NEPOTISM
Organizational Behaviour in Modernizing Societies.

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A B S T R A C T

The morals of social distance and reciprocity which anthropologists have identified in a variety of premodern societies remain an important feature of organizational behaviour in modernizing societies. It is a social moral of relations between people in contrast to the moral commitment to the modern, formal organization, Weber's "ethos of office" which places rules above people as a means to achieve instrumental efficiency. Horizontal and vertical relations within the organization and between the organization and its environments become personal relations of in-group solidarity, out-group mistrust, or clientelistic big man authority. As a rational response, managers may choose to repress the negative effects or use them positively to shore up the formal organization. The paper suggests that nepotism is particularly dominant in developing countries and tends to diminish with modernization.

INTRODUCTION

Nepotism is found everywhere, but not to the same degree. While the tendency to give preferential treatment to in-group members is universal, there are also large differences across societies with regard to the role nepotism plays in organizations and its influence on rules and procedures. In some societies in-group solidarity seems to constitute the basic principle of cooperation in organizations and allowed to interfere with the formal organization; in other societies it plays a minor role and formal organizations are more autonomous.

The argument in this paper is that nepotism in organizations is the outcome of a particular balance between two social morals: a moral of social distance and reciprocity on the one hand, and an impersonal, "ethos of office" on the other. In organizations where the in-group/out-group morals are strong and the ethos of office weak, organizational behaviour tends to be influenced by personal relations which are prioritized above the impersonal requirements of the formal organization. In contrast, where the ethos of office prevails, employees are more inclined to abide by the rules of the formal organization and abstain from rule-bending in favour of in-group members. Nepotism is related to society's passing from traditional to modern conditions. The more traditional society is, the more likely it also is that nepotism plays an important role in organizations; and the more modern it is, the larger the probability that nepotism is a negligible factor in organizations.

SOCIAL DISTANCE AND RECIPROCITY IN TRADITIONAL SOCIETIES

In modernizing societies the private sphere is in many respects more traditional compared to advanced industrial countries. One important dimension of traditional behaviour which can be found in a variety of pre-modern societies is the distinction between in-groups and out-groups (Sahlins,1968, 2004; Service, 1966; Münch,1988). The most comprehensive description of the phenomenon and its wide-ranging implications for social behaviour is probably the one offered by Service and Sahlins who analyze the difference in terms of social distance. They illustrate the notion with a set of concentric circles where the household or nuclear family constitutes the centre followed by the lineage (the closest descent-group), the village which comprises a number of more or less related kinsmen, and the tribe

(more or less equivalent to ethnic group). To the different degrees of social distance there are corresponding degrees of morality and social obligations which govern social exchange. Towards members of one's own household there is a social obligation of generalized reciprocity implying that one gives and takes according to needs without expecting favours in return. As one moves towards the periphery of the concentric circles, the altruistic norms of generalized reciprocity gradually shift to "balanced reciprocity" where individuals exchange gifts, assist and help each other, but also expect return favours in some unspecified future. With further increases in social distance reciprocity tends to become negative, and opportunism and egoistical behaviour take the place of the positive reciprocity found among members of the same kin-group or village. Social distance also defines the norms underlying economic exchange. Between in-group members it is shameful to exchange goods with the aim of getting the best deal at the expense of the other, but it is an acceptable behaviour when dealing with socially more distant individuals.

Social distance plays an important determining role for interaction; but causality also goes the other way, from the social interaction to social distance. Gift giving may thus serve to shorten social distance and create bonds of trust and solidarity where the existing social distance otherwise might suggest higher levels of opportunism (Mauss, 1990; Sahlins, 1968; Blau, 1964).

Social distance has implications for the way power is acquired and used. Essentially there are two forms of authority corresponding to the distinction between in-group and out-group relations. The former is based on the moral norms of reciprocity and gift giving and the latter on pure coercion and threats. The first type of authority Sahlins defines as the authority and influence of "big-men". A big-man acquires power and status by gift-giving. First he draws on the norms of generalized reciprocity to amass resources from his closer relatives; secondly he distributes these resources as gifts to more distant members of his community in order to gain their loyalty and backing.

With outsiders, power and control cannot rely on the moral obligations of individuals and if control is needed, the solution is coercion. That is, when one crosses the outer circle where opportunism is the appropriate behaviour, authority can in principle only rely on naked force or threats.

In the following we turn to observations from Africa and Latin America made by John Kuada, native of Ghana and associate professor at Ålborg University, Denmark and Osland, Osland and de Franco who have worked as consultants for more than 20 years in Latin America and in the case of de Franco is native from Nicaragua.

NEPOTISM IN GHANA AND KENYA
Kuada's description of ethnic or tribal relations in Ghana and in Kenya in particular points to high levels of hostility and mistrust between different ethnic groups (Kuada, 1994). The tribal groups are opposing political and social forces, and open conflicts surge with regular intervals.

The family occupies the other end of the continuum:

"(…) all values are determined by reference to the maintenance, continuity and functioning of the family group. Within such a social framework, all purposes, actions, gains and ideals of individual members are evaluated by comparison with the fortune of the family as a whole (…) No member of the family who is in genuine need should be denied assistance, no matter what personal miscalculations might have landed him in hardships" (p.74).

Kuada adds that the moral pressure to work for the benefit of the members of the family often is reinforced by the belief in ancestral spirits which will punish family members who fail to live up to their obligations, underlining the strong moral pressure on members to comply with their social obligations.

Judging from Kuada's description, the norms of reciprocity of present day Ghanaian and Kenyan families seem to correspond to Sahlins' and Service's concept of "balanced reciprocity", meaning that it is not fully altruistic, but still highly solidaristic; assistance and help is freely given, but reciprocity is also expected.

Nepotism also affects the distribution of "lucrative and influential positions" which "are often given to members of one's extended family" (p. 172). The preferential treatment of one's own group, from nuclear family to tribe, influences all levels of public life. Referring to Kenya, Kuada thus notes that whenever one of the large ethnic groups have reached political power they have invariably sought to place members of the ethnic group in influential positions in order to promote their interests. (p. 113)

Membership in kin-groups is a gradual difference between close and more distant members and it stretches into the organization affecting managers' decisions. "The degree of benevolence accorded to a subordinate depends on the strength of affinity. Family members tend to be treated more warmly than distant kinsmen, and ethnic links are looser than close links" (p. 135) "Benevolence is selectively administered, based on the culturally prescribed obligations towards kinsmen" (p. 136).

When organizations comprise members of different ethnic groups, there is, as a rule, little communication or collegiality across the ethnic boundaries. In ethnically diverse organizations "relationships between peers at each level of the organizational hierarchy can hardly be cordial and mutually reinforcing" (p.172). Managers tend to mistrust colleagues outside their own ethnic communities and employees have little trust in bosses who belong to ethnic communities different from their own. The suspicion that managers give preferential treatment to members of their own kin or tribe is always present, and as many subordinates belong to their managers' the result is that "Where critical feed-back is received, subordinates are not likely to accept them as objective assessments of their performance, but tend to interpret them as evidence of discrimination" (p. 172)

Organizational behaviour thus follows ethnic and familial lines with high levels of mutual assistance and help among those who are related and negativity towards outsiders. Where the ideal-typical modern organization is organized around rules and procedures which are supposed to apply universally, in the organizations studied by Kuada, managerial practice is to a large extent subordinate to the particularistic in-group/out-group morals of traditional society. The organizations are neither fully traditional, nor are they fully modern: they are rather relatively undifferentiated and ambiguous combinations of traditional and modern elements.

Relationships between superiors and subordinates in African organizations are, according to Kuada, highly authoritarian, but the authority which managers apply to in-group members differ in content from that applied to out-group members. If a superior is related to a subordinate, he is obliged by the in-group morality to interact with the subordinate according to the norms of reciprocity:

(…) he is committed to protecting his subordinate's interest within the work environment, granting him privileges and giving him disproportionate opportunities for advancement through the ranks. By so doing, he shifts the burden of his upkeep as a family member on to the organization. The subordinate, on the other hand, is obliged to grant his superior unqualified loyalty and protection within the

organization to the extent possible within his sphere of influence; in this regard the relationships between superiors and subordinates assume a highly personal and subjective character" (p. 135).

The quotation repeats the elements of organizational behaviour already described: if members of an organization are related, they owe each other mutual help and solidarity and it is of secondary importance if the organization becomes subordinate to private, familial interests. The privileges are the result of the managers' duty to help relatives when needed and possible, and in order to comply with the in-group obligations, he draws on the resources of the organization; but the privileges given to subordinates are also gifts from big-men which establish relationships of status and influence cutting across the bureaucratic order of the formal organization:

In Kenya big-man authority goes under the name "godfatherism" and it is commonly known that promotions often take place by "catapulting" loyal subordinates to higher positions by persons in power who thereby build networks of loyal retainers. This practice often conflict with the formal organization. "Where the top-level managers may arrive at their positions due to the intervention of influential personalities within the community, rather than on the basis of merit" Kuada argues, "the formally declared objectives of the organization can be disregarded for a long time(…)" (p.132).

The nepotism illustrated in these quotations demonstrate that the morals of social distance and reciprocity interfere with the formal organization, but also that the ethos of office which in Weber's analysis is the moral guarantee that the bureaucratic order is maintained, is insufficient to maintain the autonomy of the formal organization.

NEPOTISM IN NICARAGUA AND COLUMBIA

Osland et al's observations from Latin America resemble those made by Kuada in Africa suggesting that Latin American organizations share a related organizational culture. They present a number of illuminating descriptions of organizational practice showing the complexity and ambiguity produced by in-group/out-group morals and how they overlap with the rules and procedures of the formal organizations. The following example refers to the personal experience of one of the authors, Joyce Osland:

"When Joyce's job required constant travel around Colombia in the 1970s, she was frequently bumped from flights even though she had confirmed reservations. After a while, she discovered that when travellers handed over their passports for inspection (a requirement for foreigners and Colombians alike), some passengers were enclosing money for the counter attendant. For a small facilitation payment, their names went to the top of the list, forcing passengers who may have had prior reservation to lose their seat. Bribing counter attendants did not seem like a palatable or reimbursable option; by accident, she stumbled on a functional equivalent to a facilitation payment. Because she travelled so often, she became personally acquainted with the counter attendants of all the airlines in the major airports. Once they considered her a friend, they made sure she had a seat – even when it meant bumping other people or finding her a seat on a competing airline." (p. 221)

The first thing to note is that the counter attendants break the rules of the formal organization when they give preferential treatment in exchange for bribes or because of friendship. They put their own interests above their function as counter attendants, creating a situation of incomplete differentiation where private sphere concerns interfere with the formal organization.

Secondly, the intrusion of the private sphere upon the formal organization takes place in two ways, first as bribery, i.e. simple payment for the service and later as a gift from a friendly counter attendant.

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Analyzed in terms of Sahlins' and Service's model of social and moral distance, the change from bribery to gift-giving corresponds to a shortening of the social distance between Joyce Osland and the counter attendants. The following anecdote illustrates how it may lead to misunderstandings when a US citizen shortens social distance in the belief that it does not affect the adherence to formal rules and procedures.

"For example, a visiting US professor teaching in Central America for the first time horrified his Latin American collegues by spending most of his free time chatting with his MBA students in the cafeteria. The rest of the faculty preferred a friendly but more distant relationship. The professor was shocked to discover, after grading his exams, that the students with whom he had the closest relationships had the lowest grades. These students were counting on their friendship with the professor to guarantee their grade because this is how they would show their loyalty to friends. They did not understand that US Americans are more likely to separate the particularistic demands of personal relationships from the universalistic, bureaucratic demands of the job."(p. 222)

The key to this cross-cultural incident lies in the difference between the assumptions of the professor and the students. The professor takes for granted that both she and the students accept and follow the formal rules of the institution and that their friendship has no influence. This is the model of the fully differentiated organization: the students and the professor can be friends, but their friendship does not interfere with the formal procedures because the private sphere and the sphere of the formal organization are clearly differentiated.

The students' assumptions are different. They follow an in-group/out-group logic believing that the friendly relations to the professor imply a promise of mutual loyalty and support. As the social distance to the professor diminishes, the expectation that they will receive preferential treatment in the exams grows correspondingly.

Joyce Osland succeeds in establishing friendly relations with the Latin American students and at the same time she convinces them that it will have no influence on grading; in other words, she acts as a modernizer, contributing to the differentiation of the formal organization from traditional norms associated with short social distance. In fact, by means of moral education she attempts to build up a stronger ethos of office in the students which may serve to keep the strong particularistic morals of social distance and reciprocity at bay.

QUANTITATIVE EVIDENCE
The illustrations from Kuada's and Osland et al.'s works indicate that underlying the African and Latin American employees' nepotism there are two competing social morals, a relatively weak ethos of office and strong morals of social distance and reciprocity. However, the anecdotal data presented above is hardly sufficient to draw this conclusion with a sufficient degree of plausibility and calls for more representative data.

In order to investigate if the observations from African and Latin American organizations hold in general for modernizing societies I have constructed a) an index of in-group solidarity based on the question on particularist and generalized trust and about the moral responsibility of children towards their parents (see Inglehart 19xx pp xx and xx) and Hofstede's collectivism/individualism index (Cronbach alpha .85) b) an index of nepotism based on three questions from Trompenaars (XX) (the doctor an the insurance company; the restaurant and speeding pp xx) Cronbach alpha .76. As indicator of ethos of office I use Transparency International corruption perception index (transparency 2000).

Table 1

Indicators of nepotism, social distance and reciprocity (In-group solidarity), ethos of office (Corruption) and modernization (GDP capita)

	In-group solidarity	Corruption	Nepotism
In-group solidarity	1		
Corruption	,85** n=33	1	
Nepotism	,71** n=19	,65** n=30	1
GDP pr capita	-,83** n=32	-,86** n=87	-,65** n=32

The correlations show quite clearly that there is a connection between the indicator of social distance and reciprocity and ethos of office: when there are strong traditional in-group/out-group morals, the ethos of office is low - the same balance found in the qualitative data from Africa and Latin America. Trompenaars data on nepotism confirms the link between social distance and reciprocity on the one hand and ethos of office on the other: where the traditional combination prevails, nepotism tends to flourish. The correlation with GDP pr capita underlines that the combination of strong morals of social distance and reciprocity and low ethos of office go together with a low degree of development and modernization. There is thus reason to believe that the findings based on the observations from Africa and Latin America, are valid for other modernizing societies as well.

CONCLUSION
One overall conclusion from the analysis is that organizational behaviour in modernizing societies is closely related to their position on the trajectory from traditional to modern socio-cultural and economic conditions. The high incidence of nepotism in both its negative and positive dimensions is not primarily due to national socio-cultural differences, nor is it the result of a global diffusion of values and norms across countries. Nepotism occurs when traditional forms of interaction are replaced by modern forms without a corresponding substitution of modern for traditional social morals. Nations and regions share common positions in the transition from traditional to modern conditions and organizational behaviours are therefore similar, in spite of other obvious differences.

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CONCLUSION

The similarity between behaviour in African and Latin American organizations suggests that the cultural features which strike the authors as typical of African and Latin American organizations are, in fact, not primarily related to the two regions. On both continents, traditional in-group/out-group morals not only play a prominent role in the informal interaction in the organizations, but overlap with the formal organization, subordinating it to traditionalistic demands.