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PSYCHOLOGICAL ASPECTS OF CONTROLLING

Summary: The paper focuses on various psychological aspects of controlling. It covers such topics as cultures and their impact on tasks related to controlling, the controllers' personality and motivation. The paper is based on the theoretical study and empirical research which was conducted among controllers using the questionnaire method.

Keywords: controlling, culture, motivation, personality.

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1. Introduction

The aim of this paper is to present the psychological aspects of controlling. Special attention will be given to the influence of the culture psychology on controlling, the chosen aspects of the personality of controllers and the motivation of people who work in controlling. The hypothesis of the research is:

- controlling, although based on accounting and quantitative methods, has various psychological aspects.

The research presented in the paper will be conducted using two main methods:

- theoretical considerations based on literature
- empirical study made with usage of questionnaire method.

The presented research is a part of a wider research project. Other results were published in: [Nowak 2013a; Nowak 2013b; Nowak 2013c; Nowak 2013d; Nowak 2013e].

2. Controlling and culture – theoretical considerations

Culture is defined in different ways. Geert Hofstede defines it as "the collective programming of the mind distinguishing the members of one group or category of people from others" [<http://geert-hofstede.com/national-culture.html>, accessed: 6.05.2014]. In the Live Science Dictionary it is described as "the characteristics of a particular group of people, defined by everything from language, religion,

cuisine, social habits, music and arts” [<http://www.livescience.com/21478-what-is-culture-definition-of-culture.html>, accessed: 6.05.2014]. According to the American Heritage Dictionary, culture is “the totality of beliefs, values, behaviors, institutions and other results of human thought and action that are socially transmitted within a community” (after: [Neagu, Nicula 2012, p. 421]).

Culture can be defined as an embedded societal belief system that is reflected in the behavior of organizations and people ([Gulev 2009; Kock, Van der Merwe 2009; O’Dell 2001] after: [Stander, Buys, Oberholzer 2013, p. 305]) or as a collective programming of the mind that distinguishes one human group from another ([Gulev 2009; Benou, Gleason, Madura 2007] after: [Stander, Buys, Oberholzer 2013, p. 305]). According to Steyn and du Toit ([Steyn, du Toit 2007] after: [Stander, Buys, Oberholzer 2013, p. 305]) effective management must recognize the importance and the impact of culture, both the so-called organizational culture and the specific cultures of the people within the organization, on the organizational operations.

Generally, the boundaries of organizational fields are not geographically constituted; rather, the boundaries are culturally and functionally shaped, reflecting the social construction of space and culture [Dorhofer, Minning, Pekruhl, Proud’Homme Van Reine 2011, p. 1953].

Historically, cultural differences have often been mandated by religion ([La Porta, Lopez-De-Silanes, Shleifer, Vishny 2000] after: [Stander, Buys, Oberholzer 2013, p. 305]), by language ([Stulz, Williamson 2003] after: [Stander, Buys, Oberholzer 2013, p. 305]) or by law ([Licht, Goldschmidt, Schwartz 2005] after: [Stander, Buys, Oberholzer 2013, p. 305]).

Our culture, including our language, appears to be the product of the innate and uniquely human needs of ourselves, our children, our parents, and our forebears for living “common sense”— for a continuity of shared actions and beliefs, and a well-understood and agreed awareness of an imaginative “reality” [Trevarthen 2009, p. 507].

Culture had been a residual category of explanation for a long time ([Harrison, Huntington 2000] after: [Clifton, Gartner, Rehfeld 2011, p. 1858]), but in the course of the last three decades culture has become more and more a synonym for social contexts ([Burke 2005] after: [Clifton, Gartner, Rehfeld 2011, p. 1858]). As often in science, the success of a concept and its widespread use can make its meaning increasingly fluid; so culture is now potentially a weak concept. In general, culture is focused on values that guide the orientation of groups in a certain time and space context. So as a basic definition one can say that by culture we mean “shared cognitions, values, norms, and expressive symbols” ([Di Maggio 1994] after: [Clifton, Gartner, Rehfeld 2011, p. 1858]). In its traditional understanding, culture is an accumulated collective experience. This is true, though nowadays there are additional approaches. Bhabha ([Bhabha 2000] after: [Clifton, Gartner, Rehfeld 2011, p. 1858]) for example claims that especially when facing globalization or being confronted with other cultures, a specific culture is reflected by members and external observers and thus becomes more vital. This is what he means by talking about the “third space”: the

process that makes a specific culture knowable when confronted with other cultures. This could be helpful for the understanding of corporate culture because companies are engaged in different functional spaces (market, group, production chain, innovation network or region) and cultures ([Camagni 1991; Hatch, Schultz 2004] after: [Clifton, Gartner, Rehfeld 2011, p. 1859]). Moreover, culture is by no means homogeneous ([Bhabha 2000; Hall 2002] after: [Clifton, Gartner, Rehfeld 2011, p. 1859]). Global culture in particular requires differentiation ([Hall 2002] after: [Clifton, Gartner, Rehfeld 2011, p. 1859]) or, from a company's or a regional point of view; culture is what makes the difference ([Baecker 2003] after: [Clifton, Gartner, Rehfeld 2011, p. 1859]). Therefore it has to be kept in mind that, as noted above, a company's culture or a regional culture is characterized by tensions and conflict as well as by shared values and symbols [Clifton, Gartner, Rehfeld 2011, pp. 1858-1859].

In terms of diverse organizational behavior, mostly known and used in literature and practice, there are the cultural dimensions and indexes introduced by G. Hofstede, which include:

- The Power Distance Index (PDI) dimension, which is the basic premise of how human inequality is handled by different societies ([Orr, Hauser 2008] after: [Stander, Buys, Oberholzer 2013, p. 305]). In a high PDI culture, more importance will be placed on status, rank and centralized power ([Samovar, Porter, McDaniel 2009] after: [Stander, Buys, Oberholzer 2013, p. 305]).
- The Individualism (IDV) dimension, which describes the relationship between individuals and their prevailing relationship in a specific society ([McFarlin, Sweeney 2006] after: [Stander, Buys, Oberholzer 2013, p. 305]). In a high IDV culture, individuals tend to look after themselves, as opposed to looking after each other ([Orr, Hauser 2008] after: [Stander, Buys, Oberholzer 2013, p. 305]).
- The Masculinity (MAS) dimension, which indicates how the male characteristics (e.g. egocentric goals) and female characteristics (e.g. social beneficial goals) in a society differ ([Samovar, Porter, McDaniel 2009; Orr and Hauser 2008] after: [Stander, Buys, Oberholzer 2013, p. 305]).
- The Uncertainty Avoidance Index (UAI), which provides an indication as to the manner in which a society accepts uncertainty ([Sternad 2012; Avery, Baradwaj, Singer 2008], after: [Stander, Buys, Oberholzer 2013, p. 305]).

The differences, the gaps between a high and a low number of points (in each index scale) imply the differences in the management of companies functioning in different cultures.

The gap between collectivistic and individualistic cultures becomes evident in a number of respects:

- the validity of economic theories based on self-interest,
- the validity of psychological theories based on self-actualization,
- the nature of the employer-employee relationship: whether this is considered as calculative or as morally based,
- priority in business to the task or to the relationship,

- the role of family in the work situation,
- the importance of face and of harmony [Hofstede 1984, p. 86].
The power distance gap becomes evident in:
 - the need for subordinate consultation versus the acceptability of paternalistic management,
 - the meaning of status differences,
 - respect for old age,
 - ways of redress in case of grievances,
 - the feasibility of various leadership packages, such as Management By objectives (MBO), and
 - the feasibility of appraisal systems in general [Hofstede 1984, p. 89].
 The location on UAI may have consequences for:
 - the emotional need for formal and informal rules to guide behavior,
 - formalization, standardization, and ritualization of organizations,
 - implicit models of organizations,
 - types of planning used,
 - the meaning of time,
 - appeal of precision and punctuality,
 - the showing or hiding of emotions, and
 - tolerance for deviant ideas and behavior [Hofstede 1984, p. 92].

Table 1. Cultural dimension and recommendations for controlling

Cultural dimension	High	Low
Power distance	Easier bottom – up communication should be assured by controlling procedures.	The selection of important data in bottom – up communication should be assured by controlling procedures.
Uncertainty avoidance	High standardization and formalization of controlling.	Low standardization and formalization of controlling.
Masculinity	Usage of indicators based on results and competitiveness.	Usage of indicators based on quality and loyalty.
Individualism	Usage of indicators of individual performance.	Usage of indicators of collective performance.

Source: author's own elaboration.

Masculinity-Femininity dimension relates to:

- competitiveness versus solidarity, equity versus equality, sympathy for the strong or for the weak,
- achievement motivation versus relationship motivation,
- concepts of the quality of work life,
- career expectations,

- acceptability of macho manager behavior, and
- gender roles in the work place [Hofstede 1984, p. 96].

These gaps and differences can serve as the basis for the recommendation for controlling. The examples of author's recommendations are presented in Table 1.

Some aspects presented in the table are correlated with the next point where the research on Polish controllers will be described.

3. Motivation and personality of controllers – empirical study

The empirical research consisted of two steps. The first one was the identification of people who are controllers (who perform the task the controlling). The second one was the conduct among the controllers and was focused on the awareness of the work in controlling, the perception of what motivates work in controlling, risk preferences, preferences for work organization, and the hierarchy of factors that motivate respondents to work.

The first step of research was conducted on a group of 102 people. The group consisted of 52% women and 48% men. In order to identify controllers, 24 tasks of controllers were enumerated. Respondents who in their work realize or have realized at least three of the enumerated tasks of controlling were identified as controllers. The given condition was fulfilled by 67 respondents. Their group is presented in Table 2 showing the number and percentage of males and females in the controller's group.

Table 2. Male and female controllers

Respondents	Number	Percentage
Women	28	42%
Men	39	58%
Total	67	100%

Source: author's own elaboration.

The respondents were asked whether they work or worked in controlling. The responses are presented in Table 3.

Table 3. Declarations on work in controlling

Declaration on work in controlling	Number	Percentage
Yes	45	67%
No	22	33%
Total	67	100%

Source: author's own elaboration.

As can be noticed, 67% of controllers declare no experience in controlling although they previously stated that they perform a number of controller's tasks.

Table 4 shows the perception of different motivators to work in controlling. Five motivators were enumerated in the research (power, money, self-realization, prestige and safety) and the respondents were to give each of them 1, 2, 3, 4 or 5 points, where 5 meant highest motivation and 1 – lowest motivation. One number was to be used only once.

Table 4. Perception of factors motivating to work in controlling

Factor motivating to work in controlling	Average value	Most frequent value	Median
Power	2,28	1	2
Money	3,72	5	4
Self-actualization	4,06	5	4
Prestige	2,82	3	3
Safety	2,15	1	2

Source: author's own elaboration.

As presented above, self-actualization and money are perceived to be the strongest factors motivating to work in controlling. Power and safety are the least important ones.

Apart from checking the perception of what motivates to work in controlling, the question of what motivates respondents themselves to work was also asked. The procedure was the same as previously

Table 5. Factors motivating controllers to work

Factor motivating controllers to work	Average value	Most frequent value	Median
Power	1,73	1	1
Money	3,60	4	4
Self-actualization	4,64	5	5
Prestige	2,67	2	3
Safety	2,36	1	2

Source: author's own elaboration.

The most important work motivator for controllers is self-actualization and the least important is power.

The controllers were also to declare their risk preference. The result is presented in Table 6.

Table 6. Controllers' risk preferences

Risk preference	Number	Percentage
Low	13	19%
Medium	46	69%
High	8	12%
Total	67	100%

Source: author's own elaboration.

The most popular among controllers is medium risk, the least popular is high risk.

The other aspect of research was related to the organization of work in terms of preference for group or individual work. The results are presented in Table 7.

Table 7. Declared preference for individual or group work

Work organization preference	Number	Percentage
Individual work	28	42%
Group work	9	13%
No importance	30	45%
Total	67	100%

Source: author's own elaboration.

Most popular among controllers is indifference related to work organization, the least popular is group work.

4. Conclusions

There are numerous psychological aspects related to controlling, which was shown in the considerations presented in points 1 and 2. The hypotheses was verified positively and the goal of the research was achieved. The verification of the hypothesis and the achievement of goal was a result of a research procedure which consisted of theoretical considerations and empirical study. The presented outcomes are part of a wider research project.

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PSYCHOLOGICZNE ASPEKTY CONTROLLINGU

Streszczenie: Artykuł koncentruje się na różnych aspektach psychologicznych controllingu. Porusza problemy wpływu kultury na działania związane z controllingiem, osobowości controllerów oraz ich motywacji. Artykuł został opracowany w oparciu o studia teoretyczne oraz badania empiryczne, które zostały przeprowadzone wśród controllerów metodą ankietową.

Słowa kluczowe: controlling, kultura, motywacja, osobowość.