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## The impact of social networks on pay increase, promotions and layoffs in Singapore

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## Abstract

This study investigates the impact of social networks in an organisational setting on pay increases, promotions and layoffs. Using social network theory as the foundation, individuals' relationships with peers, immediate supervisors, and management, as well as an organisational culture that formalises social networking activities, are found to have significant effects on pay increases, promotions, and layoffs. This remains true, even after controlling for tenure in the firm and work performance.

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In most organisational settings, the determination of rewards or punishment is linked to employees' work performance. This determination, however, may not be fully objective. Instead, it may be affected by other political or social processes which are embedded in the relationships that the employees have with others in the firm. This social network perspective assumes that, because individuals are embedded within a web or network of interrelationships with other individuals, the ties that connect them in the organisation, or the social networks between individuals, have an effect on organisational outcomes (Pearce and David 1983; Tichy and Fombrun 1979; Tichy, Tushman and Fombrun 1974). Since organisations are often defined by internal relationships, these networks of relationships between individuals within the organisation can provide opportunities and constraints (Nelson and Mathews 1991).

This paper explores the impact of social network relationships on the determination of organisational rewards and punishment among firms of different national origins. Specifically, we are interested in investigating the impact of employees' social network relationships on pay increases, promotions, and layoffs in Japanese, Singaporean, and American firms located in Singapore, beyond the objective measures of the employees' level of work performance.

## Overview

A network is defined as a set of nodes, and the set of ties representing some relationship between the nodes. In social networks, nodes represent actors, which could be

individuals, groups, or organisations, while links represent some form of interaction, such as communication, or a more abstract connection, such as trust or friendship. The focus of social networks is on relationships rather than individuals *per se* (that is, on the links rather than the nodes) (Brass 1985). This perspective assumes that actors are embedded within a network of interrelationships with other actors. The intersection of relationships defines an individual's role or position in the social structure. In the social network approach, people are assumed to be social beings who seek to establish ties of identity and friendship with others. Individuals interact with each other to make sense of, and successfully operate on, their environment. When the interaction is helpful, the interaction continues and a relationship is formed. Repeated interactions eventually lead to social structure.

In organisational settings, people have been found to use ties for social support and work accomplishments (Mehra, Kilduff and Brass 1998). To get things done within an organisation, individuals must draw on both instrumental resources, such as work-related advice and sponsorship, and emotional resources, such as friendship (Ibarra 1993). Network types are distinguished by their relationship content, which indicates the kind of relationships linking proximate actors. Instrumental network links arise in the course of work-role performance, while expressive network relations arise primarily through friendship and social support (Tichy, Tushman and Fombrun 1974; Lincoln and Miller 1979; Fombrun 1982).

Friendship ties or expressive network relations tend to be stronger, more intimate, involve more frequent interactions (Krackhardt and Porter 1986; Krackhardt and Stern 1988; Krackhardt 1990), and tend to connect people who share similar personal characteristics such as gender, race, age, and religion (Marsden 1988). In expressive ties, social relationships, such as cooperation, trust, intimacy, and empathy, often develop between the parties. Interaction is frequent, and each party reciprocates the trust and positive effect of the other.

Instrumental links, by contrast, tend to be weaker, linking people who hold different positions in the organisation (Laumann, Galaskiewicz and Marsden 1978; Lincoln 1982; Lin 1982). Instrumental ties provide an important source of technical information necessary for individuals to do their jobs efficiently. They also provide individuals with information to reduce the uncertainties associated with role behaviour. Information regarding duties, role responsibilities, and behavioural and attitudinal requirements is therefore disseminated through instrumental ties. Since individuals use such work-related information to help them reach organisational goals and rewards, it is therefore hypothesised that individuals who have strong instrumental ties in an organisation will receive more positive organisational outcomes than those with expressive ties.

**Hypothesis 1.** Individuals who have stronger instrumental ties will have more positive organisational outcomes such as higher pay increases, promotions and lower likelihood of layoff than those with expressive ties.

The person in the centre of the node has more access to all the other positions for information and resources, since everyone in the network must 'go through' the centre position in order to 'reach' each other (Brass 1985). With greater access to, and potential control over, relevant resources, such as information, the individual in the central position can use these resources in achieving their goals. Therefore, centrality is related to organisational rewards, because it is easier for a person in a central position to access valued resources, succeed, and be rewarded for their performance. On the other hand, individuals who can access information and resources, will also be in a better position to use such resources to prevent failures or minimise negative situations. Actors who are centrally located within organisation-wide webs of interaction have greater control over relevant resources and enjoy a broad array of benefits and opportunities which are unavailable to those on the periphery (Burt 1982; Brass 1992; Ibarra 1993).

**Hypothesis 2.** Individuals occupying central positions in a social network will experience more positive organisational outcomes such as more pay increases, promotions and lower layoff likelihood.

The density and importance of job-related networks within an organisation is influenced by its organisational culture, which depends to a large degree on the firm's origins. Because of the large Chinese population in Singapore, elements of Chinese culture play a vital role in local Singaporean organisations and their management style. This is hypothesised to have an impact on the degree of social networks in place in these firms. For example, Chinese management style

emphasises human relationships and obligations (Warrington and McCall 1983; Sheng 1979; Menkhoff 1993). For instance, to the Chinese, *renqing* involves social exchanges which oblige people to keep equity in mind. *Renqing* is seen as a kind of favour with the inclusion of a sentimental element. If one fails to follow the rule of equity in exchange of *renqing*, one loses face, hurts the feelings of one's friends and looks morally bad, and one's *quanxiwang* (connecting network) is endangered. Because of the importance of this network, one is obliged to follow the rule of equity, even when dealing with close friends with whom strong emotional ties exist. This is similar to the Japanese art of relationship management (Chen 1995). Business relationships are often subsumed under the notion of friendship and loyalty. Employees feel obliged to be loyal and obey, while superiors are obliged to be concerned about all aspects of their employees' welfare. The Chinese value interpersonal relations highly, and business and personal relations are accordingly found to be very important to Chinese Singaporean managers (Chew and Putti 1995). Such obligations are often manifested in promotions or pay raises and in fewer layoff decisions (Sheng 1979). The Chinese also place a great emphasis on 'face' (Redding and Ng 1982). Superiors are obliged to maintain 'face' in front of their subordinates, especially when they have mutual relationships like friendships or *guanxi*, and do so by providing subordinates with better chances of promotions or reduced possibilities of layoffs.

Human relationships are also the key focus of the Japanese management style. Employees in a firm are regarded as one big family and are expected to be committed to

the organisation. Mutual commitments are often expressed by the provision of benefits such as lifetime employment and company policies that avoid layoffs (Hatvany and Pucik 1981; Ichimura 1981; Ishida 1981; Yang 1984). Under conditions of lifetime employment, rapid promotions are rare as promotion is based on seniority. Thus, the Japanese management style is based on the premise that, in return for an employee's contribution and commitment to the organisation, the organisation will provide a stable and secure work environment.

American firms practice a more individualistic and task-focused orientation. Although American firms actively create a supportive and cooperative organisational climate for their employees, they tend to emphasise the achievement of individual goals and competencies. Thus, merit, training, experience, and education are essential criteria for promotion, and loyalty is of lesser importance (Low 1984). Social networks are still important, however, for efficiently and effectively using staff and committees for work-related activities.

**Hypothesis 3.** American, Japanese and Singaporean firms have different social network dynamics which differentially impact on pay increase, promotions, and layoff decisions.

## Methodology

### Sample design of firms and respondents

In our research, the target sample consisted of groups of employees drawn from Singapore-based subsidiaries of Japanese and American organisations, and native Singaporean organisations (selected from

the 'Singapore 1000' Directory). Stratified random sampling was used. The population—Singaporean, Japanese, and American companies—was divided into subgroups (strata). Companies were then selected randomly from each stratum. A company from each stratum was chosen by selecting one from every five companies. All selected companies were contacted through their human resource managers. Approximately nine hundred questionnaires were distributed with each subgroup receiving three hundred questionnaires.

Data was collected from a sample of full-time white-collar civilian employees through a mail survey. The American subgroup yielded 124 participants (41.3 per cent), the Japanese subgroup 151 (50.3 per cent), and the Singaporean subgroup 240 participants (80 per cent). The total of 515 respondents represented an overall response rate of 57.2 per cent.

### Independent variables

Expressive and instrumental ties were measured by the extent to which individuals interact with three different groups of actors—peers, immediate supervisors, and management. Interactions with those with power and co-workers differ in important ways. Peers are significant sources of social information because of social spatial proximity, similarity, and social relationships with the individual (Meyer 1994). People tend to feel more comfortable and interact more on a social basis with individuals who are like themselves (Marsden 1988; Tsui and O'Reilly 1980; Lincoln and Miller 1979). This established pattern is called 'homophily' (Friedman, Kane and Cornfield 1998). According to this paradigm, closer ties

primarily emerge among people with similar attributes (Byrne 1971). People who occupy equivalent positions will have similar role obligations and expectations and are linked in a pattern of social network ties (Burt 1980). Hence, such relationships of similarity often occur among peers.

On the other hand, supervisors are important sources of work-related information for individuals. Managers and supervisors have direct influence over organisational procedures, policies, rewards, and punishment because of the relative power or status that they have compared with their subordinates. They are primarily viewed as mentors and leaders and are a part of the objective work environment (Meyer 1994). Hence, interactions with peers are considered to be expressive ties while interactions with immediate supervisors and management are considered to be instrumental. Four items for each of the actors were developed around work and non-work related interactions. Thus, a total of twelve 7-point Likert-type scales were developed to measure social network interactions.

Centrality was measured by four different continuous variables. Respondents were asked to provide information on the number of committees on which they had served in the previous year, the number of committees on which they were serving in the current year, the number of times they had moved laterally in their jobs, and the level they currently occupied in the organisation hierarchy. The more committees an individual serves in an organisation, and the more they move laterally within an organisation, the more interactions they will have with others in the

organisation and the greater the influence, resources, and information they will have garnered from these positions. The higher individuals are in the organisational hierarchy, the more central are their positions, because they become linking pins for a greater number of divisions and individuals at the lower levels and between the levels below and the level above them.

### Dependent variables

We measured four dependent variables in this study. Three of these were continuous variables in which the respondents provided information on the number of times they had received pay increments in the organisation, the number of times they had been promoted in the organisation, and the number of organisational levels they had moved in the organisation. The final dependent variable assessed the perception of organisational punishment meted out. This variable was operationalised as the perceived threat of being laid-off and was measured by a 7-point Likert-type scale.

### Control variables

Since organisational rewards, such as the number of pay increases and promotions received, are dependent on how long the employee has been in the firm, tenure in the organisation is an obvious control variable. We measured tenure by asking the respondents to state the number of years they had been in the firm.

Another variable that affects pay increases, promotions, or layoffs is the performance level of the employee. Since the performance evaluation scoring system is different for the three types of firms, we

measured performance on two 7-point Likert-type scales. Respondents indicated how they perceived their level of work performance as well as how their supervisors evaluated their level of work performance.

## Results

### Reliability checks on scaled items

The reliability of the network scales are shown in Table 1. All the Cronbach's alpha are greater than the minimum acceptable figure of 0.70. Confirmatory factor analysis also shows that the items fall into one factor, indicating that the scales are reliable.

### Hierarchical regression analyses

Table 2 shows the results of the impact of network ties on the number of pay increases, the number of promotions, the number of organisational levels that the employee moves up and their perceptions of a threat of layoffs. After accounting for the employees' work performance and tenure in the firm, the results indicate that interactions with management decreased the number of promotion opportunities for the employee as well as the number of organisational levels that the employee moves up (significance level  $p < 0.05$ ). Interactions with immediate supervisors, however, decreased the perceived threat of being laid-off. That is, interactions with immediate supervisors reduce the threat of a possible 'punishment'. Peer interactions had no impact on rewards or on perceptions of a threat of layoffs (significance  $p < 0.10$ ). Hence, Hypothesis 1 is partially supported. The results indicate that instrumental ties do

Table 1 Reliability and factor analysis

|                                                                 |               |               |               |
|-----------------------------------------------------------------|---------------|---------------|---------------|
| Activity with person                                            | Factor scores | Factor scores | Factor scores |
| A1: Immediate superior                                          | 0.569         |               |               |
| A2: Immediate superior                                          | 0.733         |               |               |
| A3: Immediate superior                                          | 0.834         |               |               |
| A4: Immediate superior                                          | 0.800         |               |               |
| A1: Management                                                  |               | 0.669         |               |
| A2: Management                                                  |               | 0.809         |               |
| A3: Management                                                  |               | 0.861         |               |
| A4: Management                                                  |               | 0.856         |               |
| A1: Peers                                                       |               |               | 0.733         |
| A2: Peers                                                       |               |               | 0.767         |
| A3: Peers                                                       |               |               | 0.797         |
| A4: Peers                                                       |               |               | 0.790         |
| Cronbach's alpha                                                | 0.7177        | 0.7973        | 0.7734        |
| A1: Talk to person when I have work problems.                   |               |               |               |
| A2: Talk to person when I have personal problems.               |               |               |               |
| A3: Have informal social gatherings after work with the person. |               |               |               |
| A4: Often have lunch with the person.                           |               |               |               |

Table 2 Regression analysis of the impact of network ties on rewards and layoffs

|                              | Number of pay increments |         | Number of promotions |         | Number of levels moved up |         | Perceptions of layoffs |         |
|------------------------------|--------------------------|---------|----------------------|---------|---------------------------|---------|------------------------|---------|
|                              | Beta                     | p-value | Beta                 | p-value | Beta                      | p-value | Beta                   | p-value |
| Tenure                       | 0.874                    | 0.000   | 0.697                | 0.000   | 0.687                     | 0.000   | -0.064                 | 0.152   |
| Performance                  | 0.003                    | 0.906   | -0.111               | 0.001   | -0.083                    | 0.013   | 0.117                  | 0.010   |
| Interactions with peers      | 0.011                    | 0.629   | -0.027               | 0.401   | -0.029                    | 0.387   | 0.046                  | 0.309   |
| Interactions with supervisor | -0.058                   | 0.302   | 0.034                | 0.376   | 0.045                     | 0.262   | -0.131                 | 0.015   |
| Interactions with management | 0.024                    | 0.366   | -0.087               | 0.020   | -0.126                    | 0.001   | -0.012                 | 0.813   |
| R <sup>2</sup>               | 76.7<br>(p=0.000)        |         | 51.9<br>(p=0.000)    |         | 50.3<br>(p=0.000)         |         | 3.2<br>(p=0.006)       |         |

**Table 3    Regression analysis of the impact of centrality on rewards and layoffs**

|                                    | Number of pay increments |         | Number of promotions |         | Number of levels moved up |         | Perceptions of layoffs |         |
|------------------------------------|--------------------------|---------|----------------------|---------|---------------------------|---------|------------------------|---------|
|                                    | Beta                     | p-value | Beta                 | p-value | Beta                      | p-value | Beta                   | p-value |
| Tenure                             | 0.811                    | 0.000   | 0.666                | 0.000   | 0.630                     | 0.000   | -0.077                 | 0.223   |
| Performance                        | 0.014                    | 0.655   | -0.075               | 0.059   | -0.058                    | 0.158   | 0.176                  | 0.003   |
| No. of committees served this year | -0.066                   | 0.282   | 0.037                | 0.616   | -0.031                    | 0.691   | -0.081                 | 0.468   |
| No. of committees served last year | 0.052                    | 0.400   | 0.002                | 0.975   | 0.049                     | 0.539   | 0.035                  | 0.756   |
| No. of times moved laterally       | 0.107                    | 0.002   | 0.183                | 0.000   | 0.219                     | 0.000   | 0.038                  | 0.555   |
| No. of levels from top             | -0.024                   | 0.462   | -0.004               | 0.925   | 0.003                     | 0.950   | -0.241                 | 0.000   |
| R <sup>2</sup>                     | 74.0<br>(p=0.000)        |         | 59.8<br>(p=0.000)    |         | 56.4<br>(p=0.000)         |         | 7.7<br>(p=0.001)       |         |

not provide individuals with increased rewards, but are more likely to lessen the perceived threat of punishment.

Table 3 shows the impact of centrality on pay increases, promotions, the number of levels moved up in an organisation, and the threat of layoffs. The survey results indicate that the more times the individual moves laterally within an organisation, the more likely it is that the individual receives a pay increase, is promoted, moves up an organisational level, and avoids being laid-off (significance level  $p<0.005$ ). Individuals who were higher in the organisational hierarchy perceived that they were less likely to be laid-off (significance  $p<0.001$ ). Thus, Hypothesis 2 is supported—individuals who occupy central positions in a social network will have more positive organisational outcomes such as pay increases, promotions, and decreased likelihood of being retrenched.

Tables 4 through 6 show the impact of network ties in different types of firms, namely American, Japanese and local Singaporean firms. The results in Table 4 indicate that network ties in American firms did not significantly affect organisational rewards and the threat of layoffs (significance  $p<0.10$ ). As for the Japanese firms, Table 5 indicates that network ties with management decreased the opportunities for individuals to move up in the organisation, but also decreased the chance of being laid-off (at both significance level  $p<0.10$  and  $p<0.05$  respectively). The results indicate that social network activities in Japanese firms did not help individuals receive rewards, but lessened the perceived threat of punishment. As for the local Singaporean firms, Table 6 indicates that interactions with management decreased individuals' opportunities for promotion or moving up the organisational hierarchy

**Table 4 Regression analysis of the impact of network ties in American firms**

|                              | Number of pay increments |         | Number of promotions |         | Number of levels moved up |         | Perceptions of layoffs |         |
|------------------------------|--------------------------|---------|----------------------|---------|---------------------------|---------|------------------------|---------|
|                              | Beta                     | p-value | Beta                 | p-value | Beta                      | p-value | Beta                   | p-value |
| Tenure                       | 0.907                    | 0.000   | 0.757                | 0.000   | 0.570                     | 0.000   | 0.008                  | 0.929   |
| Performance                  | 0.012                    | 0.784   | -0.085               | 0.165   | -0.148                    | 0.056   | 0.134                  | 0.154   |
| Interactions with peers      | -0.007                   | 0.870   | -0.037               | 0.542   | 0.013                     | 0.861   | 0.122                  | 0.186   |
| Interactions with supervisor | -0.076                   | 0.111   | 0.012                | 0.869   | 0.088                     | 0.327   | -0.116                 | 0.276   |
| Interactions with management | 0.021                    | 0.661   | -0.088               | 0.208   | -0.110                    | 0.215   | 0.006                  | 0.959   |
| R <sup>2</sup>               | 81.6<br>(p=0.000)        |         | 60.7<br>(p=0.000)    |         | 39.4<br>(p=0.000)         |         | 4.4<br>(p=0.372)       |         |

**Table 5 Regression analysis of the impact of network ties in Japanese firms**

|                              | Number of pay increments |         | Number of promotions |         | Number of levels moved up |         | Perceptions of layoffs |         |
|------------------------------|--------------------------|---------|----------------------|---------|---------------------------|---------|------------------------|---------|
|                              | Beta                     | p-value | Beta                 | p-value | Beta                      | p-value | Beta                   | p-value |
| Tenure                       | 0.918                    | 0.000   | 0.634                | 0.000   | 0.652                     | 0.000   | -0.086                 | 0.285   |
| Performance                  | 0.017                    | 0.647   | -0.167               | 0.014   | -0.037                    | 0.590   | 0.214                  | 0.015   |
| Interactions with peers      | 0.030                    | 0.383   | -0.035               | 0.573   | -0.040                    | 0.528   | 0.034                  | 0.672   |
| Interactions with supervisor | -0.024                   | 0.587   | 0.092                | 0.237   | 0.013                     | 0.874   | -0.099                 | 0.330   |
| Interactions with management | 0.016                    | 0.697   | -0.061               | 0.415   | -0.129                    | 0.094   | -0.203                 | 0.038   |
| R <sup>2</sup>               | 83.3<br>(p=0.000)        |         | 46.2<br>(p=0.000)    |         | 46.7<br>(p=0.000)         |         | 8.9<br>(p=0.018)       |         |

**Table 6    Regression analysis of the impact of network ties in local Singaporean firms**

|                              | Number of pay increments |         | Number of promotions |         | Number of levels moved up |         | Perceptions of layoffs |         |
|------------------------------|--------------------------|---------|----------------------|---------|---------------------------|---------|------------------------|---------|
|                              | Beta                     | p-value | Beta                 | p-value | Beta                      | p-value | Beta                   | p-value |
| Tenure                       | 0.837                    | 0.000   | 0.731                | 0.000   | 0.754                     | 0.000   | -0.079                 | 0.249   |
| Performance                  | 0.007                    | 0.843   | -0.093               | 0.042   | -0.083                    | 0.062   | 0.079                  | 0.240   |
| Interactions with peers      | 0.039                    | 0.311   | -0.020               | 0.666   | -0.039                    | 0.397   | 0.036                  | 0.606   |
| Interactions with supervisor | -0.072                   | 0.104   | -0.006               | 0.910   | 0.043                     | 0.425   | -0.129                 | 0.109   |
| Interactions with management | 0.036                    | 0.407   | -0.105               | 0.050   | -0.130                    | 0.013   | 0.089                  | 0.255   |
| R <sup>2</sup>               | 72.4<br>(p=0.000)        |         | 56.0<br>(p=0.000)    |         | 58.8<br>(p=0.000)         |         | 2.3<br>(p=0.367)       |         |

(significance level  $p<0.05$ ). Hence, social network activities with those in authority are shown to have a negative impact on employees in receiving rewards in the firm.

Discussion and conclusion

An individual’s tenure and work performance still have the highest predictive impact on that individual receiving organisational rewards or punishment. Social network activities do, however, impact on these rewards and punishments .

The results indicate that centrality of ties has a positive effect on individuals receiving organisational rewards and also lessens the threat of layoff. By moving laterally into different positions in an organisation, an individual is better able to establish relationships with others in the network and build a position as a nexus for information and resources. Interacting with others helps individuals better evaluate and comprehend their own performance, reward opportunities, career trajectories, and work

duties, especially under conditions of uncertainty (Bovasso 1996). The findings related to centrality are consistent with the findings reported in other studies (Lincoln and Miller 1979; Brass 1985).

What is more interesting in this study is the findings pertaining to Hypothesis 1. The results in this study show that network ties with management negatively influenced rewards. Such networking activities resulted in individuals receiving fewer promotions. One explanation could be that when individuals interact with management, those encounters are more salient in the minds of the management. Hence, management becomes aware of the individual’s strengths and weaknesses, influencing their choice of candidates for promotions. By interacting with management on work-related and personal problems, such contacts provide management with opportunities to evaluate an individual’s weaknesses. When making promotion decisions, the weaknesses of the individual remain salient, because people

are more susceptible to negativity bias. People tend to remember the negative attributes and outcomes of others more strongly when expectations are not met. Thus, networking activities that involve sharing problems backfire on employees' opportunities for promotions. This implies that it is perhaps more difficult to form truly cohesive relationships or friendship ties with superiors.

On the other hand, because the superiors are aware of individuals' difficulties and problems, they are less likely to take steps which could exacerbate their subordinates' problems by laying them off when negative organisational situations prevail. Thus, the network ties that individuals have with immediate superiors and management can mitigate the threat of punishments and other negative outcomes. Individuals may interact with superiors as a risk-averse strategy to prevent punishments. Those who are less confident of their abilities interact with superiors, not with the aim of receiving rewards, but in order to prevent punishments. Those who receive rewards tend to be those who are confident of their abilities, and therefore, do not need to ingratiate or interact with their superiors to make them aware of their capabilities. The results are in line with the arguments of Granovetter (1973) and Nelson and Mathews (1991). Weak ties in organisations promote efficiency. When less time and energy is spent on interactions, more time is available for work. Similarly, without the affective content of strong ties, interactions are more task-oriented and managers feel freer to reward solely on the basis of competence, favouring efficiency over relationships.

The risks of less interaction emerge during periods of organisational retrenchment. With less interaction, upper-level staff are not familiar with the problems their subordinates face, and are therefore more likely to retrench insensitively. Individuals rely on ties to reduce uncertainties or negative outcomes but not to gain rewards. Exposing one's deficiencies appears to affect the potential for obtaining rewards negatively, but also mitigates against further aggravation of problems faced by the individual.

Although peers provide important social and technical information for individuals, the results imply that interactions with peers in helping to understand office politics and rules of conduct did not appear to enhance one's ability to receive organisational rewards or to mitigate organisational punishments. Information from cohesive actors was not viewed as more credible or influential in rewarding appropriate behaviours and punishing deviance. This could be because peers do not have the power and are not in any way instrumental in the way organisations in Singapore provide rewards and punishment.

Individuals working in Japanese and local Singaporean firms appear to have received negative rewards from networking behaviour as compared to those working in American firms. This could be explained by the low INDV score found in Chew and Putti's (1995) studies among Singaporean, Chinese, and Japanese managers. Managers from these backgrounds see themselves as members of a team. Therefore management should develop incentives to motivate group rewards and distribution of these incentives should be left to the group. A feature of Chinese culture which existed in Singaporean

organisations was a mutual relationship which stretched beyond the typical employer–employee relationship, with a strong emphasis on *qanqing*, ‘face-giving’, obligation, and family values. As with the Chinese management style, human relationships are the focus of the Japanese management style, and work-group relationships are thought of as more important than all external relationships (Iwata 1982). However, the philosophies and values for the basis of interpersonal network in Japanese management are centered on *wa* (harmony), whereby the employees of the firm are regarded as one big family and are expected to commit to the organisation. The philosophy of lifetime employment is thus a result of this concept (Ishida 1981). This differs from the Chinese approach, in which the harmony is centered among the norms of family life. With lifetime employment, rapid promotion is unlikely, and promotion is based on seniority within the firm. It is not surprising, therefore, to see the presence of negative rewards with the existence of social networks in Chinese-Singaporean and Japanese organisations. Thus, networks are insignificant in influencing the promotion decisions of the managers. They do not play an important role in helping employees get ahead in the organisation. Rather, seniority, merit, and experience are the critical factors affecting promotion decisions in organisations in Singapore. This reflects government policies which seek to encourage individual competition and meritocracy. Hence, the management style of American organisations is found to be congruent with these policies.

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