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Culture's Influence on Budget Emphasis: Some Method Issues and Further Evidence

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ABSTRACT

In light of some of the conflicting expectations and results obtained in a number of cross-cultural budget control studies, this study delineates a number of method issues and provides additional evidence of the relevance of national culture in the use of budgets for control purposes. Three method issues were put forward to explain the equivocal results found in the literature: the influence of multiple cultural dimensions; level of analysis and comparisons of means used to test hypotheses. These method issues are partly dealt with in the design of this study via measurement of cultural dimensions, using data from both local and foreign firms and using a budget emphasis instrument that suffers less from the method shortcomings in a cross-cultural comparability context. A hypothesis based on Hofstede's (1967, p. 281) statement 'The game of budget control as I described it is a Western game', is tested by a comparison of the use of budget criteria in performance evaluation between one Anglo-American nation (Australia) and three Asian nations (Singapore, South Korea and Sri Lanka). The results provide support for the statement that the use of budgets is a Western game. In so doing, the paper offers a method explanation for the equivocal results obtained to date and contributes to our understanding of cross-national transferability of budgets as a control device.

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