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SOCIAL NETWORKS AND EXCHANGE OF FAVOURS AMONG MIDDLE-RANK OFFICIALS IN FORMAL ORGANIZATIONS IN SRI LANKA

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Introduction

The role of informal groups and informality within formal organizations is a subject which has drawn considerable attention from the behavioural scientists concerned with organizations.¹ The issue is that the people associated with formal organizations do not always behave in keeping with formal rules and regulations. The phenomenon of exchange of favours constitutes part of this problem as it involves a deviation from the formal rules. Moreover, what is exchanged are often public goods which are supposed to be allocated in keeping with certain accepted or shared values such as social justice, merit and equality of opportunity.

In a country like Sri Lanka, the allocation of public goods is done through two main channels, namely, political patronage and bureaucracy. In the case of the latter, its ability to influence the process of allocation lies in the fact that they not only possess bureaucratic authority but also have access to information.

The present study encompasses a wider field and deals with informal social networks that cut across the boundaries of formal organizations. Such informal networks not only bring together officials belonging to different organizations in diverse settings such as neighbourhoods, kin and family groups, voluntary organizations, social and sports clubs, professional associations and informal gatherings but also serve as channels through which favours of various kinds are exchanged across organizational boundaries.

As discussed elsewhere,² bureaucratic office in Sri Lanka is often used by the holders of such office to help each other in various terms. Favours are not only exchanged among officials themselves but also extended to those who are linked to them in various terms such as kinship, friendship and socio-cultural bonds. Exchange of favours which is popularly known as favouritism is usually employed as a shield to protect one's 'own people' against competition which one otherwise has to encounter in securing a share of scarce public goods such as employment, places in leading public schools, promotions, transfers to favourable locations and contracts. The present paper is an attempt to examine this process of exchange of

1 Cf. Gouldner (1964), McGregor (1960), Shepherd (1964), Lewin (1974).

2 See Hettige (1983).

favours in the light of empirical data gathered through a sample survey involving several public and private sector organizations.

Scope of the Study

Formal organizations in changing contemporary societies are so diverse, complex and numerous that drawing a representative sample of such organizations for a study of the present sort is a difficult task, for such a sample should reflect their diversity and spatial distribution. It should be noted at the outset that the organizations from which the respondents were drawn for the study do not constitute a truly representative sample of formal organizations in the country. The organizations from where the respondents originate are given in Appendix 1.

For the purpose of the present study, one hundred middle-rank officials (five from each organization) were drawn from 20 public and private sector organizations and interviewed, using a structured questionnaire. The rationale for selecting middle rank officials was as follows:

1. In any organization, high-ranking officials are few, and therefore, drawing a reasonable sample is virtually impossible. This is not so with middle-ranking officials.
2. On the other hand, lower-level officials in organizations may also exchange favours but, since their power and authority are limited, their ability to influence the process of allocation of public goods can be assumed to be much less compared to that of middle-level officials.

Organizational structures of different public and private sector organizations are not uniform and therefore, the selection of middle-rank officials was done taking specific hierarchical features of each organization into account. Nevertheless, an attempt was made to ensure comparability of positions selected across different organizational boundaries.

Another aspect that was considered in drawing the respondents was the size of the organizations. Though this is not a serious problem with respect to public sector organizations, the same cannot be said of the private sector. So the private sector organizations were drawn from among relatively larger ones which were by and large comparable with public sector organizations. This does not, however mean that their organizational structures and spatial spread are similar to those of the public sector. Nevertheless, they were large enough to be noticeable in the national context.

As mentioned before, one hundred respondents who occupy middle-rank positions were drawn from 20 public and private sector organizations. It should, however be noted that, in the selection of respondents, there was a bias towards the

public sector. In other words, 75% of the organizations belonged to the latter. Moreover, of the public sector organizations included, the majority were government departments.

The above bias was intentional. Since our focus in the present study is on the exchange of public goods, the higher representation of government departments which play a key role in the distribution of such public goods was considered useful. This, however is not to presume that those who are attached to other public and private sector organizations do not have much influence on the distribution of public goods. As will be discussed later, they also exercise considerable influence through their contacts with officials in the government departments.

The main tool of data collection in the present study was the interview method. As part of the interview, each of the 100 respondents was asked to provide information about five close friends or 'associates' whom they are in contact with, either in the office setting or outside it. It was assumed that though these contacts, do not exhaust one's social field within which social networks are formed, they nevertheless largely define the boundaries of the arena in which effective exchange relationships take place.

Apart from interviewing one hundred respondents, informal dialogues were also conducted with a smaller sample of 25 officials drawn from among the same respondents. Qualitative information thus gathered proved to be as useful as the quantifiable data collected through structured interviews.

Social Networks

As mentioned at the outset, the main focus of the present study is on the exchange of favours among middle-rank officials through informal social networks. The title of the study itself implies a relationship between social networks on the one hand and exchange of favours on the other. It is, in fact this relationship that the study attempts to examine in terms of empirical data.

Social networks are often formed when officials attached to different organizations come into contact with each other in diverse settings. The following breakdown of places where the initial contact with the close associate was made indicates that they are diverse. In well over 200 cases, the initial contact had been made at work. The other significant places are neighbourhood, social functions, university and school.

Table 1 : Place of Initial Contact with Close Associates

Place	Number	%
Work	221	44.2
Neighbourhood	90	18.0
Social Function	96	19.2
School/University	87	17.4
Other (Not Specified)	6	1.2
Total	500	100.00

With whom do the respondents usually associate? In this regard, two observations can be made straight away. Firstly, there is a strong tendency among the majority of the respondents to associate with people belonging to their own status category. Secondly, they also tend to associate with a few people whose social position is below their own, particularly when such contacts are frequent and regular as in the case of neighbourhood and work. Table 2 classifies the occupations of the associates mentioned by the respondents.

Table 2 : Occupations of Close Associates of Respondents

Occupation of Associate	Number	%
Medical Doctor	18	3.6
Engineer	16	3.2
Middle Rank Bureaucratic Officer	147	29.4
Accountant	20	4.0
Teacher	41	8.2
Clerk	18	3.6
Contractor	1	0.2
Farmer	3	0.6
Post/Station Master	2	0.4
Businessman	24	4.8
Other SLAS position	40	8.0
Other and unspecified	170	34.0
Total	500	100.00

As Table 2 shows, the largest number of associates come from a similar background as the respondents themselves. As was also evident, the respondents almost invariably identified a few of their associates from among their own professional colleagues. This was particularly so in the case of those occupations with a high

degree of professional identity such as the Sri Lanka Administrative Service, Medicine, Accountancy and Engineering.

Another important aspect of the formation of social networks is the high degree of interplay between private and public sectors. This, however is understandable in view of the fact that the officials belonging to both sectors operate within more or less the same social field owing to the commonalities in neighbourhood, education and social status. Table 3 classifies the associates of respondents by sectoral affiliation.

Table 3 : Sectoral Distribution of Associates

Sector	Number	%
Public	333	66.6
Private	163	32.6
Not Specified	4	0.8
Total	500	100.00

As mentioned before, 75% of the respondents belonged to the public sector. As Table 3 shows, about 32% of the associates come from the private sector. Even though the private sector is slightly over represented among the associates, the general tendency among most respondents was to identify their close associates from one's own sector. This did not, however prevent some of them from crossing the sectoral boundaries in selecting their associates. In fact, most respondents had their associates coming from both sectors (see Table 4).

The formation of social networks bringing officials from different organizations together is a phenomenon which largely occurs outside the formal organizations. Even when one meets a 'would be associate' at work, the social relationship is often formed outside the work setting. This does not mean that the work setting does not facilitate the formation of social networks. In fact, officials working in the same office, particularly when they are of similar rank, often associate socially and become affiliated to a social network which cuts across the boundaries of individual organizations.

Table 4 : Distribution of 'Associates' by Sector to which the Official is Attached

Name of Institution	Total	Public Sector	Private Sector	Others
1. Ceylon Plywood Corporation	25	17	5	3
2. Ministry of Public Administration	25	15	4	6
3. Dept. of Social Services	25	22	-	3
4. Ceylon Ceramic Corporation	25	12	4	9
5. Dept. of Labour	25	19	4	2
6. Dept. of Private Omnibus	24	15	7	2
7. Dept. of Food	25	22	1	2
8. Ceylon Steel Corporation	25	19	2	4
9. Dept. for Development of Marketing	25	18	2	5
10. Central Bank of Ceylon	25	18	3	3
11. Ministry of Health	23	21	1	1
12. Ministry of Education	25	16	3	6
13. Dept. of Agrarian Services	24	21	-	3
14. Dept. of Small Industries	25	22	1	2
15. S.L.I.D.A.	25	18	5	2
Total	371	275	42	54

Table 4 Contd.

Name of Institution	Total	Public Sector	Private Sector	Others
Private Sector				
1. Chemical Industry	25	15	9	1
2. Lever Brothers Ltd.	25	9	13	3
3. Commercial Bank	25	5	18	2
4. The Associated Newspapers (Lake House)	25	7	15	3
5. Hayleys Ltd.	25	5	18	2
Total	125	41	73	11

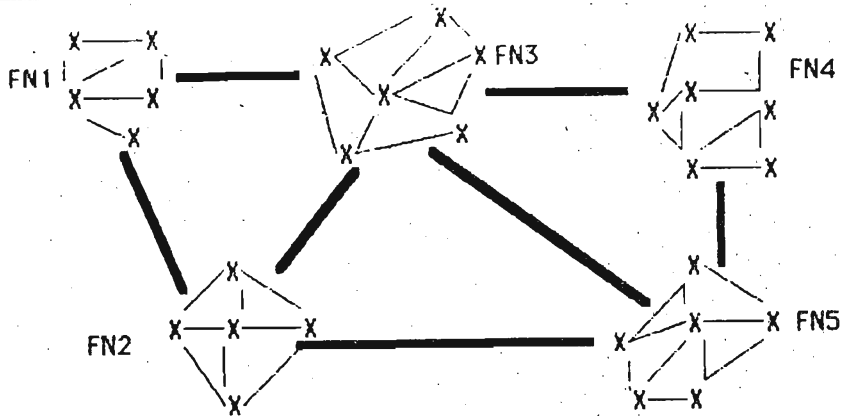
While familial, kin and neighbourhood groups, professional associations and social and sports clubs continue to facilitate the formation of social networks, today, voluntary organizations such as the Lions Club play a significant role in bringing officials from formal organizations and others together. It should, however be noted that these officials do not invariably join city-based voluntary organizations which often draw their membership from the urban middle class. This is partly due to the fact that many middle-rank officials, particularly in the public sector come from rural backgrounds and are resident outside Colombo. They tend to become members of such voluntary organizations when branches of the latter are established in sub-urban areas.

The significance of voluntary organizations lie in the fact that they bring together professionals, businessmen, bureaucratic officials and similar groups together. They also facilitate frequent social interaction among their members through activities such as get-togethers, community projects and business meetings. The fact that most of them are linked together through a network of private telephones makes it possible for them to interact with each other outside their work setting.

Social networks formed around the work-place, family, neighbourhood and social clubs tend to be more restrictive than those formed around voluntary organizations. The tendency, therefore, is for the former to be increasingly subsumed under the latter. This can be presented in diagrammatic form as in Figure 1.

For convenience of analysis, more restrictive networks can be termed as factional networks and the broad-based ones as corporate networks. The two types,

Diagram : Factional and Corporate Networks



FN - Factional Network

however, are not mutually exclusive. In other words, one can belong to both types of networks simultaneously. On the other hand, even when one is not a member of a corporate network, one can have access to it through the members of the factional network to which one belongs. It is also relevant to note that factional networks themselves tend to overlap with one another to a considerable extent.

Respondents in the present study were linked to one another through one or more factional networks. Yet, only about 20% of them had direct links with a corporate network. Many others seem to have access to corporate networks and factional networks to which they belong.

The middle-rank officials attached to formal organizations constitute only a section of the people belonging to factional and corporate networks. Though these networks do not necessarily cut across social layers, they nevertheless represent a degree of heterogeneity in terms of occupation, profession, political affiliation, income, ethnicity, etc. This is particularly true for corporate networks.

Exchange of Favours

In the context of the present study, social networks are assumed to constitute the mechanism through which exchange of favours with respect to public goods takes place. While middle-level officials constitute only a segment of the body of people involved in the process, it seems reasonable to assume that public goods constitute only part of the bundle of favours exchanged. For instance, a businessman may give a special discount on goods purchased from him by a public official who may, in turn help the former in securing public goods. So, the exchange of favours among officials constitute only part of the total process of exchange of favours taking place through factional and corporate networks. However, the present study focusses attention

primarily on the exchange of favours among public officials involving public goods. On the other hand, it should also be stressed that social networks also perform many other functions besides being the mechanism through which favours of various kinds are exchanged. Some of these functions are as follows:

- a) facilitating the formation of status groups based on life styles,
- b) facilitating the formation of pressure groups, at times leading to collective action,
- c) promoting social interaction among social groups and categories who might otherwise be separated from each other by barriers such as residential and professional segregation,
- d) facilitating the formation of some kind of a modern collective patronage system as against traditional segmented patronage system.³

In the context of the present study, no attempt is made to examine these other functions. It should, however be noted that they constitute important sociological phenomena requiring empirical investigation.

Social Background of Respondents

As mentioned earlier, the present study is based on data gathered from a small sample of middle-rank officials drawn from a number of public and private sector organizations based in and around Colombo. Before any attempt is made to examine their responses, a few comments on their social background seem to be in order.

Firstly, the majority of the respondents (54%) come from rural areas. Since Sri Lanka's population is mostly rural, it is significant that 46% of the middle-rank officials interviewed were from urban surroundings. In other words, a substantial proportion of those who occupy higher positions in formal organizations seem to come from urban areas. The situation, however might be different at lower levels.

Secondly, most respondents come from lower middle class backgrounds. As one might expect, most rural respondents come from farming families. In other words, in most cases, there has been an upward social mobility: these respondents occupy positions higher than those of their parents (see Table 5).

3 In the traditional rural setting, such relationships were centred on dominant strata such as landlords each of whom had a retinue of peasants dependent on them for various favours. These relationships were mostly based on primordial loyalties. Allocation and distribution of public goods today are mediated through political patronage and public bureaucracy.

Table 5 : Respondents Classified by Father's Occupation

Occupation	Number
Engineer	6
Teacher	12
Contractor	3
Farmer	29
Clerk	6
Post/Station Master	5
Businessman	9
Other	30
Total	100

Thirdly, the majority of the respondents (75%) have gone to urban schools. In fact, only 5% of them have received their school education in a village environment. This shows that those who go to village schools only occasionally rise to higher bureaucratic positions in formal organizations. It is also evident that most rural respondents have attended Central schools in the provinces (see Table 6).

Table 6 : Place of Education of Respondents

Type of School	Number
Village School	5
Central School	69
Urban High School	24
Urban Private School	2
Total	100

As for higher education, the vast majority (73%) have received a university education. The rest have received their post secondary education at technical colleges or other institutes of higher learning.

Most respondents and their associates reside in the suburbs of Colombo, within a radius of about 20 miles from the city. While 16% reside in Colombo, the rest commute to work. In other words, in terms of residence, respondents are dispersed over a large geographical area. As is evident, this is a significant factor affecting the formation of networks. While all of them are connected to one or more of the factional networks, only 20% of them seem to directly belong to a corporate network.

A closer examination of the process of exchange of favours shows that it involves not only public goods but also other types of favours. Being informal to friends and acquaintances in dealing with official matters itself is valued as a favour. In other words, the exchange relationship, apart from being a functional one, has also acquired a symbolic meaning: it is also a symbolic act.

Exchange relationships are guided by fairly defined rights and duties, expectations and obligations. Reciprocity is thus an integral aspect of the exchange process. A person who secured a favour from a friend is expected to reciprocate when the latter turns to the former for some such favour. If not duly reciprocated, then the relationship is likely to be strained. Relationships within social networks, therefore, are not static or fixed. While new relationships are constantly formed, some of the old ones are faded into the background.

Informality and reciprocity tend to go hand in hand, because being informal itself is considered a favour. Even though the respondents admit that they are expected to deal with their clients and fellow officers in formal terms, they tend to be informal with those who are close to them. In fact, a person known to an official might get offended if the latter appeared to be formal even when the former had called in for an official matter. In fact, the vast majority of the respondents themselves preferred to get their official matters attended to in an informal manner.

Informality and favouritism may also be visualized as the two ends of the same continuum. At the informality end, an official may be as flexible as possible in applying formal rules and regulations, yet this might not amount to a violation of rules and regulations. At the other end, an official may go to the extent of violating formal rules and regulations in order to help someone, i.e. a friend.

Almost all of the respondents interviewed during the course of the present study (97%) stated that they have either offered or sought favours during the course of their career. When questioned whether they offered favours during the year preceding the interview, 59% responded in the affirmative. As to whether they sought favours during the same period, 60% answered positively. However, when a smaller sample of 25 respondents drawn from the larger sample of 100 were interviewed latter in a more informal setting, all of them admitted as having resorted to exchange of favours of various kind (not necessarily involving public goods) during the past year. If exchange of favours is so common, the question which is immediately relevant is: what do they exchange? Table 7 below summarizes the kind of favours which the respondents have exchanged in general during the year preceding the interview. Though some respondents mentioned more than one favour, either offered or sought, the following classification includes only those identified by the respondents as most important.

Table 7 : Types of Favours Exchanged by Respondents

Type of Favour	Number of Cases
Employment	9
Promotions	1
Transfer	6
Admission to Schools	3
Other (financial assistance, etc.)	44
No Favours sought or offered	37
Total	100

As is evident, in many cases, the favours exchanged do not involve public goods. This appears to be due to the increased significance of political patronage in the allocation of public goods. While some of the favours are of a personal nature such as financial assistance, others ranged from supply of information to personal advice with respect to the acquisition of public goods.

As part of the interview with respondents, the latter were requested to recall and mention about favours which they exchanged with their close associates. The tabulated answers showed that, with over 50% of the cases (265), there had been exchange of favours. Table 8 indicates the types of favours exchanged during the year preceding the interview.

What is evident also from Table 8 is that public goods exchanged constituted only a small percentage of the favours exchanged. Yet, it should be noted that the responses relate to a period of one year. It is also clear that exchange of public goods is much less frequent compared to the exchange of other favours. While the latter relates to the day-to-day existence of the people, the need to secure public goods arises occasionally and infrequently. It is also noteworthy that many favours classified as other are at least indirectly related to public goods such as "information and advice". Such assistance can be of considerable significance as others may not have ready access to such information and advice.

Table 8 : Favours Reportedly Exchanged Between Respondents and Close Associates

Favours Offered by Officials	No.	Favours Sought by Associates No.
Employment	11	5
Promotion	7	6
Transfer	-	2
School Admission	5	4
Other*	241	250
Not Offered	232	229 (not sought)
Total	498	496

**Included financial assistance, information, advice, discounts on goods purchased, assistance in the sphere of domestic affairs.*

Conclusion

Social networks constitute an effective mechanism resorted to by the respondents of the present study in order to exchange favours of various kind. Yet it should not be mistaken that this is the only purpose that social networks involving bureaucratic officials and others serve. In fact, they facilitate social interaction among people who are not only dispersed over a large geographical area but also largely segmented owing to such factors as place of work and residence. This is particularly true with respect to corporate networks which usually link together many factional networks.

It should be noted that corporate networks operate primarily among privileged social layers and classes, for unlike informal factional networks, they presuppose a higher level of organizational and communication capacity.

Moreover, corporate networks usually bring together only those sectional networks having similar and often higher social characteristics. They thus tend to be socially exclusive and give rise to broader status groups with common interests and a social identity. It is these latter characteristics which promote social solidarity among them instilling in the minds of the members a sense of dependence on one another.

Appendix I

Figure 1 : Distribution of Organizations*

Public Sector:

- | | |
|--|--|
| <p>a) Government Departments</p> <ol style="list-style-type: none"> 1. Health 2. Social Services 3. Public Administration 4. Agrarian Services 5. Private Omnibus 6. Small Industries 7. Marketing 8. Labour 9. Education 10. Food | <p>b) Public corporations</p> <ol style="list-style-type: none"> 1. Steel Corporation 2. Plywood 3. Ceramics 4. SLIDA 5. Central Bank |
|--|--|

Private Sector:

1. Chemical Industries (Ceylon) Ltd.
2. Lever Brothers (Ceylon) Ltd.
3. Hayleys Ltd.
4. Commercial Bank of Ceylon
5. Associated News Papers (Ceylon) Ltd.

*Sample of respondents was drawn from the organizations listed above.

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