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ADMINISTRATIVE CONTROL IN SMALL BUSINESS ORGANIZATIONS IN THE PHILIPPINES*

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This article reports on a study of the control practices of managers of small business organizations in the Philippines. Where possible, results are compared with those obtained from similar surveys conducted by the author elsewhere in the region. Among the hypothesized "determinants" of control, the perception of interdependency among organizational components appear to have the strongest impact. Surprisingly, the perception of *external* uncertainty seem to have little effect on the level of control, leading us to conclude that the relationship between the two variables is best described by a U-shaped curve. The relationship between control and performance is an extremely complex one, considering that either variable may be the dependent one. Interestingly, however, the observed relationship between the level of control—here treated as the dependent variable—and perceived performance appears to be flat within the relevant range. The paper concludes by showing that Filipino managers exercise significantly more control power than their counterparts in both Hong Kong and Singapore, thus confirming Hofstede's earlier findings on what he termed power distance.

1. Introduction

Formal organizations are institutional arrangements by which human, financial, and material resources are transformed into desired outputs. At the various stages in this transformation process, decisions are made at all levels and in all parts of the organization by which these resources are committed for specific purposes. These decisions are made under varying conditions of uncertainty which managers consciously attempt to minimize.

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Control, in its broadest sense, is that managerial function by whi the element of uncertainty that surrounds decision situations is reduced manageable proportions. It is the process by which the organization spe fies choice criteria, installs administrative procedures, establishes auth ity relationships, and sets up self-correcting mechanisms to insure that t value of the relevant variables fall within acceptable levels (Poblador, 199 Control objectives of organizations are achieved through administrative, f nancial, and even mechanical or physical means.

This paper looks at that aspect of organizational control which is impl mented through the exercise of authority. In particular, it looks at the co trol responsibilities of the firm's highest-ranking manager—the Chief E ecutive Officer (CEO). Using data collected from a sample of small busine organizations, the paper seeks to identify the factors that affect the natu and extent of control exercised by the firm's top managers. An attempt wi also be made to observe differences in the manner in which administrati control is implemented in the two broad categories of organizations sampl Whenever possible, comparisons with the results of similar studies conduct earlier by this writer in Hong Kong and Singapore will be made.

2. The Nature of Administrative Control in Formal Organization

Next to decision making, controlling is arguably the most pervasive organizational processes, and its positive impact on organizational perfo mance is all but taken for granted. While this organizational function ha been extensively discussed in the management literature, its analytical trea ment remains fraught with difficulties. This is largely because unlike suc unidimensional variables as price, level of inventory, and number of admini trative levels, control is a *construct*. It comes in a wide variety of forms an configurations, and propositions that are applicable to one are not necessa ily applicable to others. Thus, a general theory of control in organizatio has yet to evolve.

As we have just noted, organizational control can be carried out in wide variety of ways (Scott, 1992; Johnson and Gill, 1993). By far, the mo widely used in smaller organizations is the exercise of formal authority,

[1] This and the following two sections are adapted from Poblador (1991).

...has been defined as *legitimated* power (Weber, 1947; Blau and Scott, ... Pfeffer, 1977; Astley and Sachdeva, 1984). Focusing on this type of ...trol, this paper, in particular, looks at the exercise of personal authority ... the CEO, and the extent to which he or she influences or constrains the ...havior of his/her subordinates.

The use of personal authority as a means of control is less effective, ...d by itself, inadequate in large, complex systems. Here, personal author... is supplemented (but not entirely supplanted) by more complex and im...sonal forms of control (Edwards, 1979; Scott, 1992). In many large orga...zations, the use of computers as a control device is commonplace, and in ...e futuristic and innovative organizations, extremely sophisticated me...anical, electronic and administrative systems that are "...self controlling, ...f maintaining, and self realizing," and subjects of speculation only a few ...ars ago, are already in place (Ericson, 1972. See also Harbestroh, 1960; ...hisler, 1970; Scott, 1992).

Several aspects of organizational life mediate between the organiza...n and the groups and individuals that comprise it. Properly handled, they ...sure that individual and group activities serve the interests of the organi...tion rather than those of its members and thus serve the control function. ...ese include, *inter alia*, the culture and value system of the organization ...mircich and Calas, 1987); the common internalized goals and shared sen...ments of organizational members (Ouchi, 1980); and the power relation...ips within the organization (Emerson, 1962; Scott, 1992).

Some types of control are more appropriate under certain conditions ...an in others. For example, mechanical and electronic control systems are ...viously more appropriate for manufacturing operations where inputs, out...uts, and processes are measurable and quantifiable. The use of rules, regu...tions, and standard procedures is certainly more effective where activities ...e repetitive and routinized (Hage and Aiken, 1969). Control exercised cen...ally by one or a few persons is preferable in small-scale operations, espe...ially where only the top managers possess the relevant skills, knowledge, ...d experience. Control from the top is also appropriate in homogeneous ...d stable environments where the element of uncertainty is minimal ...Thompson, 1967). The use of personal authority as the primary means of ...ntrol is likely to be counterproductive in situations where high morale is ...sential for effective performance (Likert, 1967), or where subordinates ...ave a high sense of independence and self control (Ouchi, 1979; Bandura, ...986). For example, autocratic control methods are not suited for organiza-

tions like universities, consulting firms, and research organizations th employ highly technical and professionalized personnel (Clarke, 1987). I teractive and participative approaches are desirable where knowledge a expertise are more equally shared among organizational members, and wh acceptability of decisions and outcomes is important. Substantial involv ment of lower-level managers in the control process is also advisable und conditions of rapid change and environmental uncertainty where flexibil and timeliness of actions are critical elements for success (Lawrence a Lorsch, 1967; Zammuto and O'Connor, 1992; Barker, 1993). Other releva factors include: the extent to which the organization has a unified set objectives; the degree of complementarity of resources (Zannetos, 1965); t relative number of exceptional cases (Perrow, 1982); the existence of tec nological interdependencies (Thompson, 1967); the degree of automation the production process (Klatzky, 1970); job complexity (Bell, 1967); the d gree of programmability (hence predictability) of the transformation proc (Eisenshardt, 1985); the extent to which subordinates recognize the auth ity of their superiors; the clarity and acceptability of the relevant standar of performance (Ouchi, 1979); the level of consensus on goals and objectiv (Thompson, 1967); and the *overall* level of skills and knowledge (Thomps 1967; Ouchi, 1977).

Of late, the tight control of organizational life has lost its allure amo progressive and innovative managers. Increasingly, there is a visible sh away from control, and the order and stability it seeks to establish, to in vation, adaptation, and change which is demanded by the emerging inf mation age (Senge, 1990; Bartlett and Ghosal, 1995; Ashkenas, et al., 199 To be sure, control remains to be an essential element of effective mana ment, but its form has changed dramatically in recent years. Without giv up their formal authority, more and more managers are "empowering" th subordinates and expert groups in their organizations, giving them a m active role in deciding on the use of organizational resources (Fisher, 19 Bartlett and Ghosal, 1995; Reed, 1996; Sundbo, 1996). This emancipat trend has its downsides, of course, not the least of which is subordin behavior that is potentially damaging to the organization's image and p formance (Simons, 1995).

3. A Model of Control in Organizations

At the most general level, the relationship between organizational effectiveness and control may be described by the expression

(1) $$E = E(C)$$

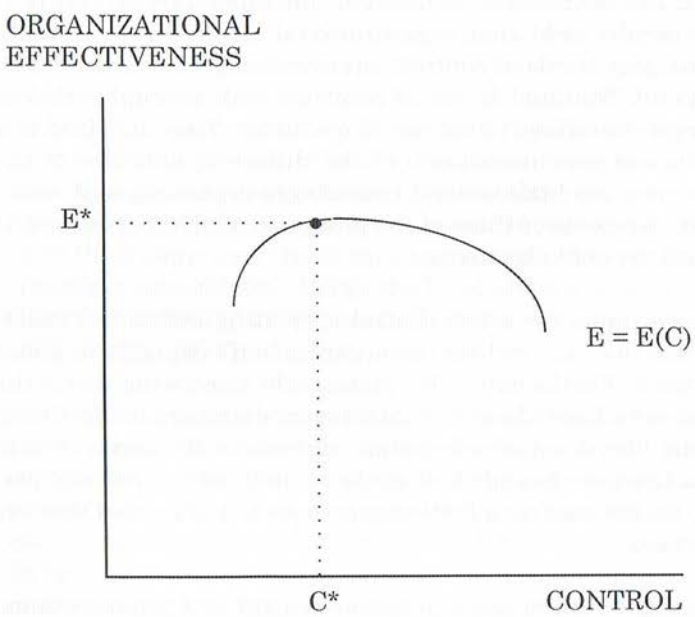
where E represents a composite measure of organizational performance or effectiveness, and C is a measure of the level of control *of a particular configuration*. It is generally held that organizational effectiveness initially improves with increasing levels of control, but eventually starts to decline beyond a certain point. Minimal levels of control result in duplication of effort and other forms of wastage in the use of resources. They also lead to a lack of coordination and synchronization of the different activities of the organization. Moreover, too little control encourages organizational members to pursue their own goals or those of the groups to which they belong at the expense of organizational objectives.

At the other extreme, too much control may stifle individual initiative, discourage creativity, and reduce the organization's capacity to adapt to changing conditions. Furthermore, by excessively narrowing down the range of choices open to lower-level organizational members, superfluous control increases the likelihood of sub-optimal decisions. Beyond a certain point, these dysfunctions are bound to offset the benefits of control, and performance begins to deteriorate with further increases in the level of this key organizational function.

The relationship between the amount of control and organizational effectiveness may be described graphically by an inverted U-curve as shown in Figure 1. On the diagram, E* and C* are, respectively, the optimal levels of organizational effectiveness and control, *all other relevant factors, including the mix of control methods employed, being held constant.*

These optimal levels differ from organization to organization depending on the values of the relevant environmental, organizational, and technological parameters. Of special relevance to our discussion are the size of the organization, certain aspects of the work process, the nature of the product, and the personal characteristics that distinguish members of one type of organization from another.

Figure 1.
The Effect of Control on Organizational Performance



In the following analysis, control is treated as the dependent variable, that which is "caused" or "determined" by a host of other variables. In the general equation below, A is a vector of all relevant independent variables.

$$C = C(A) \quad (1)$$

The determinants—or antecedents, to use what is perhaps a more appropriate term of control—are the variables on which the level (and configuration) of control is based. If the sole or primary concern of the organization's managers is the attainment of organizational objectives, they will set the level of control on the basis of their evaluation of organizational performance, along with the "givens" in Equation 1, a number of which are listed in Table 1.

Table 1 - Some Determinants of Control in Organizations

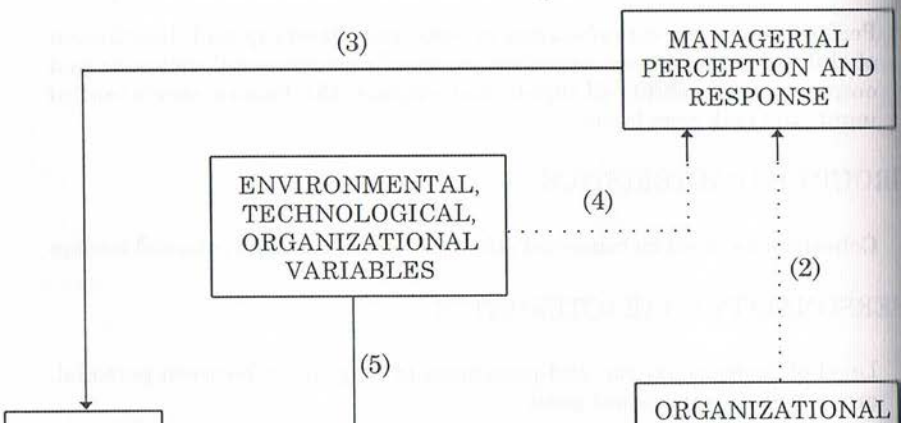
ENVIRONMENTAL CHARACTERISTICS
Complexity of the interrelationships among the different components of the environment; and the rate of change of the relevant technological, political, social, cultural, and economic variables
ORGANIZATIONAL CHARACTERISTICS
Performance; size; concentration of authority; diversity and distribution of skills, knowledge and expertise; range of organizational activities and outputs; measurability of inputs and outputs; the human component of input; and task complexity
GROUP CHARACTERISTICS
Cohesiveness; need for concerted effort; and the influence of informal leaders
PERSONALITY CHARACTERISTICS
Level of professionalism; and perception of congruence between personal, group and organizational goals

Adapted from Poblador, 1991.

In the above model, the level of control adjusts to existing (and changing) conditions not by any automatic process but by deliberate acts of choice of the organization's top managers. A major element of the model therefore is managerial discretion—the driving force that propels the system towards equilibrium. It is this assumed rational response to feedback and parametric shifts that moves the organization towards optimality.

Figure 2 shows the major components of the control system and the interrelationships among them. The continuous-line arrow (1) shows the relationship between control and organizational performance, as described in Figure 1. The broken-line arrow (2) indicates that managers react in one way or another to significant positive or negative deviations of organizational performance from what was planned or anticipated. After noting the organization's performance and evaluating the relevant environmental, technological and organizational parameters [arrow (4)], the organization's decision makers reset the level of control to what they consider is appropriate under the existing circumstances [arrow (3)]. Arrow (5) shows that certain mediating variables determine the nature of the relationship between control and organizational performance, as described by the level and curvature of the inverted U-shaped curve depicted in Figure 1.

Figure 2.
A Model of Control in Organizations



Note: Broken lines indicate the manager's subjective interpretation and evaluation of external parameters and organizational performance.

4. The Research Design

This study looks at a small number of variables that potentially affect the level and distribution of administrative control in small business organizations. There are: the type of activity of the organization; the CEO's perception of environmental uncertainty; his or her perception of the degree of organizational complexity; and organizational performance as perceived by the CEO. While this list of variables is far from exhaustive, we believe that these are key factors that determine the level of administrative control in small business organizations, and the extent to which this is exercised by the firms' top managers.

The Sample

Small business firms were chosen for this study in the belief that the control function of the CEO figures more prominently in small organizations than in large ones where bureaucratic and mechanical controls are more dominant, and where the control function is more equally shared with lower-level managers. There were twenty-two collaborating firms, ten of which were manufacturing or processing operations and the rest were service organizations such as country clubs, auditing firms, and travel agencies. They ranged in size from 17 to 300 employees. All CEOs were interviewed, along with at least one second-echelon manager.

Hypotheses

The activities of service organizations tend to be relatively varied and unstructured, and decision makers at all levels frequently face exceptional situations. Moreover, a good deal of interaction among organizational members is typically required in dealing with substantive issues. Finally, knowledge and skills, as a rule, are more evenly distributed in this type of organizations. For these reasons, decision and control responsibilities in such organizations will tend to be more evenly allocated between the CEO and his or her subordinates.

By contrast, activities in production organizations are more structured and programmable, and the relevant information and skills are typically concentrated at the highest administrative levels (Thompson and Bates, 1957). We therefore posit the following hypothesis:

Hypothesis 1: The amount of administrative control exercised by t CEO is higher among production organizations than among serv organizations.

Another important "determinant" of the amount of control exerci by the firm's top executive is his or her perception of environmental unc tainty. We argue that under conditions of environmental uncertainty, th is greater perceived need among managers of small organizations to clo harness their resources and thus more effectively confront unexpected c tingencies. This responsibility devolves primarily upon the top manager two major reasons: (a) in small organizations, the CEO is familiar with entire range of activities of the firm, and (b) in many cases, there are enough sufficiently capable managers with whom to share control respo bilities. This leads to our second hypothesis:

Hypothesis 2: The higher the level of perceived environmental certainty, the greater the control responsibilities of the firm's c executive.

The extent to which the various components of the organization perceived to be closely interrelated is yet another factor that affects level and distribution of control in small organizations. The greater the gree of interaction among organizational sub-units, programs and per nel, the greater the need for coordination from the top. How well the org zation performs depends, in large measure, on the effective synchroniza of organizational activities (Zannetos, 1965). We therefore advance this pothesis:

Hypothesis 3: The amount of administrative control exercised by CEO is positively associated with his/her perception of interde dency among the organization's components.

Finally, we hypothesize that

Hypothesis 4: In the short run, the amount of administrative co exercised by the CEO is *negatively* associated with perceived orga tional performance.

The last hypothesis requires some elaboration. In the short run, n agers react to organizational performance by adjusting the level of co that is, "control is caused by performance," and not the other way aro

Over the long haul, however, the effects of control are beginning to be felt and performance either improves or deteriorates. It is in the latter context that performance is the effect of control, as posited in the model presented in the preceding section.

Operational Definitions of Control Variables

Three variables were used to measure the amount of administrative control exercised by the CEO:

(1) The chief executive's appointive power, or the extent down the administrative hierarchy that he or she exercises the larger share of appointive responsibility. This was measured by the ratio

$$(L - 1)/(L_t - 1)$$

where L is the lowest administrative level in the appointment or promotion to which the CEO is primarily responsible, and L_t is the total number of administrative levels in the oganization. This ratio allows meaningful comparisons across different organizations regardless of the number of layers of administration. This variable ranged in value from 1/5, which carries a weight of 1 index point, to 1 (6 index points). A value of 1 indicates that the firm's chief executive is primarily responsible for the appointment of rank-and-file members of the organization such as clerks and delivery boys.

(2) The proportion of time spent by the CEO in monitoring the work of subordinates. This includes such activities as actually observing subordinates on the job, receiving oral reports, poring through written performance and activity reports, and giving oral or written instructions. This variable was classified four ways, ranging from 10 percent or less (1 index point) to 51 percent or over (4 index points).

(3) The CEO's span of control, or the number of subordinates (excluding secretaries, office clerks, drivers, and the like) reporting directly to him or her. This dimension of control carried from a low of 1 or 2 (1 index point) to a high of 7 or 8 (4 index points).

"Overall Control" is a composite measure determined by adding up the index points on the three control dimensions and netting out a constant to come up with a scale ranging from 1 to 13.

Other measures of the CEO's control power were considered but ceptable measures could not be developed due to inadequate response. The include, *inter alia*, the spending authority of the CEO as a multiple of that the most privileged second-level manager; and the frequency at which t tacit approval of the CEO is required before decisions made by the secon tier managers can be implemented.

The respondents' perception of environmental uncertainty, the degr of interdependency among the organization's internal components and pr cesses, and organizational performance were rated on five-point scales. Th data were analyzed by means of the *t*-test of difference of means and th Spearman test for rank correlation.

Results

Organizational Activities Governed by Formal Rules

A common way of insuring that organizational activities are being "don right" is to institute rules, regulations, and standard procedures for carr ing out these activities, especially those that are performed repetitively (Ha and Aiken, 1969). In this study, respondents were asked to identify fro among a list of organizational activities those which are covered by formal rules and regulations. Their responses are summarized in Table 2, whic shows the relative frequency of mention of organizational activities and pr cesses that are governed by formal rules.

Table 2 - Activities and Procedures Governed by Formal Rules

ACTIVITY	FREQUENCY OF MENTION		
	Production Organizations	Service Organizations	All Respondent
Leaves & other benefits	9	12	21
Employee discipline	9	11	20
Performance appraisal	9	10	19
Recruitment	4	8	12
Planning	3	7	10

Table 2 (continued)

ACTIVITY	FREQUENCY OF MENTION		
	Production Organizations	Service Organizations	All Respondents
Personal grooming and decorum	2	8	10
Budgeting	4	6	10
Interdepartmental communication	2	7	9
Dealing with customers	3	6	9
Training/Development	2	6	8
Grievances	2	4	6
AVERAGES	4.90	7.08	6.09

It would seem reasonable to expect that firms in the service sector, for example, tour agencies and those that provide advertising and management consultancy services, because of the dominance of the human factor, would be more tolerant of wider variations in doing things than those engaged in the production of physical outputs which understandably would place a greater premium on precision. This, however, is not borne out by the interview results. On the average, over seven out of eleven prelisted activities are governed by formal rules in service organizations, as compared with just under five among manufacturing and production firms, a difference which is significant at and better than the 2.5 percent level ($t = 2.30$).

In both Hong Kong and Singapore, however, manufacturing firms appear to have more formalized activities than do their counterparts in the service sector. What is perhaps even more revealing is that on the whole, Philippine organizations seem to be more inclined to enforce standard procedures than are enterprises in both Hong Kong and Singapore. (Please see Table 3, which compares the three countries in terms of this particular measure of administrative control.) As to whether this is indicative of an underlying difference between the three societies is an interesting point to ponder. This matter will be discussed subsequently.

Table 3 - Organizational Activities and Procedures Governed by Formal Rules: The Philippines, Hong Kong and Singapore

Country	Activites and Procedures Governed by Rules (Average)		
	Production Organizations	Service Organizations	All Respondents
Philippines	4.90	7.08	6.09
Hong Kong	3.92	3.10	3.56
Singapore	4.80	3.70	4.32

Administrative Control and its Major Components

Our first major hypothesis was quite straightforward: administrativ control exercised by the CEO tends to be higher among small business orga nizations that produce physical outputs than among those that provide ser vices. Our reasons for advancing this hypothesis are equally unequivocal Top managers of service organizations will tend to exercise less control tha their counterparts in manufacturing firms because the activities and role under their aegis "... are less structured, and the relevant knowledge, skill and expertise are more evenly distributed" in the system (Poblador, 1991) Consequently, they will be less inclined to impose their biases or ideas o their subordinates.

The data do not support this hypothesis. As shown in Table 4, only i terms of the amount of time spent by CEO going over the work of their sub ordinates is there a glimmer of support. Even more surprisingly, the CEO of service organizations appear to be more autocratic, to use an unsavor term, than their counterparts in manufacturing organizations in terms o the two other dimensions and the overall measure of CEO control, althoug the differences between the means are not significant at any acceptabl level.

Table 4 - Average Values of Measures of Administrative Control Exercised by Chief Executive Officers

Control Measure	Production Organizations	Service Organizations	All Respondents
CEO's Appointive Power	0.71	0.76	0.74
Percentage of Time Spent Monitoring Subordinates	54.80	40.00	47.00
CEO's Span of Control	3.0	3.9	3.5
Overall Index of Control	9.95	10.75	10.35

This table uses a somewhat different scaling procedure from the one used in the rest of the paper.

Needless to say, the direction of inequality of the means of the various control measures in the two types of operations may go either way, depending on the unique set of circumstances faced by the organizations. We can think of at least three plausible "explanations" for this observation.

(1) There is greater perceived need for quality among service organizations, especially those in the professions (architectural firms, dental clinics) which makes it necessary to put second- and lower-level managers under stricter supervision from the top;

(2) In view of the greater degree of indeterminacy of both outputs and processes under their administrative responsibilities, CEOs of service organizations may perceive the need for more direction of the work of subordinates; and

(3) In the absence of reliable quantitative feedback on operations, managers of service organizations tend to depend more on their personal judgment and involvement to make sure that things are proceeding according to plans.

"Determinants" of Control

We hypothesized that managers of organizations that operate in what are perceived to be volatile and unpredictable environments tend to exercise greater administrative control than their counterparts in more placid settings. This hypothesis is not supported by our findings, however. While the composite index of control is higher among organizations with high perceptions of external instability (see Table 5), the difference is not significant at any acceptable level.

Table 5 - Overall Index of Control in Relation to Perceived Environmental Uncertainty

Perceived Environmental Uncertainty	OVERALL INDEX CONTROL		
	Production Organizations	Service Organizations	Averages
Very to Moderately Stable	9.58 (6)[a/]	9.50 (7)	9.54 (13)
Average	8.67 (3)	10.67 (3)	9.67 (6)
Very to Moderately Unstable	12.50 (1)	---	12.50 (1)
AVERAGES	9.60 (10)	9.85 (10)	9.725 (20)

[a/] Figures in parentheses represent number of respondents.

We also speculated that control tends to be higher in organizations where there is a high degree of perception of interdependency among activities and components, or *internal* environmental uncertainty, as compared with organizations where internal relationships are seen to be well defined. Table 6 shows that there is indeed a perceptible difference in the levels of control in organizations that perceive average interdependency and those with highly or moderately interdependent activities, a difference in the hypothesized direction which is significant at the 5 percent level.

Table 6 - Overall Index of Control in Relation to Perceived Interdependency Among Organizational Components and Activities

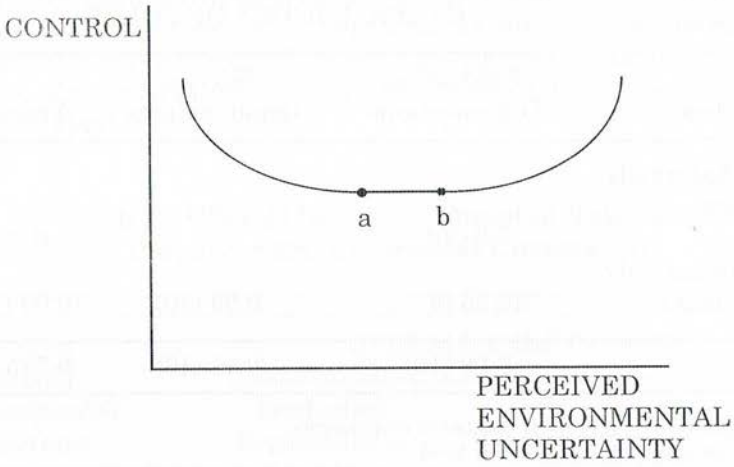
	OVERALL INDEX OF CONTROL		
Perceived Interdependency	Production Organizations	Service Organizations	Average
Highly to Moderately Independent	---	---	---
Average	7.2 (2)[a/]	---	7.0 (2)[b/]
Highly to Moderately Interdependent	10.25 (8)	9.85 (10)	10.03 (18)[b/]
AVERAGES	9.60 (10)	9.85 (10)	9.725 (20)

[a/] Figures in parentheses represent number of respondents.
[b/] Difference significant at the 5 percent level.

While we are prepared to conclude that internal instability has some impact on the level of control, at least in the Philippine context, we find it hard to believe that perceived environmental uncertainty (PEU) bears no significant effect on this organizational function. We are therefore pressed to offer some explanation for the observed statistically insignificant difference in the levels of control between organizations with high perceived environmental uncertainty and those with low PEUs.

The relationship between the level of control and PEU is perhaps best described by a U-shaped curve, such as the one shown in Figure 3 below. At very low levels of PEU, the relationship between the two variables is very likely to be negative. Within this range, increases in PEU will bring forth *decreases* in the level of control exercised by the CEO as he or she devotes more personal attention to the increasingly hostile environment in attempting to minimize its negative impact on the organization. Thus, less and less time will be spent overseeing the firm's internal operations.

Figure 3.
The Relationship between Administrative Control and the Perception of Environmental Uncertainty



By contrast, at *extremely* high levels of PEU, further increases in perceived environmental turbulence will compel managers to pay more and more attention to the internal workings of the organization to enhance its ability to counter external threats to its existence. At these levels of environmental instability, the relationship between control and PEU is more likely than not to be positive (the portion of the curve beyond point *b* in the diagram). Along the relatively flat portion *ab* of the curve, the level of control exercised by the CEO varies only insignificantly with the perception of environmental uncertainty.

The relationship between control and performance is an extremely complex one. To begin with, either variable may be the dependent one. In one context, control is a function of performance. If performance is low, management may want to exercise more control in order to improve organizational effectiveness. Then again, top management may respond to the situation by exercising *less* rather than more control! In another context, performance is a function of control. The type of relationship and the *direction* of causation depends of course on different sets of parameters. From an empirical standpoint, it is not possible to even hypothesize about one type of

relationship without first controlling for one set of parameters or the other. Thus, our findings can only pose more questions than answers, and in either case, only tentatively so. However, as we have stressed earlier, we shall focus on control as the *dependent* variable.

As shown in Table 7, the average level of control is higher among organizations that perceive levels of performance that are either below or above targets as compared with those whose results are as originally planned. While the observed differences are not statistically significant at any acceptable level, it is tempting to infer from the data that the relationship between control and perceived performance is best described by a U-shaped curve. In order to enhance organizational effectiveness, top managers of low-performing firms may tend to reduce their administrative roles and give their better informed subordinates more leeway in running the affairs of their organizations. By contrast, managers of high-performing firms, self-assured as they are, may continue to lord it over their administrative domains, as organizational leaders in the Philippines and elsewhere in the region are wont to do.

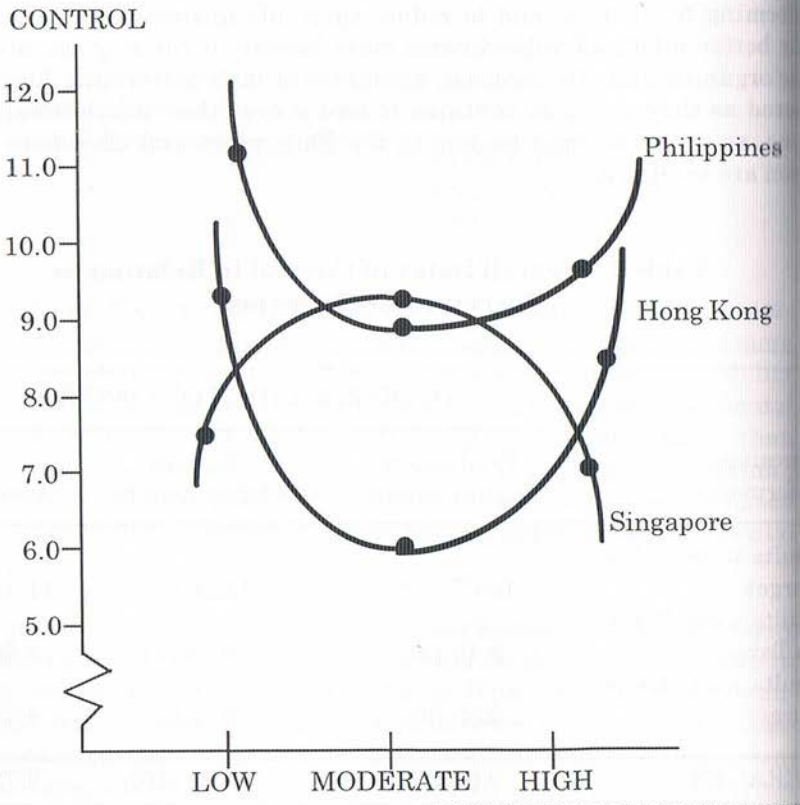
Table 7 - Overall Index of Control in Relation to Perceived Performance

Perceived Performance	OVERALL INDEX OF CONTROL		
	Production Organizations	Service Organizations	Averages
Results were Below Target	10.67 (3)[a/]	12.50 (1)	11.12 (4)
Results were Right on Target	8.17 (3)	9.38 (4)	8.86 (7)
Results were Above Target	9.88 (4)	9.70 (5)	9.78 (9)
AVERAGES	9.60 (10)	9.85 (10)	9.725 (20)

[a/] Figures in parentheses represent number of respondents.

Interestingly, Hong Kong managers seem to have similar tendenc as their counterparts in the Philippines. In both societies, the level of co trol initially falls with increasing levels of perceived performance, event ally rising at higher levels of organizational effectiveness (see Figure 4).

Figure 4.
Control in Relation to Perceived Performance: Hong Kong, the Philippines and Singapore



Singaporean managers, by contrast, seem to behave differently. The Singapore study shows that administrative control initially *increases* with increasing perceived organizational performance, and eventually declines (see the inverted U-shaped curve in Figure 4). This is probably because managers of low-performing firms in that country tend to take more active hand in running their organizations in order to improve performance, and are therefore inclined to assume more control functions. As performance improves beyond certain levels, however, they may have the tendency to let their guards down and increasingly delegate control responsibilities to their subordinates.

The observed behavior of control in relation to *actual* performance [2] shows an even less discernible pattern vis-à-vis perceived performance. It is worth noting, however, that the highest performing Philippine organizations, those that scored 7 or 8 on the 8-point actual performance scale, had an average overall index of control of 10.6 (on a scale that ranges from 1 to 13), as compared with 8.7 among their Hong Kong counterparts. If anything, this suggests that the optimal level of control is higher in the Philippines than in Hong Kong, as we have earlier demonstrated.

Administrative Control in Three Asian Cultures: The Philippines, Hong Kong, and Singapore

We conclude by comparing three Asian cultures, the Philippines, Hong Kong and Singapore, in terms of the degree of administrative control exercised by CEOs of small and medium-sized enterprises in these societies. By juxtaposing the data developed earlier for Hong Kong and Singapore with that of the present study, we note that on the average, Filipino managers have far greater control responsibilities than their opposite numbers in the two other countries. Table 8 shows that the average Overall Index of Control (OIC) is 10.35 in the Philippines, a figure which is significantly larger than the corresponding OICs in Hong Kong and Singapore. If anything, these differences reflect the well-documented high power distance between superiors and subordinates in the Philippines compared to all other countries in the region (Hofstede, 1985). Table 9 shows that the index developed in the seminal Hofstede study for this particular cultural dimension has a numeri-

[2] Actual performance is measured by a composite index based on rate of growth of sales, profit as a percentage of sales, and profit as a percentage of assets, averaged over a three-year period.

cal value of 94 for the Philippines, compared with 68 and 74 for Hong Kong and Singapore, respectively. As a rule, lower-level Filipino managers tend to defer more to their seniors than do subordinates elsewhere in Asia, and this certainly will be reflected in greater control power in the hands of Filipino CEOs, especially in the size range of organizations in the sample of our study.[3]

Table 8 - The Level of Administrative Control in Three Cultures: the Philippines, Hong Kong, and Singapore

Control Measure	COUNTRY		
	Philippines	Hong Kong	Singapore
Time Spent Monitoring Subordinates	3.18	2.90	2.84
Span of Control	2.55	2.67	2.82
Appointive Power	4.45	3.55	3.86
OVERALL INDEX OF CONTROL	10.35	9.08[a]	9.03[b]

[a]Difference with Philippines significant at the 5 percent level.
[b]Difference with Philippines significant at the 10 percent level.

[3]A recent poll conducted by Time Money and Mastercard International shows that Filipino managers give more importance to pleasing their superiors than do their counterparts in all other Asian countries.

Table 9 - A Comparison of Three Asian Societies along Selected Cultural Dimensions

Cultural Dimension	COUNTRY		
	Philippines	Hong Kong	Singapore
Individualism	25 (16)[a/]	20 (13-14)	32 (21)
Power Distance	68 (37-38)	74 (40)	94 (47)
Uncertainty Avoidance	29 (4-5)	8 (1)	44 (10)
Masculinity	57 (32-33)	48 (24)	64 (39-40)

[a/] Numbers in parentheses indicate rank.
Adapted from Geert Hofstede, "Cultural Dimensions in Management and Planning," *Asia Pacific Journal of Management*, January 1984, pp. 81-89.

We are also tempted to speculate that the high level of control exercised by Filipino managers equally reflects the high degree of risk aversion among Filipino managers compared to their counterparts in the two other countries. Hofstede gave the Philippines a score of 44 on uncertainty avoidance as against 29 for Hong Kong and 8 for Singapore, which ranked first in terms of this cultural trait.

Particularly significant is the greater amount of time spent by Filipino managers in looking over the shoulders of their subordinates compared to top managers in both Hong Kong and Singapore. This concern for internal operations could be interpreted to mean that compared to their Hong Kong and Singaporean counterparts, Filipino managers attach more importance to doing things right and according to plans than to timely and appropriate adaptation to external developments as a way of achieving organizational objectives.

5. Conclusion

As with the earlier work done elsewhere in the region (Poblador, 1991), this study is an exploratory one. It is based on a small amount of data provided by unusually cooperative respondents, many of whom providing much

of their time at very great opportunity costs. Simple statistical procedur were applied to analyze the data, and the results were interpreted wi rather simplistic models based on equally simplistic assumptions.

The work does suggest that some fundamental relationships betwe administrative control and other organizational variables do seem to exi Moreover, what little data developed here seem to suggest that these a best described graphically by U-shaped curves, inverted or otherwise, poin ing to the possible existence of optimal levels of control in relation to the variables. These relationships can be empirically established more firml by the use of a much larger and wide-ranging data base, and by more appr priate field and analytical procedures.

Of special interest are some insights provided by the study on diffe ences between the management styles of Filipino, Hong Kong, an Singaporean CEOs, and the social and cultural differences they reflect.

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