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Case Report

Impact of National Culture on the Balanced Scorecard Philippine Multinational Company Case

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Abstract

Background: As multinational businesses increase, it is important to harmonize between implementing the balanced scorecard as a tool to properly evaluate performance and set the target and the understanding of local culture. **Materials and Methods:** This study investigates the effect of national culture on the financial and the learning and growth perspective of the balanced scorecard using Philippine multinational company case. To conduct a case study, the researchers did a survey based on Hofstede six dimensions of culture model with 500 employees and received 232 responses. **Results:** The results are that Filipino cultural tendency affects the evaluation process of performances and setting a company's goal in the financial perspectives and training course and career changes in the learning and growth perspectives on the balanced scorecard. **Conclusion:** This proves that national culture became a major element of accomplishing BSC in multinational companies. Also, survey results from a developing country like the Philippines give a new perspective to the accounting research which mostly focus on a North American or European perspective. In the current world's economic condition where globalization is a necessity for business, it is concluded that combination of culture and the balanced scorecard can lead to the success in multinational business.

Key words: Balanced scorecard, case study, Hofstede six dimensions, multinational company, national culture

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INTRODUCTION

With the competitive nature of a business and its environment, it is crucial for the survival of firms to improve the quality of planning, strategizing and decision making. Therefore, having a tool to evaluate and measure the performance of firms is important to obtain the appropriate information to make informed decisions and formulate the right strategies¹.

In the early 1990s, Kaplan and Norton introduced the concept of the Balanced Scorecard (hereafter, BSC) as a performance measurement system with four perspectives: The customer perspective, the internal process perspective, the learning and growth perspective and the financial perspective.

Since the introduction of the BSC by Kaplan and Norton in the early 1990s, a lot of studies have been conducted on its usage, applicability and usefulness in performance measurement and strategy formation²⁻⁴. According to Hoque and James⁵, many organizations in both the private and the public sectors have adopted the concept and implemented it. Most of the studies show that the BSC is effective in translating a strategy into operational terms⁶, thereby making it easier for all levels to identify the actions they must take and the measures that they will be evaluated against.

Kaplan and Norton^{7,8} and Mooraj *et al.*⁹ also show that a BSC company can enhance the top-down communication of strategy, changing the idea of a vague, overarching strategy and breaking it down into everyday actions and duties for all levels of the firm. Although, Mantere and Vaara¹⁰ don't fully convince of the effectiveness of the BSC in enhancing strategy participation, the vast literature shows that the BSC concept is very popular with both academics and practitioners.

However, while much research has been conducted on the BSC, the majority of those studies focus on organizations in the United States and Europe or firms operating in a single country^{4,11}. With the increase in globalization efforts and international business, the perspectives of the BSC may face challenges unique to businesses that have foreign operations. Globalization becomes a major subject in the U.S. academic world due to many factors, from the social science aspect of market and deregulation, to the political science aspect, to cultural theory and local business practices¹².

With these aspects of global business in mind, the BSC's power to align all operations into a single measure of performance and strategy becomes even more important. But the BSC was initially conceived as a remedy for a North American "Culture" problem, namely a fixation on short-term financial outcomes^{7,8,13,14}. The assumptions and expected

outcomes of the BSC are primarily geared towards a North American state of mind and business "Culture".

Since, Laughlin¹⁵ insisted that the BSC is geared to reflect a more North American culture, if the implementing organization has not adopted the cultural dimensions, then the beliefs and the attitudes of the management and employees may not be congruent with on appropriate individual and corporate performance measures. Therefore, the alignment of the measures of performance with the goals and strategies of the company is highly important^{3,16,17}.

That is, globalization and multinational business bring changes of utilizing the best practices prescribed by the BSC. A universal culture for firms that operate across several countries is important for increased efficiency and effectiveness but each country will bring with it a differing culture that may impact the operations of the company. Carmona *et al.*¹⁴ shows the different reactions of North American and Spaniard regarding the incentive regimes emphasizing short-term financial outcomes and non-financial lead indicators and explains that different reactions come from different cultural preference. In particular, the BSC relies on a uniform strategy where all units of operation must align with the corporate strategy and performance measurement. Therefore, the differences in culture may affect the perspectives of the BSC regarding priority and focus.

Regarding national culture, the Hofstede Centre based in Helsinki, Finland conducts the culture compass survey, jointly developed the culture consultancy with Itim International. This survey is an instrument that assesses individual preferences at the level of national cultures. Culture is a group phenomenon and as such, is an indicator of national cultural preferences. The culture is explored through the lens of the six-dimension model based on extensive research done by Professor Geert Hofstede and his research team¹⁸.

This model of national culture consists of 6 dimensions representing the independent state of affairs over another that distinguish countries from each other. Since the respondents answer for their own preferences, the country scores on the model are all relative. It is, therefore, important to note that culture can only be used meaningfully by comparison.

The six dimensions as discussed by Hofstede^{19,20} are comprised of (1) Power distance index (hereafter, PDI), (2) Individualism versus collectivism (hereafter, IDV), (3) Masculinity versus femininity (hereafter, MAS), (4) Uncertainty avoidance index (hereafter, UAI), (5) Long-term orientation versus short-term normative orientation (hereafter, LTO) and (6) Indulgence versus restraint (hereafter, IND).

The PDI expresses the degree to which the less powerful members of a society accept and expect that power is distributed unequally. A higher degree of PDI shows a hierarchical order in which everybody has a place and where there is no need to justify inequalities of power. A lower degree of PDI shows a desire to equalize the power distribution and where inequalities of power must be justified.

For IDV, it contrasts individualism (preference for a loosely-knit social framework in which individuals are expected to take care of themselves and their immediate families) with collectivism (preference for a tightly-knit social framework in society in which individuals display loyalty to their group). The main question for this dimension is whether a culture defines its self-image as 'I' or 'We'.

The third dimension MAS contrasts masculinity (preference for achievement, heroism, assertiveness and material rewards for success, with a more competitive society as a result) with femininity (preference for cooperation, modesty, caring for the weaker members of society and a more consensus-oriented society). This dimension focuses on whether a culture can be seen as 'Tough' or 'Tender'.

The UAI is the fourth dimension and it expresses the degree to which the members of a society feel uncomfortable with uncertainty and ambiguity. A culture with a strong UAI follows more stringent codes of actions and beliefs and is not open to unorthodox behaviors and ideas, while cultures with weak UAI is more open and possess a relaxed attitude where the practice is worth more than the principles.

The fifth dimension LTO compares cultures with long-term orientation (displaying pragmatism and a willingness to encourage thrift and efforts in modern education as a way to prepare for the future) and short-term orientation (those with normative cultures who prefer to maintain time-honored traditions and norms and may not be too keen on societal change).

Finally, the sixth dimension IND shows cultures who favor indulgence (prefer to free gratification of basic and natural human drives related to enjoying life and having fun) versus cultures who favor restraint (prefer to suppress gratification of needs and regulates it using of strict social norms).

For multinational companies, these cultural dimensions have an impact on the way business is done, the way operations are carried out and the expectations of the manpower. Especially, these cultural dimensions could make or break the global business if the company has already introduced BSC to their performance measures and incentive regimes. That is, there could be an interaction between the national culture of a country and the performance and

operating goals of a foreign company conducting business in that country. The dimensions dovetail into specific perspectives of the BSC and may, therefore, affect whether the firm succeeds or fails to achieve its strategy and goals.

Since the BSC as a whole emphasizes long-term success with a collectivist vision, it is possible that national culture may play a role as to whether firm members from different countries would respond differently to the implementation of the BSC and its initiatives¹⁴. For instance, the financial perspective is measured by financial ratios and data and a local firm in a country which displays weak UAI scores may want to increase their financial performance through innovative and unorthodox enterprises to meet or exceed the goals set by the head operations in a different country. But if the company is headquartered in a country with a high UAI score, they may not appreciate the deviation from the tried and tested approach even though the uncertainty can result in a net gain for the company.

MATERIALS AND METHODS

Research design: The purpose of this study is to understand how the firm make the harmony between employee's tendency from national culture and firm's strategy. Therefore, this study focus on the interaction between the balanced scorecard and the six dimensions of culture for a multinational company located in the Philippines.

First of all, this study focuses on two perspectives of BSC, the financial perspective and the learning and growth perspective because these perspectives are directly impacted by the contrast in cultures. The customer perspective is often localized to cater to the local public consumer and therefore the cultural aspects may not have as much sway on them. For the internal process perspective, there is a standard specification and an expected level of quality for a particular product that does not change whether the product is manufactured in the Philippines or in another country. But the financial perspective is often set by managers abroad and may, therefore, have conflicts with the local culture. And the learning and growth perspective is often standardized across all the operations of a company.

Next, the subject firm for this case study is the Philippine representative office of a multinational firm. This company specializes in electricity distribution, automation management and the production of installation components for energy management. The global firm's headquarters is located in France, but the Philippine office also conducts business with other regions of the world. The company will be referred to as S Electronic Philippines (hereafter, SEP). The SEP started in

April 1995 as a representative office. The firm has one main office in Manila, two branch offices, Cebu and Davao and one warehouse in the Cavite Economic Zone (CEZ). The firm is present in five key markets-energy and infrastructure, buildings, residential, data centers and industry.

The company was selected for this study for several reasons: First, SEP is a multinational firm. The head office is located in France and the Philippine office conduct business with different countries. Thus, the impact of cultural differences may be readily seen. Second, the management of SEP is a mix of local management policies (tailored for the Philippine offices) and global management policies (applied to all representative offices of the head company). This allows the study to highlight differences in management and strategy styles and expectation between the local workforce and the head office. Third, SEP has recently introduced and implemented the BSC to the local firm. The company implemented a new program that focuses on priorities for significant improvement, which aligns with the four perspectives of the BSC. This allows us to see the impact of national culture on the BSC perspectives and how its introduction and implementation will be impacted by national culture. Lastly, SEP is a multi-industry firm, making the results of this study applicable to several industry sectors.

Expectations: Harrison and McKinnon²¹ characterized the study of the implications that national culture has on strategy and performance measurement as exploratory. Also, Carmona *et al.*¹⁴ shows that the judgments of cultures that favor short-term financial performance and prefer an individualistic approach to performance measurement (e.g., North America) will contrast with those of cultures that are considered to be reflective of a long-term preference that practices collectivism.

The researchers collect information on the SEP company before the full-scale survey. Table 1 shows the Hofstede model scores for each country in which, head office and local offices are located. The Philippines scored as a hierarchical society that practices collectivism, has a preference for masculinity and a low preference for uncertainty, holds to traditions and focuses on achieving quick results as a normative society and as a culture practices restraint. On the contrary, French people have the different preference, such as higher power of individualism, lower preference to gender role characteristics, confronting uncertainty and making a long-term plan. From these scores, the authors can develop the following expectations regarding the financial perspective and the learning and growth perspective as they relate to Filipino culture.

Table 1: Scores of Hofstede's six-dimension model⁷

| Hofstede's index divisions | PDI* | IDV** | MAS*** | UAI [#] | LTO ^{##} | IND ^{###} |
|----------------------------|------|-------|--------|------------------|-------------------|--------------------|
| Head office France | 68 | 71 | 43 | 86 | 63 | 48 |
| Local offices Philippines | 94 | 32 | 64 | 44 | 27 | 42 |

*PDI means power distance, **IDV means individualism versus collectivism, ***MAS means masculinity versus femininity, [#]UAI means uncertainty avoidance, ^{##}LTO means long-term versus short-term orientation, ^{###}IND means indulgence versus restraint, source: ITMI¹⁸

Expectation 1: Filipinos do not feel the need to participate in the process of setting financial budgets, targets and goals unless it is their job to do so. The high PDI score of 94 suggests that the Filipino worker is entrenched in a highly hierarchical society, meaning they expect to be told what to do rather than expect to be consulted²⁰. On the contrary, the lower PDI score of France (the head office of the case company) signifies that the upper management does not feel the need to consult with lower levels in the setting of financial measures. But since the employees in the case company routinely study with operations from other areas of the world, there could be conflicts in expectations when it comes to setting financial goals.

Expectation 2: Filipinos are open to being evaluated as part of a unit or a group instead of as individual employees. The low IDV score indicates a more collective mindset that stresses collective goals and belonging rather than individual success²⁰. However, the high IDV score of France indicates that the overall management prefers assessing employees on an individual basis.

Expectation 3: Filipinos are comfortable with ambiguity in the process of setting and evaluating the financial measures. They do not feel the need to be in possession of all the information before meetings and negotiations. The low UAI score shows that they do not have a pressing need for clarity and structure and may even have a resistance to rules both written and unwritten²⁰. In comparison, the French scores high on UAI, implying the dislike for surprises and showing the need for structure and planning.

Expectation 4: Filipinos prefer long-run projects and long-term financial goals for the company rather than short-term goals. This is also related to the IDV score of the Philippines. As France has an opposite score, it is expected that they have a preference for short-term, financially superior projects and goals.

Expectation 5: Filipinos prefer meeting unit goals rather than individual goals. This is also related to the low IDV score of the Philippines. Which, may lead to a conflict with the head

operations, as the country as a whole may be seen as performing up to expectations but there will be variations between individual performances.

Expectation 6: Regarding learning, training and growth, Filipinos exhibit a preference for a classroom-type, teacher-driven training rather than an interactive, self-driven learning mechanism. This is related to their high PDI (expected to be told what to do), weak UAI (looking to the teacher to have all the answers) and low LTO (preference for traditional and normative approaches over pragmatic ones even at the cost of efficiency). Since, France exhibits directly opposite score, I expect that there will be conflicts and inefficiencies in the implementation of the training and growth initiatives.

Expectation 7: Filipinos prefer to be awarded promotions and salary adjustments based on individual performance rather than group performance. Despite the low IDV score of the Philippines which indicates collectivism, the Philippines also scores high on MAS. This indicates that intra-group competitiveness and ambition is also strong in the national culture. Evaluation of performance as a group is deemed preferable because the credit for a good performance can be shared by the group and does not directly lead to individual gain. But promotions and salary increases are seen as 'Awards' for individuals (i.e., promotions cannot be split and divided amongst the members of the group) and so the MAS score overrides the collectivism in this case.

Expectation 8: Filipinos will prefer to leave a company rather than stay in jobs that they dislike. This is borne out by the weak UAI score and is in direct opposition to the strong UAI of France, who may not understand why the employee turnover in the local operations is higher than expected.

RESULTS

Perspective of BSC and national culture: This section presents the results of the survey and discusses the findings of this study. A survey was disseminated to respondents in the CEZ and Cavite operations of SEP. The company's business units that have functions related to foreign operations and are highly impacted by national culture are composed of around 500 employees. Therefore, 500 survey questionnaires were distributed to the employees who met the selection criteria established for this study. About 232 useable responses were received, for an effective response rate of 46.4%. Table 2 describes respondent's basic information.

Table 2: Respondent's basic information

| Respondent profile | No. of respondents (%) |
|---|------------------------|
| Q1-Position level | |
| Upper management | 2 (1%) |
| Lower management | 12 (5%) |
| Supervisory | 27 (12%) |
| Staff | 192 (82%) |
| Other | 0 (0%) |
| Q2-Department/Division in SEP | |
| Finance | 162 (70%) |
| Sales | 51 (22%) |
| Production | 11 (5%) |
| Research and development | 2 (1%) |
| Human resources | 4 (2%) |
| Other | 2 (1%) |
| Q4-Involved with operations outside of the Philippines | |
| Yes | 213 (92%) |
| No | 19 (8%) |
| Q5-Area that respondent conducts operations in | |
| North America (USA, Canada) | 29 (13%) |
| South America (Brazil, Argentina) | 2 (1%) |
| East Asia (Japan, Korea, China) | 57 (25%) |
| South Asia (India, Sri Lanka) | 23 (10%) |
| South East Asia (ASEAN) | 45 (19%) |
| Australia and New Zealand | 49 (21%) |
| Europe (EU) | 8 (3%) |
| Other | 0 (0%) |
| Only Philippine operations | 19 (8%) |
| Total | 232 (100%) |

The survey respondents were comprised mostly of people in the staff level (82%) and employees in the finance department of SEP (70%). The position level results may simply be indicative of the breakdown of personnel in the company. The department result may indicate that knowledge and interest in the BSC perspectives are larger for those involved in the financial side of the company, as BSC efforts are often considered as a function of the management accounting division. Of all the respondents, only one was a foreigner (Australian) and the rest were Filipinos. About 92% of the respondents were involved with operations outside of the Philippines, the majority of which are involved in the East Asia region comprised of Japan, Korea and China. This international exposure gives us an insight into the impact of culture not simply based on a comparison between the local country (The Philippines) and with the headquarters (France) but also with the various regions of the world that the respondents conduct business with.

Table 3 shows the results of response on the BSC. 211 of the respondents (91%) were aware of the new BSC initiatives that the firm was implementing. This signifies the effort of the firm to clearly communicate their strategy and performance measures to the local workforce. The majority of the respondents also agree that these measures used by the firm in evaluating performance were good, equitable and

Table 3: Result of response on the BSC

| Respondent profile | No. of respondents (%) |
|---|------------------------|
| Q6-Are you aware of the existence of the balanced scorecard measures in your company? | |
| Yes | 211 (91%) |
| No | 21 (9%) |
| Q7-What measures does the firm use to evaluate financial performance?* | |
| Cash flow | 127 (30%) |
| Quarterly sales growth | 56 (13%) |
| Division operating income | 88 (21%) |
| Market share | 38 (9%) |
| Return on equity | 113 (27%) |
| Others | 0 (0%) |
| Q8-What measures does the firm use to evaluate learning and growth of its employees?* | |
| Human capital skills | 71 (14%) |
| Human capital trainings | 24 (5%) |
| Organizational culture | 17 (3%) |
| Leadership | 121 (24%) |
| Alignment with company goals | 109 (21%) |
| Teamwork | 170 (33%) |
| Other | 0 (0%) |
| Q9-The firm uses good measures to evaluate performance? | |
| Strongly agree | 172 (74%) |
| Agree | 56 (24%) |
| Disagree | 3 (1%) |
| Strongly disagree | 1 (0%) |
| I don't know | 0 (0%) |
| Q10-The firm communicates expectations in a clear and achievable manner? | |
| Strongly agree | 138 (59%) |
| Agree | 79 (34%) |
| Disagree | 11 (5%) |
| Strongly disagree | 1 (0%) |
| I don't know | 3 (1%) |
| Q11-What are the goals of the firm's balanced scorecard performance measurement system?* | |
| Evaluate or refine strategy | 75 (19%) |
| Clarify and communicate strategy | 37 (10%) |
| Improve alignment of strategic objectives with actions | 42 (11%) |
| Consider non-financial drivers of performance | 53 (14%) |
| Improve long-term results | 27 (7%) |
| Promote strategic learning | 72 (19%) |
| Provide a basis for an incentive system | 42 (11%) |
| Improve customer focus | 11 (3%) |
| Identify business process reengineering opportunities | 30 (8%) |
| Others | 0 (0%) |
| Q12-How would you rate the success of the balanced scorecard in your firm? | |
| Very successful | 165 (71%) |
| Successful | 42 (18%) |
| Unsuccessful | 17 (7%) |
| Very unsuccessful | 3 (1%) |
| I don't know | 5 (2%) |
| Q13-What are the weaknesses of the balanced scorecard in your firm?* | |
| Too many measures | 148 (59%) |
| Too few measures | 16 (6%) |
| Does not contain the appropriate measures | 43 (17%) |
| There are no limitations/weaknesses | 2 (1%) |
| I don't know | 42 (17%) |
| Others | 0 (0%) |

*indicates that respondents were allowed to give multiple responses

that the firm communicates expectations in a clear and achievable manner. In line with the positive response that the respondents had with the BSC initiatives of the firm,

165 respondents (71%) rated the success of the BSC initiative in SEP to be "Very successful". The most noted weakness of the BSC, however, was that there were too many measures,

indicating a detailed list of performance indicators that were used to evaluate the local workforce and the local performance.

The results of response on national culture are presented in Table 4. It is interesting that 123 of the respondents (53%) disagreed when asked whether the expectations of the firm on a multinational level align with those of the Filipino employees, while 147 of the respondents (63%) agree that. This indicates that even though the multinational directives and strategies as seen through the BSC may agree with the stated values and goals on a firm level, the same values and goals may not necessarily agree with the firm on the employee level. Moreover, half of the respondent experience conflicts

between BSC and national culture, which means that national culture has a perceived impact on the BSC initiatives on a multinational company. The beliefs are confirmed by answers to question 17.

Effect of national culture on the Financial Perspective in BSC: Table 5 shows the interaction between the national culture and the financial perspective, the results of expectations from 1-5. For the expectation 1, the survey results seem to agree with this expectation. About 95% of the respondents indicate that the financial budgets and targets for the local operation are set by upper management and do not require the input of those in the lower levels. It is important to

Table 4: Response to general culture questions

| Q14-The values and goals of the firm on a multinational level align with those of the firm on a national level for the Philippine operations | | | | | | |
|---|----------------|-----------|-----------|-------------------|--------------|------------|
| Answers | Strongly agree | Agree | Disagree | Strongly disagree | I don't know | Total |
| No. of respondents (%) | 43 (19%) | 147 (63%) | 32 (14%) | 5 (2%) | 5 (2%) | 232 (100%) |
| Q15-The expectations of the firm on a multinational level align with those of the Filipino employees of the firm on a national level | | | | | | |
| No. of respondents (%) | 19 (8%) | 86 (37%) | 123 (53%) | 3 (1%) | 1 (0%) | 232 (100%) |
| Q16-There are no conflicts between the implementation of the balanced scorecard and the national culture of the Philippines | | | | | | |
| No. of respondents (%) | 32 (14%) | 87 (38%) | 89 (38%) | 21 (9%) | 3 (1%) | 232 (100%) |
| Q17-National culture plays an important role in the operations of the firm | | | | | | |
| No. of respondents (%) | 183 (79%) | 42 (18%) | 5 (2%) | 0 (0%) | 2 (1%) | 232 (100%) |

Table 5: Response to interactions between national culture and the financial perspective

| Q18-The financial measures used to evaluate the Philippine operation's performance is streamlined and localized to adapt to the national level | | | | | | |
|--|----------------|-----------|-----------|-------------------|--------------|------------|
| Answers | Strongly agree | Agree | Disagree | Strongly disagree | I don't know | Total |
| No. of respondents (%) | 68 (29%) | 131 (56%) | 24 (10%) | 2 (1%) | 7 (3%) | 232 (100%) |
| Q19-The financial budgets and targets for the Philippine operations are set by upper management and do not require the input of those in the lower levels of the firm | | | | | | |
| No. of respondents (%) | 188 (81%) | 32 (14%) | 3 (1%) | 0 (0%) | 9 (4%) | 232 (100%) |
| Q20-It is important for me that I be consulted by management and be able to provide my input in the setting of financial budgets and targets for measures that affect my performance | | | | | | |
| No. of respondents (%) | 30 (13%) | 85 (37%) | 102 (44%) | 11 (5%) | 4 (2%) | 232 (100%) |
| Q21-The financial measures for the Philippine operations are evaluated on individual performance rather than group performance (e.g., sales person meeting personal quotas vs sales department meeting departmental quotas) | | | | | | |
| No. of respondents (%) | 83 (36%) | 142 (61%) | 6 (3%) | 0 (0%) | 1 (0%) | 232 (100%) |
| Q22-I prefer to be evaluated on my individual performance rather than the performance of my unit | | | | | | |
| No. of respondents (%) | 62 (7%) | 72 (31%) | 79 (34%) | 16 (7%) | 3 (1%) | 232 (100%) |
| Q23-The firm provides a strict budget, target and other financial measures | | | | | | |
| No. of respondents (%) | 112 (48%) | 107 (46%) | 7 (3%) | 3 (1%) | 3 (1%) | 232 (100%) |
| Q24-I prefer a strict budget, target and other financial measures over flexible ones | | | | | | |
| No. of respondents (%) | 52 (22%) | 43 (19%) | 130 (56%) | 7 (3%) | 0 (0%) | 232 (100%) |
| Q25-The firm has a structured and observable way of evaluating financial measures | | | | | | |
| No. of respondents (%) | 54 (23%) | 132 (57%) | 39 (17%) | 3 (1%) | 4 (2%) | 232 (100%) |
| Q26-I believe that clarity and structure is important for evaluating financial measures | | | | | | |
| No. of respondents (%) | 43 (19%) | 121 (52%) | 59 (25%) | 8 (3%) | 1 (0%) | 232 (100%) |
| Q27-The firm prefers long-term financial goals and projects over short-term financial goals and projects | | | | | | |
| No. of respondents (%) | 36 (16%) | 52 (22%) | 135 (58%) | 9 (4%) | 0 (0%) | 232 (100%) |
| Q28-In my opinion, meeting long-term financial goals is more important than meeting short-term financial goals | | | | | | |
| No. of respondents (%) | 51 (22%) | 113 (49%) | 44 (19%) | 20 (9%) | 4 (2%) | 232 (100%) |
| Q29-The firm gives priority to overall firm financial measures over individual measures | | | | | | |
| No. of respondents (%) | 21 (9%) | 87 (38%) | 119 (51%) | 4 (2%) | 1 (0%) | 232 (100%) |
| Q30-In my opinion, meeting the financial measures set by the firm is more important than meeting individual goals set by my supervisor or manager | | | | | | |
| No. of respondents (%) | 18 (8%) | 131 (56%) | 58 (25%) | 15 (6%) | 10 (4%) | 232 (100%) |

note that this preference to hierarchy does not denote a negative for high PDI cultures. According to Hofstede²⁰, it means that the inequality level of authority is endorsed by the followers as much as by the leaders. They trust in their leader's ability to make the right decisions. This leads to the confirmation of the expectation 1.

For the expectation 2, it is clear that the company prefers to evaluate individual performance rather than group performances, however, still 40% of respondents prefer to be evaluated on group performances. This result supports the impact that national culture (IDV in this circumstance) has on a financial perspective of the BSC.

Next, 94% of the respondents feel that the firm's financial budgets and targets are very strict and unyielding. However, the response to the next survey question again confirms the expectation 3. Out of all the respondents, only 41% preferred a strict budget and target, while the remaining 137 respondents accounting for 59% prefer a more flexible budget that gives allowances for changes depending on certain circumstances. This means that there is a high need for clarity and structure with the head office, while the Filipino culture is comfortable with ambiguity. The results suggest that there should be some flexibility built into the financial measures to successfully implement the BSC in such a cultural setting.

The fourth expectation discusses the preference that Filipinos have for long-run projects and long-term financial goals for the company rather than short-term goals. About 144 respondents replied that they feel that the company prefers to go to short-term projects. However, on the contrary, 71% of the respondents answered that they believe long-term goals are better for the company in the long run. Even all of

the respondents in the managerial and supervisory level favored long-term projects over short-term ones. This coincides with the interview response where there might be conflicts between the prerogatives of the firms and the preferences of local management. The results suggest that company needs to enlighten the importance of short-term project as a cornerstone for the long-term project.

Lastly, the result shows that Filipinos prefer meeting overall goals over individual goals in common with the expectation 5 and also judge that company has the same value for both goals. The results suggest that company should explain the overall goals and individual goals, clearly in such a cultural setting.

Effect of national culture on the learning and growth perspective in BSC:

Table 6 describes the interaction between the national culture and the learning and growth perspective, the results of expectations from 6-8. For the expectation 6, Filipinos exhibit a preference for a classroom-type, teacher-driven training over an interactive, self-driven learning mechanism or program. These tendencies are consistent with the Philippine's scores on Hofstede's six-dimension model. This is an interesting result. Most companies only prioritize the quality of the training, as that is a very important aspect to improve the service quality that the personnel can deliver. But as the BSC does not prescribe any particular format of training, only that personnel quality should improve with training, one way to avoid conflicts for a multinational company is to adapt the format that would be more widely accepted by the local workforce. A combination of both traditional classroom-based and web-based training would also be a good way to avoid conflicts and make the implementation of the BSC initiatives easier.

Table 6: Response to Interactions between national culture and the learning and growth perspective

| Q31-I am satisfied with the trainings provided by the firm (in terms of quality, availability and approach) | | | | | | |
|---|----------------|-----------|-----------|-------------------|--------------|------------|
| Answers | Strongly agree | Agree | Disagree | Strongly disagree | I don't know | Total |
| No. of respondents (%) | 21 (9%) | 104 (45%) | 100 (43%) | 7 (3%) | 0 (0%) | 232 (100%) |
| Q32-I am satisfied with the way promotions are handled by the firm | | | | | | |
| No. of respondents (%) | 14 (6%) | 94 (41%) | 113 (49%) | 7 (3%) | 4 (2%) | 232 (100%) |
| Q33-I am satisfied with the way salary adjustments are handled by the firm | | | | | | |
| No. of respondents (%) | 13 (6%) | 87 (42%) | 94 (45%) | 4 (2%) | 11 (5%) | 232 (100%) |
| Q34-I prefer firm organized training rather than self-driven training | | | | | | |
| No. of respondents (%) | 19 (8%) | 97 (42%) | 110 (47%) | 6 (3%) | 0 (0%) | 232 (100%) |
| Q35-I prefer a more traditional classroom style of training and seminars rather than an interactive session | | | | | | |
| No. of respondents (%) | 22 (9%) | 101 (44%) | 96 (41%) | 12 (5%) | 1 (0%) | 232 (100%) |
| Q36-I prefer that my chance to get a promotion/salary increase is based solely on my individual performance rather than on group performance | | | | | | |
| No. of respondents (%) | 40 (17%) | 129 (56%) | 53 (23%) | 8 (3%) | 2 (1%) | 232 (100%) |
| Q37-I will stay in my job even if I dislike it | | | | | | |
| No. of respondents (%) | 23 (10%) | 76 (33%) | 98 (42%) | 33 (14%) | 2 (1%) | 232 (100%) |
| Q38-For me, balance between work and personal life is important | | | | | | |
| No. of respondents (%) | 84 (36%) | 130 (56%) | 17 (7%) | 0 (0%) | 1 (0%) | 232 (100%) |
| Q39-I feel that the company cares about work and personal life balance | | | | | | |
| No. of respondents (%) | 57 (25%) | 132 (57%) | 39 (17%) | 4 (2%) | 0 (0%) | 232 (100%) |

As expectation 7, the Filipino workforce prefers to be awarded promotions and salary adjustments based on solely individual performance rather than group performance. It means that they would like to choose group performance for overall evaluation, while they expected the company to give only weight to individual performance when it comes to individual negotiations. The results suggest that difference weight is one of the ways to alleviate centralization degree of certain performance.

For the expectation 8, more than half of the respondents put their personal life and emotions before study life when changing jobs and this tendency is consistent with weak UAI score. As employee retention is an important performance measure in the learning and growth perspective, this aspect of the national culture should be considered when implementing BSC initiatives in a country or region with a weak UAI score.

DISCUSSION

While prior studies focus on organizations in the United States and Europe^{4,11} and with firms operating in a single country, this study conducts a survey on a multinational company, which has headquarters in France and mostly operates in the Philippines. Therefore, it provides an implication that studying on the BSC in the developing country like the Philippines gives further studies foundation of survey research in the developing countries.

According to the survey that how national culture affect the point of view on BSC, especially financial perspective, the results are consistent with Carmona *et al.*¹⁴. As mentioned by Carmona *et al.*¹⁴, the respondents appear to understand the importance of meeting firm's goal and trust in their leader's ability to set the target and evaluate their performance. These results confirm the different national culture makes different reactions regarding the financial perspective. As presented in Table 1, the answers of learning and growth perspective are consistent with the Filipino culture that is expected to be told what to do (high PDI) and look to a teacher to have all answers (weak UAI). In detail, Filipinos have a preference for classroom-type, teacher-driven training rather than self-driven training mechanisms. As expected in Hofstede²⁰, the results support that national culture has also impact on learning and growth perspective. These results have several implications. First, these results figure out the interaction between national culture and implementing and planning BSC in a multinational company setting. Also, this study confirms the congruity between firm's goal and employee's tendency is a key to success, again. Lastly, not only efficient strategy but also

understanding human's behavior, such as sympathizing other culture becomes one of the main factors in multinational business.

Regarding the financial perspective, Filipinos do not feel the need to participate in the process of setting the financial measures unless it is part of their job description. Filipinos are also open to being evaluated as a part of a unit as a show of collectivism. It is important to note that this does not necessarily mean that only collective evaluation should be implemented but rather be considered to implement BSC initiatives in a country that shows a low IDV score. The survey respondents also showed that rigidity and extreme clarity in the evaluation process is not preferred in the culture, as flexibility in the targets and goals are expected. Also, long-term projects are preferred over short-term ones, even if the short-term projects can provide high upfront benefits immediately. Priority is given to group goals over individual goals.

Regarding the learning and growth perspective, the responses confirmed the following expectations. The local culture in the Philippines shows a preference for classroom-type, instructor-driven trainings over self-driven training mechanisms. They also expect to be awarded promotions and salary adjustments based on individual performance rather than group performance. Employee turnover may be high if the job does not fit the preference, skills or personality of the personnel.

Compared to the majority of BSC studies focuses on the United States and Europe, this study focuses on multinational company, which located in the Philippine. Different cultural preferences between headquarters and lower offices makes survey research of capturing the national culture effect on firm's strategy and performance evaluation measured by balanced scorecard. And the results show that national cultural difference affect employee's behavior. This means multinational firms needs to consider national culture when implementing firm's strategy and performance evaluation. Also, future research incorporating insights from human behavior, national culture and employee's motivation will contribute to better understanding of both the balanced scorecard and the implication of national culture on business²²⁻²⁵.

CONCLUSION

Compared to the majority of BSC studies focuses on the United states and Europe, this study investigated multinational company which located in the Philippines to examine the impact of national culture on the financial and

the learning and growth perspectives. To conduct a case study, the authors did a survey based on Hofstede Six Dimensions of culture model with 500 employees and received 232 responses. The results show that national cultural difference affect employee's behavior.

This means multinational firms needs to consider national culture when implementing firm's strategy and performance evaluation.

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