The influence of organizational context, culture and interpersonal affect on 360-degree ratings

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Abstract:

There are currently around 170,000 Singaporean small and medium enterprises (SME) that employ 70% of the workforce. Though studies have shown that effective leadership is critical to success, the SMEs have so far not been able to develop enough effective leaders to support their growth. A 360-degree feedback survey was conducted for managers from two successful Singaporean SMEs as part of a longitudinal comparative case study investigating leadership development. Focused interviews were conducted together with the survey that provided insights to the effect of culture and interpersonal affect on the ratings. The findings reveal the limitations of sophisticated stereotyping based on current literature regarding culture and interpersonal effect, and that organizational context in SMEs seem to have a value trumping effect over cultural and institutional context. This paper also argues for a deeper understanding into organizational context, moving beyond the static aspects commonly used for categorization of organizations.

Keywords SME managers, 360-degree, Singapore, Culture, Interpersonal affect, Organizational Context.

INTRODUCTION

Small and medium enterprises (SMEs) are the backbone to global economies including Singapore. SMEs account for approximately 99% of all enterprises and two thirds of employment in OECD (Organization for Economic Co-operation and Development) countries and 97% of all jobs in emerging economies (OECD, 2010). According to the Singapore Department of Statistics, out of the 170,000 Singaporean enterprises in 2012, 99% were SMEs that employ 70% of the total workforce and account for almost 60% of GDP (*Singapore Economy 2012*). In Singapore, SMEs are defined as businesses with annual sales turnover of not more than S$100 million or employing no more than 200 staffs (SPRING, 2011).

Singaporean SMEs face three key challenges in its growth. First, the Singaporean society has an extremely high uncertainty avoidance, and hence risk-adverse culture, which leads to a smaller proportion of risk-taking individuals willing to start or join a SME (Chang, 2003, House, 2004, Li et al., 2007). Second, SMEs face intense competition from many well-established foreign MNCs and government-linked companies (Chang, 2003, Li et al., 2007), to the extent that 'Job seekers shun the small and medium-sized enterprises (SMEs), viewing jobs there as grinding, dull and dead-end' (Wee, 2013, sec. SME Inc). Third, the manpower crunch as a result of the recent reduction on the permitted number of foreign workers into Singapore (MOM, 2012, MOM, 2013) resulted in 56% of SMEs across all industries reported as being adversely affected by the new policy (*SME Committee Recommendations for Budget 2013*). In June 2011, Singapore's main English newspaper *The Straits Times* reported that the change worsened the already existing manpower crunch for SMEs and more businesses intend to scale down or close (Heng, 2012). Therefore in order to succeed according to Ms Choy Sauw Kook, Assistant Chief Executive of Spring Singapore, it is pertinent that SMEs are able to develop leaders within the organization to retain talents, as 'one of the biggest challenges faced by small and medium- sized enterprises (SMEs) is not the lack of new growth opportunities but, rather, the lack of good business leaders across all levels' (Ching, 2013, sec. Money). This is supported by the study conducted by Harold et al. (2011) on Singaporean SMEs, which found that the availability of top managers who have good leadership qualities is one of the key success factors.

Multi-rater or 360-degree instruments are used by many organizations of different types (e.g. corporate, government, military, non-profit and education) to address disparities or blind spots in leadership perception, and have been attributed to the improvement of self-awareness and leadership effectiveness (Testa, 2002, Thach, 2002, London and Beatty, 1993, Day et al., 2013). However, various studies have observed that cultural differences impact the types of discrepancies in scores between the self-observer and their managers (Gentry et al., 2010). For example, Farh et al. (1991) found that self-ratings of Chinese employees were generally less favorable (modesty bias) than their supervisors whereas US employees are more lenient (leniency bias) than their supervisors. On the other hand, Brown (2003) argues that self-enhancement biases can be found across all cultures including collectivist cultures, which have been claimed to be modest in self-ratings. Another example of how culture impacts responses is provided by Hui and Triandis (1989), who found that collectivist cultures tend to rate closer to the mean and avoid extreme ratings. The same observations were made by Shipper et al. (2007) in their study of organizations across five countries, which they found the 360-degree feedback process most effective for low power distance and individualistic cultures without the apprehension of being seen as critical or disrupting the group harmony in their feedback.

Reviewing the literature on performance appraisals also found that interpersonal affect has a substantial influence on performance ratings (Dipboye, 1985, Park et al., 1986). Raters simply rate the ratees higher if they like them better and lower if they do not, when the rater is less concerned about the accuracy in ratings than about making him or her more attractive to the ratee or to maintain the existing relationship with the ratee (Kingstrom and Mainstone, 1985). Furthermore, Longenecker et al. (1987) argued that performance appraisals are often manipulated for political purposes by the raters. In this study, the ratings through the 360-degree survey are purely for developmental and research purposes, which reduced the possibility of the manipulation of ratings for any political purposes by the raters. The supervisors understood the aim of this study in exploring the leader development process, and the survey merely served as a tool to aid in this process.

Research Question

Given the possible impact of culture and interpersonal affect, the researcher set out to discover if the 360-degree survey could still be an effective method for the measurement and development of leaders in SMEs. This study intends to investigate the influence of culture and interpersonal affect on the 360-degree feedback conducted on Singaporean SME non-owner managers. In other words, how does culture and interpersonal affect influence the subordinate and self-ratings in the Singaporean SME context?
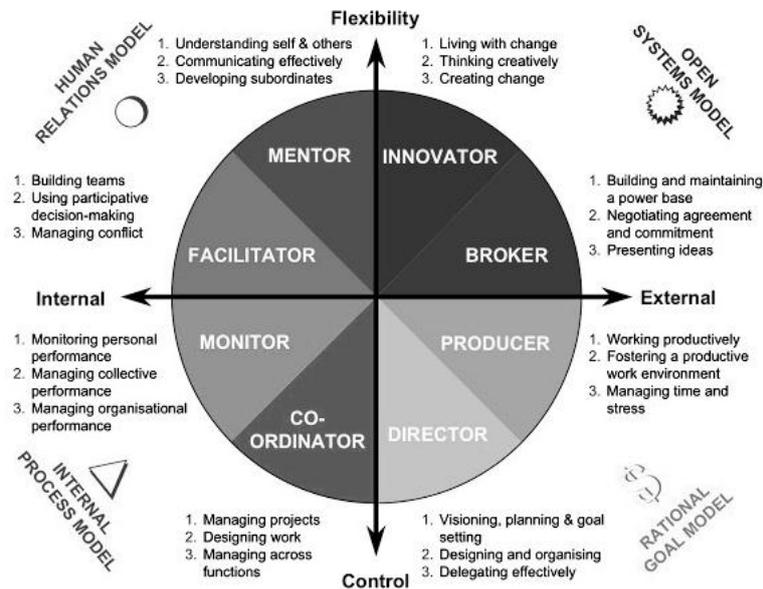
RESEARCH METHODOLOGY

This study is part of a larger longitudinal comparative case study research, which was used for the investigation of leadership development, aiming to uncover the components that influence the development of non-owner managers in the context of Singapore SMEs. The case study approach is said to be apt when it comes to discovering the 'how' and 'why' of some contemporary social phenomenon and understanding the dynamics present within single settings (Yin, 2014, Eisenhardt, 1989). The case study research included the use of documentation, direct observations, focused interviews, and the 360-degree CVF survey over a period of 10-12 months. Using the snowball method in purposive sampling (Patton, 2002), two cases were eventually selected based on the following criteria:

1. Growth: Positive growth over the past three years, measured by increasing sales turnover and profitability.
2. Size: These SMEs should have at least 50 to 300 employees creating a need for non-owner managers to take up managerial-leadership roles in the organizations.
3. Investment in Leader Development: The SMEs regularly invest in leader development in terms of time and resources as evidenced by their learning budget and training plans.
4. Commitment and Accessibility: In view of the longitudinal nature of the research, the SMEs need to be committed to the study, grant access to required information, and allow time for interviews with the managers to be conducted.
5. People Managers: Non-owner managers from each participating SME should have at least two or more direct reports.

The 360-degree survey, which consists of 35 leadership behavioral statements, is based on the Competing Values Framework (CVF) leadership survey taken from Quinn (2011). Quinn (1984) developed the Competing Values Framework and proposed a model that incorporates eight

managerial-leadership roles based on two underlying dimensions of stability versus flexibility and internal versus external focus. This model is presented in Figure 1 (Quinn, 2011).

Figure 1 Competing Values Framework

Flexibility

HUMAN RELATIONS MODEL

OPEN SYSTEMS MODEL

1. Understanding self & others
2. Communicating effectively
3. Developing subordinates

1. Living with change
2. Thinking creatively
3. Creating change

MENTOR   INNOVATOR

1. Building teams
2. Using participative decision-making
3. Managing conflict

FACILITATOR   BROKER

1. Building and maintaining a power base
2. Negotiating agreement and commitment
3. Presenting ideas

Internal   **External**

MONITOR   PRODUCER

1. Monitoring personal performance
2. Managing collective performance
3. Managing organisational performance

1. Working productively
2. Fostering a productive work environment
3. Managing time and stress

CO-ORDINATOR   DIRECTOR

INTERNAL PROCESS MODEL

RATIONAL GOAL MODEL

1. Managing projects
2. Designing work
3. Managing across functions

1. Visioning, planning & goal setting
2. Designing and organising
3. Delegating effectively

Control

The CVF model, which incorporates the complexity of managerial-leadership found in most SMEs (Ates, 2013, Stewart, 2009, Aloulou and Fayolle, 2005), is perhaps one of the most appropriate models for SME managerial leaders. Although when it comes to defining leadership effectiveness, Yukl (2010, p.11) stated that 'there is no simple answer to the question of how to evaluate leadership effectiveness', many have discovered that managers are perceived to be more effective when they display more of the eight CVF roles (Denison et al., 1995). This is supported by research that has found the CVF competencies to be a predictor of personal and organizational effectiveness (Cameron, 2006). The CVF model has moreover been widely tested and studied for more than 25 years and has been named as one of the 40 most important frameworks in the history of business (Cameron, 2006, Ten Have et al., 2003).

The raters responded on a seven point Likert scale from 1 (very infrequently) to 7 (very frequently) to the behavioral statements that spans across the eight roles of leadership namely *Innovator, Broker, Producer, Director, Coordinator, Monitor, Facilitator*, and *Mentor* (Denison et al., 1995). The researcher administered the 360-degree CVF survey to all the raters in a face-to-face meeting in the SME's venue that is private and secure. In order to ensure confidentiality, the three groups of raters: self-raters (managers), superiors, and subordinates participated in the survey at different times. The original intention of the researcher was for the self-raters to complete the surveys and interviews individually. However due to operational constraints, both SMEs preferred to have their self-raters participate together as a group. For SME-A, each of the three managers shared the same superior-rater, who is the owner-manager, and managers have at least three subordinate-raters each. For SME-B, the four managers were all rated by the same three superior-raters, who are non-owner managers themselves; and each manager only had two subordinate-raters, due to operational constraints. At the meeting, the researcher presented the aim of the study, obtained the agreement of their participation, explained the mechanism of the 360-degree survey, and administered the

survey in 20-30 minutes. Upon completion of the survey, the researcher collected all the completed surveys directly, without any other personnel being involved.

Semi-structured focused interviews and focus group discussions commence thereafter for another 45-60 minutes with each group of raters (Yin, 2014, Kvale and Brinkmann, 2009, Chrzanowska, 2002). These interviews were recorded to eliminate distortions, omissions, elaborations, condensations and other possible modifications of data (Bucher et al., 1956). Other data collection methods such as documentation and direct observations were also used to triangulate the evidence in order to strengthen the theories or concepts developed (Eisenhardt, 1989, Yin, 2014). Company records such as organizational background (vision, mission, values, structure), learning and development plans, and employee data (e.g. educational qualifications) were obtained with permission from the companies to provide more understanding to the context being analyzed. At the same time, direct observations were made through visits to the workspaces, observations in meetings and workshops, and informal interactions with other employees. These provided additional evidences that corroborated with findings from other sources. For example, observations of informal and friendly conversations amongst employees in a casual working environment support the opinions of the interviewees that the company has an informal and family-like culture. The 360-degree survey data were processed using the Excel software, and all other data were converted from raw data and field notes into write-ups that can be edited, coded and analyzed (Miles et al., 2014). As the interviews were conducted in a mixture of the Chinese language and Singlish, a Singaporean form of colloquial English (Hoon, 2003), the researcher a native Singaporean, translated the interviews personally, and transcribed the recordings using QSR Nvivo 10, a Computer-Assisted Qualitative Data Analysis Software (CAQDAS), which was also employed subsequently as the tool for organizing data, coding and analysis.

Coding was conducted according to Saldaña (2013)'s First Cycle and Second Cycle coding. The former is where codes are first assigned to the data chunks, and the latter is pattern coding, where the codes are summarized into smaller categories, according to themes or constructs. In the first cycle, the data chunks of this study were coded primarily using Descriptive, In Vivo, Values, Causation and Attribute coding methods (Saldaña, 2013). In Second Cycle coding, patterns are identified and codes are clustered into categories and themes. This thematic analysis works through the data using the First Cycle codes and memos, organizing and categorizing the data according to themes, and in the process reducing irrelevant or repetitive data (Roulston, 2010)

Analysis was conducted primarily through a thorough and systematic comparison across the two cases. According to Miles et al. (2014), 'Comparison is a time-honored, classic way to test a conclusion; we draw a contrast or make a comparison between two sets of things – persons, roles, activities, variables, cases as a whole – that are known to differ in some other important respect.' This comparison across cases allow for the possibility of literal replication, where the pattern of results in both cases matched the predicted pattern, and theoretical replication where failure in pattern matching supported with identical explanations occurs in both cases (Yin, 2014). Both cases exhibit similarities in many areas (both are SMEs in the Services Industry, Singaporean and Chinese Family Run), yet different in some other crucial aspects (Culture, Structure and Organizational Life Cycle). This allowed the researcher to deepen the understanding of the relationship between the CVF survey results, and the organizational contextual components that differs between the two cases.

CASE STUDY BACKGROUND

SME-A operates in the accommodation & food service activities industry, and specifically in the restaurant segment. According to the information from Singapore Department of Statistics (SingStat, 2013), there were close to 2,500 restaurants in 2013, a rise from about 2,000 since the year 2008. However, most of these restaurants had operating receipts of less than S$1 million and only 63 establishments in food and services segment had over S$10 million in operating receipts. In other words, with a sales turnover of S$23.6 million in 2014, SME-A is one of the most successful operators in this very competitive segment of the industry.

SME-B operates in the wholesale & retail trade industry, specifically in the jewellery segment. Even though the latest Singapore retail sales (excluding motor sales) in October 2014 only expanded by 0.3% compared with the same time last year, the watches and jewellery segment reported a better 2.0% increase (Teo, 2014). According to data compiled by Euromonitor International (EUROCPS, 2014) there are 9 other large jewellery companies in Singapore, as well as many other small jewellery companies around the island that typically own just one or two stores. Similar to SME-A's success, SME-B is one of the most successful jewellery companies in Singapore, with a turnover of S$138.3 million in 2014. A summary of the two SMEs' company information is listed in Table 1 and the participant (managers) data in Table 2.

Table 1: SME Company Information

SME	Industry	Year of Registration	No. of Employees	2014 Sales Turnover
SME-A (Restaurant)	Food & Beverage	2002	220	S$23.6 mil
SME-B (Jewelry Retailer)	Retail	1948	171	S$138.3 mil

Table 2: Participant Data

Manager	Gender	Age	Educational Level	Nationality	Total Working Experience	Length of Employment in the Company	Length of Experience Leading Others
SA-M1	Female	34	Tertiary	China	17 years	9 years	9 years
SA-M2	Female	38	'A-Levels' (College)	Malaysian	18 years	1 year 10 months	1 year 10 months
SA-M3	Male	28	Diploma	Singaporean	8 years	5 years	5 years
SB-M1	Male	32	'O-Levels' (High School)	Singaporean	10 years	9 years	7 years
SB-M2	Male	33	NTC2 (Vocational College)	Singaporean	17 years	12 years	12 years
SB-M3	Male	32	'O-Levels' (High School)	Singaporean	11 years	10 years	5 years
SB-M4	Male	29	'N-Levels' (High School)	Singaporean	16 years	7 years	2 years

Note: The participants are coded as SME (where SA is SME-A and SB refers to SME-B) – Interview Order.

People Composition

SME-A employs a larger number of employees than SME-B despite the smaller sales turnover because Chinese casual dining restaurants are labor-intensive, with each outlet requiring at least 10 to 30 employees depending on the locations and shop area, covering the kitchen to the service floor. In contrast, retail stores need only half the number of employees, and each store in SME-B typically ranges from having 5 to 15 employees.

Other aspects of people composition are actually very similar. Both SMEs employ only Chinese employees, mainly because their clientele are Chinese-speaking. Both companies employ 40% foreigners, but that is because of the policy laid down by the Manpower Ministry of Singapore, which put the foreign manpower limit at 40% for service sectors (MOM, 2013). The employees at SME-B stayed with the company for an average of 17.5 years, comparing to just 5 years for SME-A. However it is important to take note that SME-A has only been around for the past 14 years and SME-B has been established for 66 years. SME-A reported employee turnover of less than 10% and SME-B at less than 5%. These indicators are remarkable considering an average of 15.6% employee turnover in Singapore in 2013 (SBR, 2014), and typically the service industry takes a greater hit, with some companies reporting up to 100% employee turnover (Calvert, 2013). Therefore both SMEs appear to have developed a greater sense of employee loyalty comparing to other companies in the same industries.

Lastly, while both companies employ Singaporeans and Malaysians, SME-A has a significant number of Chinese (P.R.C.) employees and some other nationalities whereas SME-B deliberately chose not to hire other nationalities. In fact, that decision from the HR manager, who has worked with the company for the past 30 years, appears to be a key strategy in maintaining the existing culture, which contributed to the strong sense of employee loyalty.

FINDINGS AND DISCUSSION

The average ratings of the 360-degree CVF survey done on the managers from Self (Managers), Superior(s), and Subordinates can be found in Table 3. This study focuses on examining the difference in ratings between the Self and Others, as well as Subordinate and Superior, which can be found in two columns on the right of the table.

Comparing the results between SME-A and SME-B, it appears that there are marginal distinctions in terms of the difference in rating between Self and Others. However subordinate-raters from SME-B exhibited much greater leniency in their ratings, with the difference ranging from 0.3 to 1.7. Whereas the differences in ratings between superior and subordinates from SME-A for the three managers ranged only from -0.1 to 0.5. Discussions of the effects of culture and interpersonal affect on the two SMEs are in the ensuing sections.

Table 3: 360-Degree Ratings for Each Manager

Manager	Self-Rating	Superior-Rating	Subordinates-Rating	Difference between Self and Others (Average of Superior and Subordinates)	Difference between Subordinate and Superior Rating
SA-M1	5.7	5.3	5.8	0.15	0.5
SA-M2	4.8	4.7	4.6	0.15	-0.1
SA-M3	3.7	4.8	4.8	-1.1	0.0
SB-M1	5.3	5.3	5.6	-0.15	0.3
SB-M2	5.3	5.1	5.8	-0.15	0.7
SB-M3	5.5	5.4	6.2	-0.3	0.8
SB-M4	5.6	4.7	6.4	0.05	1.7

Influence of Culture on Ratings

Eckert et al. (2010) argued that cultural differences could lead to discrepancies in ratings, which could be a result of different perceptions of leadership in different cultures. Lord and Maher (2002) posited that there are two alternative processes to the perception of leadership: First the recognition of the leader's traits and the fit with one's implicit view of leaders; and second the inference of leadership from the outcome of key events. Various studies have shown that the notion of Implicit Theories of Leadership (ILT) varies across culture (Brodbeck et al., 2000, Gerstner and Day, 1994), which means that the same leaders could be viewed as bad, average or good leaders by observers from different cultures (Schyns, 2006). The managers from SME-B are all Singaporeans, born and raised in the same country, and all the subordinates are either from Singapore or Malaysia, both part of the Confucian-Asian region in terms of culture (House, 2004). The managers from SME-A came from the same Confucian-Asian region, albeit different countries. SA-M1 was born in China, and worked in China for many years before she came to Singapore. SA-M2 was born in Malaysia, studied and worked in Taiwan for a few years before she returned to Malaysia prior to coming to Singapore. SA-M3 was born in Singapore, the only country he has ever worked in. All the subordinates of SME-B managers are either from Singapore, Malaysia or China, which also belong to the Confucian-Asian region (House, 2004). Yan and Hunt (2005) argued that in parts of Confucian-Asia where Power Distance is high, leadership is often seen as being bestowed instead of earned, which often lead to a disconnect between performance and leadership in the perception of subordinates. The authors went on to suggest that paternalism, which is prevalent in a high Power Distance society often result in subordinates treating the leaders as parents, and are more likely to evaluate leadership by how they are treated and cared for, resulting in less rationality in evaluating their performance. This may result in a situation where the subordinates' ratings are influenced by how they felt they have been treated, whereas on the other hand the superiors' ratings are influenced by perceived reciprocated loyalty and performance. Given that both SMEs are Chinese family businesses in Singapore, and all the managers share the same Confucian-Asian culture, the literature suggests that leniency in ratings is expected from the subordinates. However in this case, subordinate-raters from SME-B seem to demonstrate much greater leniency in their ratings, comparing to the subordinate-raters from SME-A even though all the participants are from a similar cultural background.

Influence of Interpersonal Affect on Ratings

From the perspective of interpersonal affect, while a rater's interpersonal affect influences all three sources of 360-degree feedback, Antonioni and Park (2001) found that there is a greater predisposition to leniency from the raters rating upwards and horizontally rather than downwards. The authors posited that supervisors tend to have greater experience in evaluating others, which contributed to the development of cognitive criteria that are more attuned to relevant work behaviors. Both SMEs have existing performance appraisal systems for many years, which means that the superiors have had prior experience in evaluating their subordinates, resulting in possibly more objective evaluation. In contrast, this survey was the first time the subordinates have had to evaluate their managers, which suggest a higher possible influence from interpersonal affect, as well as reduced accuracy in evaluating due to lesser familiarity with assessment tools. Supervisors are also more accountable for the evaluations of their ratees because they are usually identifiable by the ratees, as they typically only have one manager, the supervisors consequently tend to evaluate the ratees with the knowledge that they may need to explain or support the ratings in detail (Antonioni and Park, 2001). Conversely, peer and direct reports usually remain anonymous because of the multiple feedback sources, and that there are seldom any follow-up face-to-face discussion (Antonioni and Park, 2001). In this study, subordinate-raters from SME-A are likely to remain unidentifiable, as there were at least three raters for each manager. However there were only two subordinate-raters for each manager from SME-B, which perhaps make it more identifiable to the manager. This could explain the overall higher ratings provided by the subordinate-raters comparing to the superior-ratings in SME-B. Nonetheless, the literature on interpersonal affect was not able to explain the why the ratings provided by subordinates and superiors in SME-A do not exhibit the same disparity.

The Overriding Influence of Organisational Context

Osland and Bird (2000) argued that 'sophisticated stereotyping' (p. 66) using cultural dimensions such as Hofstede (1980) is inadequate in explaining paradoxes in cultural behavior. In this case, the sophisticated stereotyping using cultural dimensions and interpersonal affect did not seem to explain the paradox in SME-A subordinate-raters' ratings adequately. The authors went on to suggest that one explanation for these paradoxes is 'value trumping, a recognition that in specific contexts certain sets of values take precedence over others' (Osland and Bird, 2000, p.69). Recognizing the importance of understanding context in cross-cultural situations, Nardon and Steers (2014) observe that organizational context produces an 'organizational culture (that) may either replicate or reject national cultural values and norms, creating a microenvironment in which national norms are reinforced or do not apply' (p. 139). Organizational context typically involves rules, policies, procedures, norms, standard operating procedures, structure, and is demonstrated in the form of the organizational culture (Nardon and Steers, 2014). The following sections focus on the analysis of the organizational contexts of SME-A and SME-B, in particular their differences in structure and culture.

Organizational Context - Structure

While there may be wide-ranging studies done on organizational structure, Meijaard et al. (2005) asserted that structure in SMEs is one area that is less researched and understood. Burns and Stalker

(1961) investigated and found two approaches organizations take to respond to conditions of stability or change. The mechanistic approach is found to be appropriate for stable industries, and is characterized by high division of labor and many layers in hierarchy. Whereas the organic approach is more suitable for industries experiencing change, and is described as 'flat' in hierarchy with broadly defined functions and jobs. Quinn (2011) posited that mechanistic organizations reflect the models of the competing value framework that emphasize control, and organic organizations correspond to the models that emphasize flexibility. The differences between mechanistic and organic structures are listed in Table 4.

**Table 4: Comparison of Mechanistic and Organic Structures (Quinn, 2011)**

Elements of Structure	Mechanistic	Organic
Division of labor & Specialization	High - jobs are narrowly defined and focus on small pieces of work	Low – jobs are broadly defined and may include a number of different tasks
Hierarchy	Tall (many layers)	Flat (few layers)
Span of Control	Narrow	Wide
Unity of Command & Scalar Chain	Strictly maintained	Less rigidly followed
Standardization & Formalization	High – specific, detailed rules and procedures are used to direct behavior; there are many formal rules that people are expected to follow	Low – values and general principles are used to guide behavior; there are few formal rules
Decision-making authority	Centralized	Decentralized

The data collected suggests that SME-A adopts an organic organizational structure. There are only three layers from Owner-Manager to frontline staffs, with the middle managers having a very wide span of control. Middle managers have dual responsibilities, one in their respective functions (e.g. Human Resource, or Marketing) and the other overseeing an outlet. For example, the training manager is in charge of both human resource development as well as having to support one of the outlets in the western region. This system connects the frontline directly with the back office resulting in improved communication and efficiency in decision-making and operations. There are few formal rules, and middle managers have a high degree of decision-making authority that is supported by the owner-manager. On the other hand, SME-B takes on the mechanistic structure. The hierarchy is tall, with at least five layers from the owner to the frontline staffs. Managers have a defined scope of responsibility and chain of command is strictly followed. Store managers are responsible for their store operations, and report directly to their area managers who then report to the director of operations. Communication amongst store managers only occurs during operational meetings or training programs, which is infrequent. Communication between store managers and back office is minimal. There are strict guidelines and workflows, and store managers often have to seek approval from high-ups if they intend to deviate from them.

Organizational Context - Culture

In terms of culture, the competing values framework also provided the basis for the analysis of four organizational culture types, and is the dominant framework in the world for assessing organizational culture (Cameron and Quinn, 2011). Figure 2 provides a summary of the four culture types.

Figure 2 Four Dominant Organizational Cultures
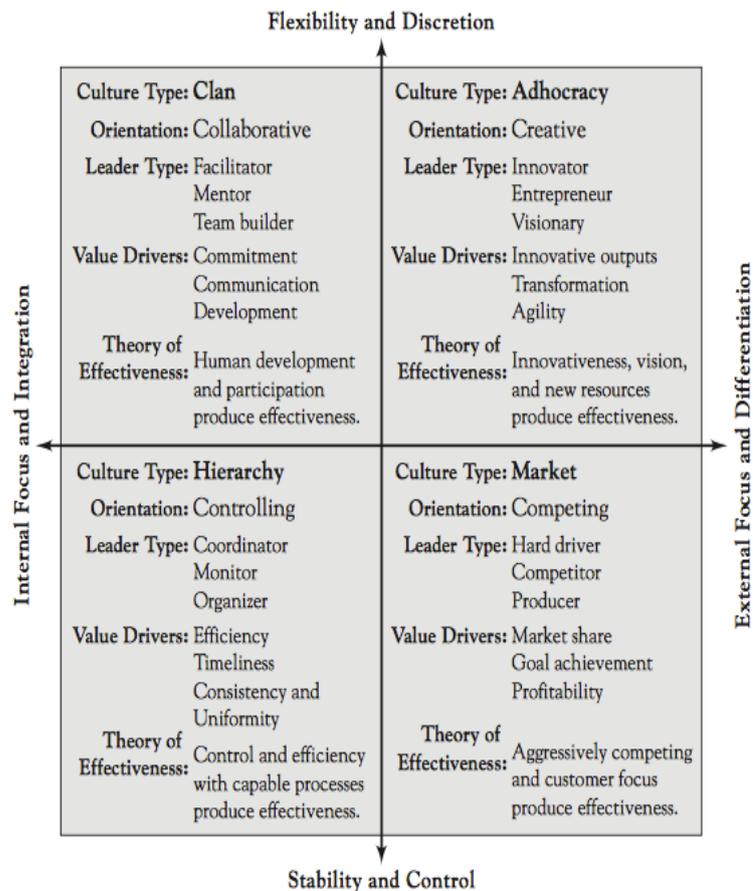
The culture in SMEs is no doubt greatly shaped and influenced by the owner-manager and leaders (Ates and Bititci, 2011, Leitch et al., 2009). The SME-A leaders are a lot more visible to the subordinates, and communication is constant and pervasive throughout the organization. The owner-manager holds regular fortnightly meetings with all his managers and executives. During operations, the owner-manager, the executives and restaurant managers are in regular contact through mobile phone and social media. Each restaurant manager holds daily briefings with their staffs before the restaurant opening. Office managers and executives are also in regular contact with the restaurants, by phone, email, or in person. The organizational culture in SME-A can be described as a Clan Culture (Quinn, 2011) that focuses on collaboration, trust, participation and a family-like environment. SME-A is owned and managed by a husband-and-wife team, and even though the managing partner is the husband, the wife maintains a very active role in the company. The company also employs a significant number of female workers and managers, many more compared to SME-B. This could possibly have also produced an organizational culture of gender equality, giving rise to greater confidence in the female managers. For example, the higher self-ratings by SA-M1

and SA-M2 who are both women did not correspond with research that indicate the tendency of women rating themselves lower than men (Wohlers and London, 1989).

On the contrary, the owner-manager of SME-B is seldom seen by the managers and their superiors. The owner-manager practices laissez-faire leadership, delegates most responsibility to his operation managers and the HR manager, and from the interviews, did not appear to have any impact on the managers' notion of leadership and their development. Managers and staffs are usually rule abiding, and any deviation from established guidelines are usually discouraged, and could be subjected to reprimanding by superiors. Staffs are generally polite to one another, and subordinates typically address their superiors by their last name, with a personal title 'Mr.' or 'Mrs.'. There is a sense of loyalty between the managers and the staffs, and many of the staffs joined the company when they were very young and never left since then. It is not uncommon to encounter staffs that had worked there for more than 30 years. SME-B can be summarized as having a Hierarchy Culture, which emphasizes the execution of policies and regulations, where leaders tend to be more conservative and cautious (Quinn, 2011).

SME-B's hierarchical culture together with the mechanistic structure aligns closely with the high power distance and paternalistic leadership style more commonly found in Confucian-Asian societies as discussed earlier. In this case where the cultural and institutional context is aligned with the organizational context (Nardon and Steers, 2014), the effect of culture and interpersonal affect seems to be sufficiently explained by the current literature. However, SME-A's organizational context, described as having a clan culture and an organic structure, appear to have 'trumped' the cultural and institutional context. In which case the effect of culture and interpersonal affect do not fit according to the

CONCLUSION

The intent of this study is to discover the 'how' and 'why' of the effect of culture and interpersonal affect on the 360-survey ratings by subordinates, and in the process it revealed possible limitations of the current literature in this area. The case study approach allowed the researcher to investigate the phenomenon using various sources, leading to the deeper appreciation of the importance of understanding organizational context in SMEs.

The two SMEs appear on the surface to be identical. Both are successful Singaporean Chinese family-owned and managed SMEs, in the services industry with similar number of employees. A typical quantitative study would have very likely classified them into the same group, and analyzed them as a collective entity. However, stereotyping based on antecedents such as the size (SMEs), cultural background (Chinese or Confucian-Asian), industry (services), and ownership (family-owned) is insufficient in predicting similar outcomes. This study supports the current trend in leadership research into understanding organizational context (Porter and McLaughlin, 2006, Osborn et al., 2002, Gurdjian et al., 2014), and this understanding of organizational context extends to SMEs and not just large firms (Ling et al., 2008). Westhead and Storey (1997, p.18) argued that 'the small firm is not a 'scaled-down' version of a large firm'. In short, theories relating to SMEs must consider the motivations, constraints and uncertainties facing smaller firms and recognize that these differ from those facing larger firms. Perhaps, each small firm is also not simply a mirror image of another small firm, and the understanding of different organizational contexts is possibly even more crucial for

SMEs. Therefore the researcher also proposes developing a deeper understanding into the components that make up organizational context. While accepting that there is no commonly agreed-upon set of components that defines organizational context, Porter and McLaughlin (2006) proposed a list of possible components, such as Culture/Climate, State/Condition, Structure, People Composition. These components reflect the authors' desire to capture the dynamic aspects of organizational context rather than the static aspects, which are simply categories such as size and industries.

In summary, this paper advocates that future research into SMEs consider the possible 'value trumping' of organizational context over current 'sophisticated stereotyping', and a deeper understanding of organizational contexts, moving beyond the static components commonly used for categorization of organizations. Obviously, this investigation into the comparison of just two cases in Singapore is not intended for generalization of the findings. Given that the number of managers and subordinates being studied in this research is small, there could also have been other factors such as individual personality differences, which could have affected their ratings in the survey. Future research can therefore attempt to investigate the same phenomenon with a larger group of managers and subordinates. Perhaps more importantly, future research can work towards building a more holistic conceptual framework of understanding and analyzing organizational contexts in SMEs.

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