated that their organization had budget preparation manuals that document the iterative steps, outline, content, outlook, and timelines for preparation of the budget, approval levels and the manner of use of the budget for planning, monitoring, evaluations, performance reviews, and other controls. All respondents indicated that it was an organizational policy to include key budget matrixes in their annual performance 'contracts'. Respondents (n=20) indicated that such KPIs are quantitative. KPIs included in performance contracts (extracted from budgets) varied depending on their level within the organizational structure. Senior level personnel had general KPIs, which were based on 'whole company' parameters, function, and departmental specific KPIs and person-specific KPIs. The budget manual (n=12) for six organization's required the formation of a budget committee, to coordinate the preparation and compliance with the budget but this was non-existent in practice. Whereas

respondents within ICT-Telecoms and Manufacturing-FMCG (n=8) indicated that their budget process was supposed to start, per the budget manual, at the beginning of the third quarter (i.e. in June of each year) to be completed by October of the same year, all other respondents indicated that their budgeting process was supposed to start in the last quarter (i.e. October) to be completed in December. All respondents also indicated that the collation of data for the budget, per the manual, was supposed to be bottom-up.

All respondents indicated that the documented budget process was at variance with the actual process executed. Key activities within the manuals (such as budget committees) were ignored and there were also variances in timelines for key initiatives within the budgetary process as well as approach. As an example, none of the ICT-Telecoms and/or Manufacturing-FMCG organizations started their budgeting process in June as required by the manual and almost all organizations (n=16) completed the budget cycle close to the end of January. Respondent 9R revealed for instance that the kick-off meeting that was required to understand and learn from the prior budgetary process scarcely happened whilst respondent 3R suggested that the formal process of a bottom-up approach will be disastrous and lead to unwarranted delays if obliged to. Six respondents suggested a top-down approach in the budget cycle, whereas twelve respondents suggested a mixed approach. Two respondents confirmed the adherence to a bottom-up approach whilst expressing frustration that it causes delays.

The reasons offered for such variations from documented policy varied and were significantly different between male and female respondents. Female respondents (n=5) largely blamed it on lack of organizational commitment and expressed concern that such deviations have an adverse bearing on the quality of output even though they admitted to either overtly or subtly contributing to the lapses. Respondent 2R stated that *“increasingly it is becoming apparent that our budgets are not living documents [because] living things learn from their past experiences [so] if there is no attempt to kick start the [budget] cycle with prior learnings, how do you improve its usefulness?”*

Male respondents (n = 9) rationalized the deviations and seem to suggest that the deviations were necessary measures that allowed for a timely and improved process. Respondent 11R for instance, in explaining the non-adherence to the recommended bottom-up approach stated that *“the mixed approach works better because no junior staff wants to make a commitment that will bind his other colleagues and directors. It is better if management sets the*

broad revenue and profit target [that way] junior staff feel comfortable because they know they have to comply to give managers what [the budget] they want”.

Respondent 20R stated that *“we always struggle to meet [budget completion] timelines [so] for me a quality budget [must be] fairly precise and completed on time [because whatever you do] your actual performance will never be equal to the budget targets. [Therefore] I prefer to make [my boss] happy by being timely than accurate. That’s why we do a variance analysis every month. [I prefer to] timeliness to precision [so] finish the budget on time, and deal with other issues later”.*

I was curious to know if respondents had expressed their misgivings about their challenges with the standardized budget manual. The responses displayed an inherent cultural perspective of the essence of communication and responsibilities for identifying and solving problems. While some respondents (n=10) indicated that they had communicated, others (n=6) suggested they had not and do not intend to do so, primarily because that was not their responsibility; *“I did not prepare the manual, my job is to collate the information I get [so] I won’t take over other people’s jobs”* and others (n=4) indicated that they will not bother to communicate, because it should be obvious to the preparers of the manual that standard operating practice required involvement of local professionals in decisions that affect them; *“if they [HQ] were concerned about getting it right, they will have involved us. You [HQ] are directing us to use a bottom-up approach [meanwhile] your budget manual was a top-down approach. That should tell you [HQ] that bottom up is only practical on paper”.*

Interestingly, however, of the ten that suggested that they had communicated, none had made a formal submission, via say the memo, email or direct conversation with HQ or even their superiors. Rather they indicated that their non-verbal gestures, of say ignoring or subverting the manual, should be an indication to the managers of their discomfort with the manual in its current state. Respondent 16R stated that *“what else can I do? Every year we are unable to complete the budget in time, even after I have cut short the process. If you are a good boss, you should know there is a problem’ [So] ask me, then I can advise on how we can improve it [the manual]”.* Respondent 8R stated that *‘I don’t want to lose my job, by challenging my boss. He [my boss] is part of the team that put the manual together and he is proud of his involvement. He [my boss] could have involved me but he didn’t [so] what can I say. If I send a formal email, it will look like I want to embarrass him that he doesn’t know anything [meaning he is not good at his job].* Respondent 14R also stated that *‘there are several ways to kill a cat [meaning there are many approaches to deal with an issue]. If I complain to you [her boss] that I am worried about the quality of information that I get from other departments, or if every month we are struggling to explain the variance, then there is a problem. How can you [her boss] not realize we need to sit and talk [meaning discuss]”.* Respondent 9R stated that *“the*

best way to avoid confrontation is to do it [prepare the budget] the way I know how to do best. If they [bosses] don't like my approach, they [bosses] should call me for a discussion and I will explain my reasons".

Formality is perceived as impersonal and at odds with collective effort and bridge-building hence generally Ghanaians are more receptive to an informal approach that is bed-rocked on social trust. This suggests that a form of a personal relationship must exist among working colleagues. Therefore, budget manuals that are detailed, descriptive and iterative can be burdensome, and instead, an interactive process works better. In ordinary Ghanaian parlance, this apprehension with formality is captured in the phrase 'Ghanaians don't read'. The acceptance of logical contradictions makes Ghanaians believe that there is always a way around hard rules and their consequence, particularly so when the non-verbal aspects of communication are prioritized over the verbal 'hard written rules, procedures and policies'. Another cultural trait that was exhibited with regards to adherence to the budgeting process was the conviction that receivers and users of budget information, including superiors, had to be perspective takers to gauge non-verbal gestures and initiate action to remedy anomalies. This is summed up in the words of respondent 14R, captured earlier that "*How can you [her boss] not realize we need to sit and talk [meaning discuss]*".

The usefulness of a budget

Seven respondents (n=7, F=6) confirmed that the budget had organizational wide benefits (that's is management planning, performance monitoring, and other control activities), while other respondents (n=9, M7, F2) outline that personal benefits (bonus and remuneration determination; departmental and other resource allocation, and professional relevance of engaging with top management during the process) outweighed organizational wide benefits and the remaining respondents (n=4, M=4) suggested that on the balance of proportions budgets had adverse personal and organizational wide effects. Most female respondents (n=6) believed that on the balance of proportions budgets had wider organizational wide benefits, and the remaining female respondents (n=2) outlined personal benefits.

In substance, a sizeable number of respondents (n=13) attributed personal benefits as overarching (n=9) or adverse benefit (n=4) to budgets. For instance, respondent 15R stated that "*the budget helps me plan my personal finances because I can estimate how much bonus I will get at the end of the year to complete my building project. We always meet our performance target except on one occasion, but even then, we got our full bonuses*". Another respondent 12R stated that '*the purpose*

of the budget is to guarantee us a bonus because once we target a [financial] number, we will achieve it by hook or crook [meaning by fair or foul means]. Once it is in the budget it is guaranteed?'. I engaged respondent 12R further to understand why he does not consider the budget as aspirational and his response was apt "why must management write it down in a document and communicate to us, raising our hopes, if management does not believe it can meet it. The budget is prepared by management, so they have a responsibility to deliver it. No one forced them to commit to these numbers. We do our part; the rest is up to them".

This explains the Ghanaian perception of written communication as an attempt to force or insist on compliance. Juxtaposing this against the widely held belief that a person cannot be in control of everything (hence the cultural behavior to begin sentences with 'God willing'), Ghanaians preference for informality can be contextually understood. Even where formality is forced, deliberate attempts are made at 'subverting formality with errors, omissions, misstatements, etc. As an instance, one respondent alluded to the fact that in reviewing the annual performance targets of his subordinates he deliberately ensured that, targets included therein were different and often lower than the budget and when not revised based on the monthly or quarterly rolling estimates.

Discussing the use of budgets also revealed attempts at reconciling logical contradictions with a middle ground of deference to the superior knowledge of their superiors. This is culturally inherent in Ghanaian nonlinear reasoning. Of the 13 respondents who believed that personal benefits and adverse benefits outweigh organizational wide benefits for budgets, this contrast was revealing. Respondent 8R concluded his analysis by saying *"it [preparing budgets] gives me professional relevance [because] I show management that I am competent [also] my colleagues want my job [meaning wish for the opportunity] because I sit in meetings with the directors. [But] the budget [after being prepared] is not used in running the company, it is not referred to [but] since HQ continuous to request for the budget every year, [perhaps] I am missing something".* Another respondent 16R stated that *"the way it is done now [meaning the budget in its current form] is a waste of time and resources; too many numbers [it is too quantitative] and does not discuss strategy. [If I was in charge], I will change a lot of things.....maybe because I am not high up there [the corporate ladder] I don't have the full information. I am sure there is a reason that I don't know".* Respondent 4R in rationalizing his contention with the relevance of the budget, in its current form, vis-à-vis top management insistence on its preparation stated that *"so let's say it is good and bad depending on who is looking at it. The CEO and I are different people so we can have different opinions. It is not a problem for me".*

Due to the heavy personal considerations of the relevance of a budget, slack was heavy in the process because of the critical role of budgets in performance evaluation and other monetary benefits. Agency theory suggests that budgetary slack causes organizational resources to be misallocated, resulting in a sub-optimal return on investment (Douglas and Wier 2005). Nevertheless, Lukka (1988) argues that budgetary slack and other biases are a ‘complex and many-sided phenomenon ... [resulting from the interplay] of many factors (p. 298). All respondents indicated that they believed that submitted inputs that were collated into the budget included slack. Nine respondents acknowledged personally including slack in the budget. In response to a question about the ethical perspective of slacks, no respondent overtly expressed discomfort with slack creation. Rather, there was an attempt at reconciling logical contradictions with a middle way (n=4) with fourteen respondents (n=14) overtly justifying the process, with rationalization and showing cognitive dissonance with their personal involvement.

In attempting to reconciling logical contradictions about ethical issues, respondents, while evidently conflated by various cultural values, apply contextual reasoning and prioritized, in-group societal good, personal reputation within in-group and loyalty. Even of more interest is the fact that the conceptualization of society seems to be narrowed down to in-groups almost entirely excluding organizations. Impliedly respondents (n=18) displayed dissonance in justifying their perceptions and actions regarding slack, by suggesting that an ‘unethical’ action within an organization is justifiable if it leads to ‘societal’ good and enhances ‘in-group’ reputation. Respondent 13R perhaps sums it all in his words *“the organization will not collapse because of this small amount. My bonus helps a lot more people close to me compared to what it can do for the company. Too many family members depend on my income. I am not saying it [slack] is a good thing, neither am I saying it [slack] is bad. I am saying it depends on what you do with the money. In my case, I think it is good because these shareholders I don’t even know them, [but] my family will be there for me when I need them.* Another respondent (18R) stated that, *‘I have done nothing wrong. I take instructions and if I get a bonus because I respect my head of department, I am happy. We all have personal responsibilities that should affect how we act. The company is not a church, so I am not cheating God, they [MNCs] also do wrong [meaning unethical] things’.*

An additional perspective is that budget slack was not part of a gaming process in the real sense of the word but rather underpinned by the cultural notion that the onus for discovering ‘faults’ within the budget was on the receiver rather than the preparer of the report. Culturally, intelligent persons are required to be perspective-takers because the

ability to anticipate the action of others is considered a measure of intelligence. Respondent 11R, for instance, suggested that discovering and preventing budget slack was “*not part of my job, I merely coordinate [the budget collation], but I give many queues, indirectly to my boss that something is wrong [but] nothing happens [how] can I challenge the marketing director, my boss has to perform that role*”. I asked to know some of the ‘indirect queues’ and the response was ‘*sometimes I delay in including the submitted inputs into the report, or input into wrongly so that it will draw his attention, [other times], I bow my head when there is a budget meeting and the person [in this case the marketing director] is making a submission*’.

All three chief executive respondents (3R, 13R and 19R) admitted to knowing the budget contained slack but rationalized its relevance in a high uncertainty environment and positive perceptual benefits. Respondent 3R stated for instance that “*it acts as a contingency fund of some sort because you can never tell what will happen*”. Mostly, however, CEOs allowed the opportunity for slack to persist because they believed that budgets are estimations and do not affect actual cash flow. Respondent 13R argued that “*I am not too worried because mostly KPIs are efficiency-based ratios, so if expenses and CAPEX are high, we need to find a way to increase revenue to maintain our ratios, moreover, planning for it and actually spend it are not the same. They [budget holders] still need approval from me to spend and I [the CEO] get the opportunity to keep expenditure below budgeted amounts*”. Respondent 19R indicated that “*I am only worried about what affects cash flow, not budgets because they [mere] are estimations*”. Again, these arguments by Ghanaian CEOs show a disregard for formal budgets as a means of complete communication.

Collation of data and budget preparation

Data collection methods were usually informal (n=13) rather than through formal channels (n=7). Information from other departments was sometimes provided by word of mouth, consciously, it will seem, to avoid formal channels. For instance, respondent 5R explains his preference for informal communication channels in the words, “*[to] avoid[ing] personal commitment*”. Respondent 7R expresses similar sentiments, saying that, “*don’t set me up by holding me to information that I am only providing to help my colleagues in the finance department*”. Justifications for estimations were sometimes based on guts and personal conviction with credibility provided by concurrent approval of superiors (n=11), highlighting the respect for authority. For instance, respondent 10R concluded his explanation in the words “*if my boss agrees the finance department will accept it without questions*”. Respondent 14R admitted to the trend of application of non-conventional estimation methods, rationalizing his actions by suggesting that the relatively high level of environmental uncertainty creates the need to

adopt and use varied information sources and methods. However respondent 5R was more direct with his attempt at rationalization suggesting that the top-down approach of key indicators makes the case for and ease of retrospective sense-making plausible. In his words, *“applying a rational and analytical approach to [preparing] the budget will not be feasible because of the top-down approach. Top management basically tells us what they expect, and our job is to produce a document that adds up to top management expectation. The only way to do this is to make up some of the stuff, some but not all. Therefore, if we make assumptions that are wrong, it’s their job to alert us because we are not privy to what they have said to shareholders”*.

Accuracy or close to accuracy was not a requirement for budgets (n=16) with respondent 20R, clearly stating that his definition of a quality budget benchmarked against timely delivery than a precise report. Due to all these, the qualitative and strategic sections of the budget were often very scanty with relative more pages devoted to quantitative information. Improving the focus on the qualitative aspects of the budget will expose faulty reasoning, inconsistent logic and poor applications of widely accepted strategic models. Also, all the budgets reviewed by the researcher (n=7) clearly listed macro-economic indicators with widely dispersed forecast across organizations for various economic indicators but rarely applied in actual analysis and thinking (n=5). Inflation estimates and exchange rates forecast varied too widely across organizations for similar periods and more worrying, there was little indication of an appropriate application of such estimates in the estimation of operational expenses, and cost of materials. Little wonder that the completed budget was rarely referred to for operational guidance and strategy (n=14). Respondent 2R stated that *“all the fanciful strategies we write in the budget we forget them. Nobody refers to the budget until it is time to report to HQ”*. In response to a question as to why the macro-economic estimates did not flow through the budget, respondent 15R answered that *“must it? I don’t know why ask the finance people [finance department]”*.

The non-prioritization of precision characterizes most aspects of Ghanaian culture and socio-politics. This can be explained culturally by the linguistic intricacies of Ghanaian language which is characterized by subtlety and lack of explicitness as well as the general understanding of the concept of time and other dimensions. Ghana is a high context culture (Hall, 1976) and hence words and figures, such as within budget reports, carry only a portion of the message. Due to the need to avoid confrontation and embarrassing others, in many cases, the most important portion of communication is non-verbal and indirect. In substance, Ghanaians thrive better in informality than a formality and do not place heavy

reliance on formal, written communication. The lack of precision also helps to avoid personal responsibility, introducing an 'abstractness' that affects formality. In essence 'dimensions' (such as a report) only provides a reference point and hence simultaneous activities and disruptions are common.

Also, the preparation of the budget is seen predominantly as a finance function, perhaps providing a partial explanation for the heavy quantitative inputs. For instance, respondent 15R suggested that "*ask the finance people [Finance department]*" whereas respondent 7R stated that "*I am only providing [information] to help my colleagues in the finance department*". Another respondent (10R) Respondent 10R concluded his explanation in the words "*if my boss agrees the finance department will accept it without questions*". The activities leading to the collation and generation of the budget are heavily centralized with line managers having limited influence on decisions about budget assumptions, other budget inputs, and reaction to variance reports. Where the organization had branches, budgets were prepared almost entirely at the head office. Respondent 7R summarized the centralized nature of the budget with the statement "*I don't have a full view [of the budget] and it does not bother me*".

Post-budget preparation

Most respondents (n=16) were of the view that budgets were not effectively applied to guide internal operational and strategic decisions. For the avoidance of doubt, whereas some respondents (n=4) suggested that budget reports gathered dust and were not referred to in day-to-day organizational activities, the general consensus among the respondents (n=12), and backed by the documentary evidence available to the researcher was that, the use of budgets was almost robotic, and merely focused on the analysis of variances. Even in the application of budgets to regular variance analysis, there was very little evidence of new decisions and new courses of action influenced by variances. In performing variance analysis, there was a process of rationalization, explaining and in most cases justifying performance gaps rather than a genuine process of identifying root causes of problems. It was curious to notice from the various business performance reports a fairly high tolerance for significant variations between actual and budgeted performance. Respondent 7R, for instance, stated that "*we will always get a bonus*" while Respondent 15R stated that "*management will always find a way*". This perhaps is founded on the culture of nonlinear thinking and acceptance of logical contradictions.

Even more interesting was the process and actions used in revising budget into a 'rolling forecast'. Five organizations (n=10) indicated that they applied a rolling forecast in

their business performance management. Interestingly, for all these organizations, the rolling forecast merely involved updating the budgets with actual performance numbers (quantitative) for prior months and did not involve a process of rechecking assumptions, qualitative and competitor information and the consequences on the budget thereof. All respondents (n=20) indicated that their performance contracts included KPIs from the budget but none of the respondents indicated that performance KPIs were varied based on rolling estimates.

IMPLICATIONS

Critically, the desire for informality and interaction leads to conscious subverting of formal and iterative processes as outlined in the budget manual. Rather than overtly expressing their displeasure with a laid down process, the respect for authority and the aspiration for harmony leads to respondents adopting non-verbal gestures and hoping that their superiors can appreciate that they have a concern. This is underpinned by the culture that values non-verbal communication relative to verbal communication. The polychronic approach to time and dimensions as well as the subtlety and abstract nature of language reduces the volume of qualitative information in favor of quantitative with the budget predominantly seen as a finance function. Various national cultural attributes also affect the quality of the budget. Culturally, receivers of information bear the obligation to form a perspective on the quality of information and hence most respondents did not feel obligated to ensure quality.

The budget was seen only as a frame of reference and not a tool for internal decision making and hence precision was not considered paramount and budgets were characterized by a high level of slack. Little wonder the relatively low application of budgets to day to day operational and strategic decisions. CEOs provided the apt confirmation of the value of the budget as a frame of reference, rather than a decision-making tool, by refusing to take actions against slack because the budget remains an aspiration and does not have cash flow consequences. In expressing their perspective about the ethical implications of budget slack, respondents displayed dissonance, rationalized reduced personal commitment to take responsibility and attempted to reconcile logical contradictions. These reactions have a basis in the national culture of Ghana.

Dissonance is inherent in Ghanaian culture because there is no need for a consistent 'self'. The perceptual evaluation of self is based on concrete experiences rather

than an abstract, acontextual framework. This opportunity for an adaptable, fluid and changeable concept of self, allows reconciliation of 'anti-social' corporate actions with the overarching reverence for spirituality with the image of an Ominous God as a punishing force. This approach to social action makes the self-interdependent on relations with others and/or a group. Respondents assumed different 'selves' in different social contexts such that certain aspects of self are activated based on the estimation of the central identity required in a given context as long as they were guided by the need to promote social good, personal reputation within in-groups and loyalty. Particularly, respondents in expressing their different 'selves' disaggregated their social groups creating a closer niche of 'in-group' predominantly comprising family, friends and other relations. Organizations were not considered 'human' enough to be part of the 'in-groups' and hence organizational considerations were sacrificed when in conflict with 'in-groups'. That is to say, the ethical consideration of slack was generally positive because respondents were of the view that the monetary gain was useful to their 'in-group'. In the same vein, the polychromic culture that encourages informality and abstractness in verbal communication, reduced personal commitments, particularly because users of the budget bear more responsibility to evaluate the quality of information and almost invariably must consider non-verbal vibes within this context.

Considerations of the personal benefits of the budget and budgeting process in its current form outweighed the perception of organizational benefits. While analyzing the relevance of budgets in their current form, respondents espoused dissonance, by rationalizing conflicts in cultural values and beliefs through reconciling logical contradictions with a middle way. As explained earlier, this is due to the aspiration for peace and harmony. The middle way was a deference to the superior perspective and view of management. This links appropriately with the generally high level of social trust by Ghanaians in their superiors and leaders as well as the cultural expectation of loyalty to such persons.

The application of the budget to business operations is limited, mundane, rudimentary and almost robotic. In most cases, there is no logical consistency in the application and inclusion of key targets emanating from the budget to employee performance contract and there is no evidence that included KPIs had an actual and visible bearing on performance rewards. Despite the 'budget related' performance contract, employees felt entitled to their performance related monetary rewards and in most cases their expectations crystalized. This is driven in part by the introduction of slack into the

budgetary process that ensured, almost invariably, that budget KPIs were not challenging enough. It is also driven by evidence that irrespective of actual performance, management always find a reason to meet performance related monetary rewards even if partially. In substance, performance related monetary rewards are not always driven by successful achievement and accomplishment of KPIs. An output of the application of the budget was a variance report.

These reports are basic, focused on quantitative evaluations, and had a high tolerance for vast variances. Curiously, explaining variances, usually resulted in rationalization and attempts to justify performance gaps rather than a genuine attempt to identify root causes of problems. Even more worrying is the lack of consistent evidence of new decisions and new courses of action influenced by comparing budgets to actual performance. Rolling estimates, where they were applied, were poorly done, involving a mere update of expired months with the actual performance information. In doing rolling estimates, qualitative, macro-economic, strategic and competitor information was not reviewed, and the entire budget was not reanalyzed. This evidence has a basis from the polychronic national culture that prefers abstractness over precisions and considers formal verbal communication as only providing a frame of reference.

Finally, even where budget manuals suggested a bottom-up approach to the budgeting process, the actual approach is predominantly mixed. A bottom-up approach places enormous responsibility on bottom staff who will rather prefer top management to set clear and hard directions. In practice, therefore, top management sets the broad financial targets and lower level staff feel obligated and willing to 'provide' the base information to confirm top management aspiration.

Regarding a broader context re the contribution of this study, the conclusions are relevant to MNCs in their desire to inculcate standardized operational processes across their subsidiaries. The evidence from this study suggests that the quality of the business performance management process using budgets is moderated by cultural values and beliefs. The evidence also suggests that there may be variations between general national culture and organizational relevant national culture especially in nations where the definition and exposition of 'self' can be fluid. As an example, whereas the general national cultural attribute of Ghanaians is universalist, especially regarding ethical perspective, this study suggests a 'relativist' ethical view within organizations where dissonance allows a distinction between social good to 'in-groups' from social good to 'non-human' organizations.

Combined with evidence from other studies that cultural attributes can evolve over time, MNCs may need to devote more effort to understanding the relevant values, beliefs, and attributes of their personnel.

The transferring of budget processes and practices unabridged across national cultures must be done with caution, with a deeper understanding of the specificity of culture and mentality among participants in that culture, and not in the least relevant social issues. Also, the anticipated benefits of implementing a budgeting approach must be reviewed continuously. Practitioners may find comfort in Awasthi, Chow, and Wu (1998) assertion that the differences in national culture are surmountable obstacles regarding the transferability of control practices. This is because it is conceivable that individuals have self-understanding and hence can become flexible and adaptive to new systems over time. Also, Harrison and McKinnon (1998) propose that cultural “drugging” allows for adaptive behavior even though not immediately. Therefore, MNCs must weigh the risk and benefit of relying on the likely consciousness that allows actors to consider multicultural variables, personal and contextual factors to define their action in the complex interaction of these factors. Impliedly system, process, and practice changes must consider the magnitude of changes in mentality and culture required from the persons involved because a new system faces resistance, either overtly or otherwise, it will fail. Staff training efforts must explore possibilities to affect psychological, perceptual and mental issues and not merely focus on technical issues (Guinea, 2016).

CONCLUSION

This study set out to describe how Ghanaian national culture affects the manner of preparation, relevance, and use of budgets to advance understanding of how national culture affects budgeting in emerging economies. This is an important topic in the current era of global operations, as MNCs seek to know whether control systems that are effective in one national setting will have alternate levels of effectiveness in a different national setting (Chow, Shields, and Wu, 1999). The main conclusion from this study aligns with the earlier suggestion of Guinea (2016) that, the implementation of any budgeting system must be preceded by a comprehensive approach for identifying the mix of cultural footprints and national characteristics of the environment in which that system will operate. The analysis was based on the logical inferences of the researcher based on responses from interviewees and analysis of selected documents. Logical inferences for empirical work have a basis in

scholarly research. There is evidence, from this study, that national culture affects the budgeting process, the perception of the relevance of the budget, the manner of data collation and compilation into the budget as well as the use of the budget for operational decisions.

The process to arrive at findings and emanating conclusions from my study also make significant theoretical contributions. Admittedly whereas as there are varied studies about Ghanaian culture, particularly from an anthropological and historical perspective, the synthesis of this literature in a meaningful way to allow for organizational studies has been non-existent. To the best of my knowledge, this is the first meaningful extraction of the key values and beliefs of Ghanaian national culture that allows for a meaningful analysis of contextual organizational information. Considering the growing contentions with Hofstede's cultural dimensions, it is worthwhile at the very least to explore other variants of cultural studies. In that regard, my extraction of the core values and beliefs based on Schein (1985) and Kluckhohn and Strodtbeck (1961) framework enriches the literature and hopefully provides useful guidance to other researchers.

However, generalizing the results of this study should be with caution and consider the limitations. Firstly, the sample size is relatively small and may not be appropriately representative. To be able to generalize the findings of a qualitative study, a relatively larger sample size is more reliable. Secondly, even though this study evaluates the moderating effects of national culture on budgeting, the process is by logical inference rather than say, asking respondents to consider the cultural drivers and implications of the actions, organizational practices, and views. My argument for using a logical inference approach is that by its very nature cultural values are sublime, unconscious and reflex actions, implying that respondents may not be able to explain the cultural reasons that trigger activities, actions, organizational practices, and views. However logical inferences have their limitations especially of introducing biases of the researcher. In essence, the budget practices described in this study are factual, but the explanation of the cultural reason for their occurrence are my views based on my synthesis of the literature on Ghanaian culture. Being a Ghanaian, myself has been helpful in drawing these logical inferences and I have also discussed my work with two experts in cultural studies.

Lastly, this study was at a point in time, rather than longitudinal, and there was no way to control for exogenous influences and personal biases of the respondents. It is also not straightforward to confirm that views and practices revealed by respondents were bed

rocked entirely on Ghanaian culture. This is because, in all the organizations, there were multiple cultures including western culture. It is probable that influences from colleagues from a western culture may be causing a cultural shift for Ghanaian employees. However, even if this occurred, its effect on the study results is limited. The widespread and consistent nature of responses reduces the probability of chance or other predominant cultural influence, especially if one considers the fact that the respondents were all Ghanaian. Evidence exists from other studies that the underlying values of societies are relatively more enduring and hence any potential shifts from exposure to other cultures will be painstakingly slow.

In summary, understanding where and how national culture affect budgeting systems is important but challenging to achieve. Hopefully, the current study and the limited prior research have made some useful contributions in this area, but much more remains to be investigated. Meaningful advances will require a coordinated strategy that draws on an interdisciplinary approach to theory development, research design, and variable measurement, as well as a depth of inquiry which goes beyond developing and testing generic models and applying widely used dimensions and methods (such as Hofstede). Future research can consider longitudinal study using participant observation, or even grounded approach. Event study methodology can isolate key events and explore their implication on budgeting and participant observation will unravel the evolution of culture within an organizational context. The qualitative approach can be enhanced with a larger sample size, which perhaps compares one or more MNCs cross-culturally. An experimental approach can apply 'dictator games' to understand how employees make their decisions when there is a conflict of cultural values, or cultural beliefs or cultural values with cultural beliefs. Lastly, further studies can attempt a finer delineation of various cultural subsets within Ghana rather than the current basis that attempts a collective cultural attribution.

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