

# Kinship in Public Office (KPO)

Joël Cariolle<sup>1</sup>, Bernard Gauthier<sup>2</sup> and Frédéric Lesné<sup>3</sup>

## U4's Proxy Challenge Competition

Bergen, 4 February 2014

<sup>1</sup> Associate Researcher, FERDI, France, [cariolle.joel@gmail.com](mailto:cariolle.joel@gmail.com)

<sup>2</sup> Professor of economics, HEC Montréal, Canada, [bernard.gauthier@hec.ca](mailto:bernard.gauthier@hec.ca)

<sup>3</sup> Ph.D. candidate, CERDI, France, [frederic.lesne@etu.udamail.fr](mailto:frederic.lesne@etu.udamail.fr)

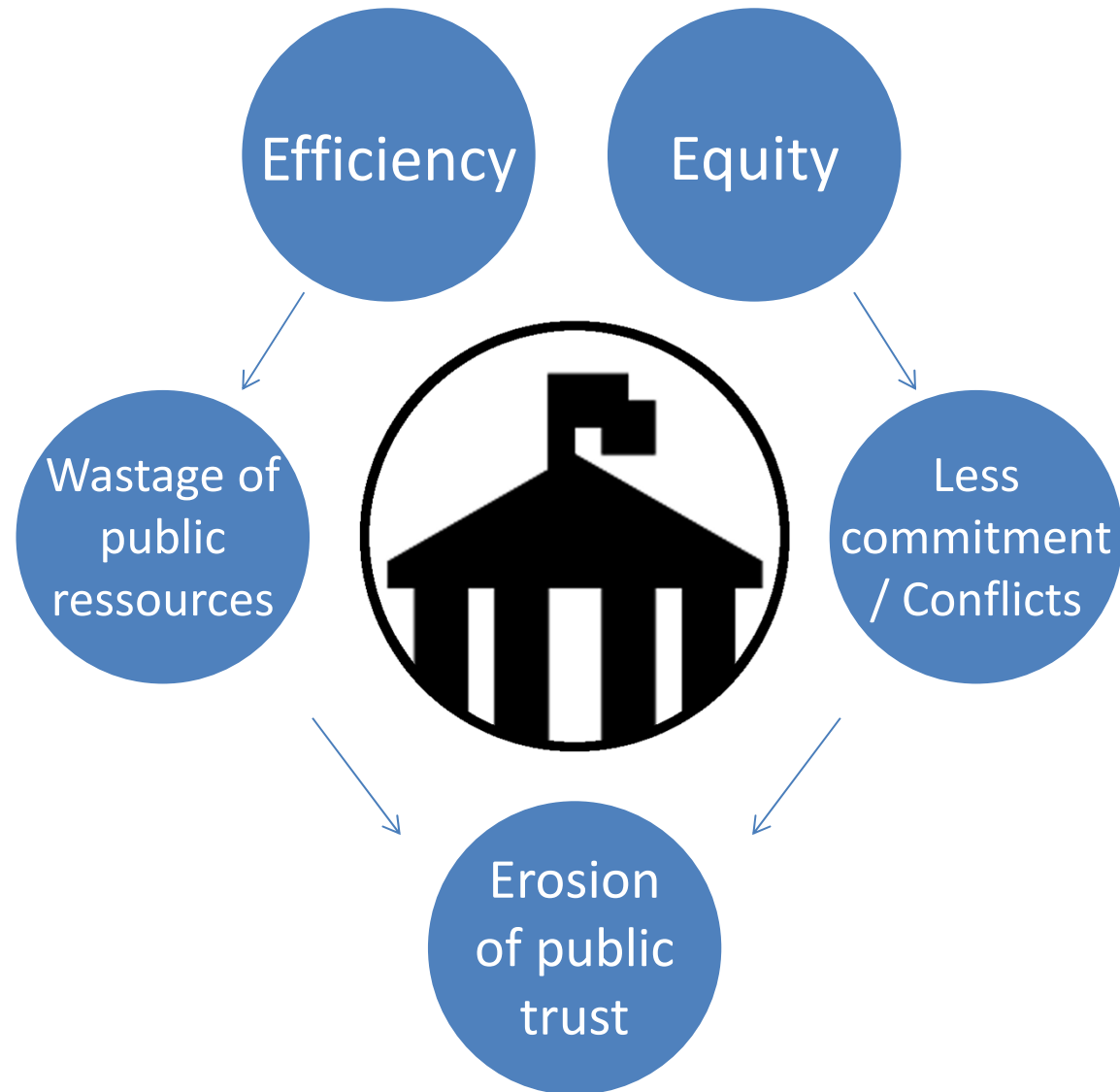
# What is nepotism?



**Nepotism in the workplace** describes situations in which a person exploits his or her power and authority to procure jobs or other favours to relatives (U4).

Nepotism is a form of **corruption** that can take place in all types of social entities and at all hierarchical levels.

## Why is nepotism in the public sector a problem?



## Why so little is done to tackle nepotism?



In a number of societies, nepotism is **socially accepted**.

Researchers aiming at evaluating the effect of nepotism on organisational performance have been constrained by the issue of **measurement**.

# Measuring nepotism

- Measuring nepotism directly requires detailed information about hiring practices in order to detect positive discrimination towards candidates with familial connections.
- Such information is generally out of reach.
- Proxy indicators can provide useful indications on the level of nepotism, its evolution over time and assess whether anti-nepotism initiatives are successful.

## The KPO indicator

- The indicator we propose as a proxy measure of nepotism in the public sector captures kin connectivity among government officials.
- The KPO is defined as the number of existing family connections in a given organisation relatively to the universe of possible connections, scaled by 100.
- The KPO coefficient, ranging from 0 (no connection) to 100 (every single person is connected with everyone else), is a proxy indicator for the prevalence of nepotism in that organisation.

## KPO: a mathematical formulation

- The KPO indicator is given by the following formula:

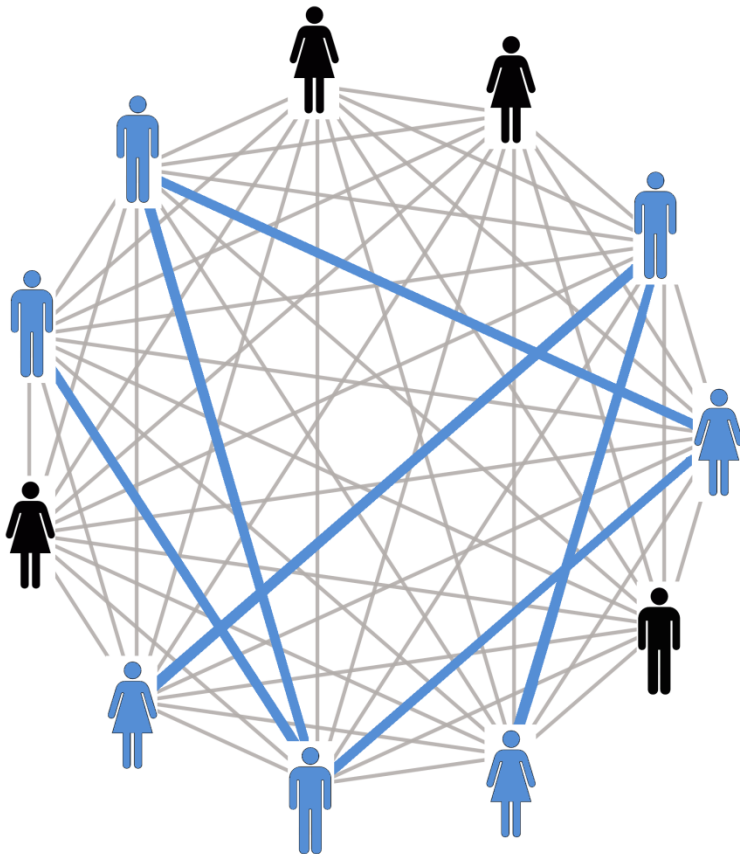
$$KPO = 100 \frac{\sum_{i=1}^N f_i}{N(N-1)}$$

With  $f_i$  the number of individuals in the organisation with a family tie to person  $i$  and  $N$  the total number of people in the organisation.

- The KPO indicator can be interpreted as the percentage of possible connections that materialise:

$$KPO = 100 \frac{\textit{number of existing connections}}{\textit{number of possible connections}}$$

# An illustration of the KPO indicator



To illustrate the KPO indicator, let us consider a system (e.g. a police station, a health centre) composed of 11 people.

The number of possible connections in that system, represented in grey in the diagram, is:  $(11 \cdot 10) / 2 = 55$ .

Out of 55 possible connections, 6 are observed. The KPO score of this system is therefore:  $100 \cdot (6/55) = \mathbf{10.91}$ .



# Construction of the KPO indicator



**Desk research and broad stakeholder consultations** will assess how the methodology of the indicator can be tailored to local conditions.



Data collection relies on **self-administered questionnaires** handed out to all public officials in the investigated system.

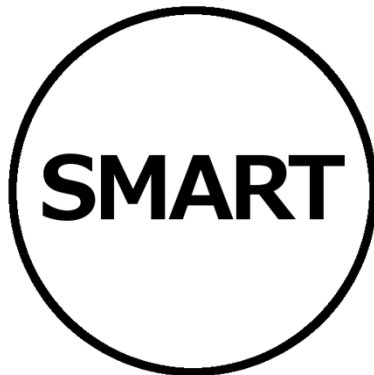


In addition, **targeted audits** are carried out to detect misreporting.

# Properties of the KPO indicator



- **Clear:** precise and directionally unambiguous.
- **Relevant:** appropriate for measuring nepotism.
- **Economic:** relatively inexpensive to implement.
- **Actionable:** grants basis for decision-making.
- **Monitorable:** amenable to external validation.

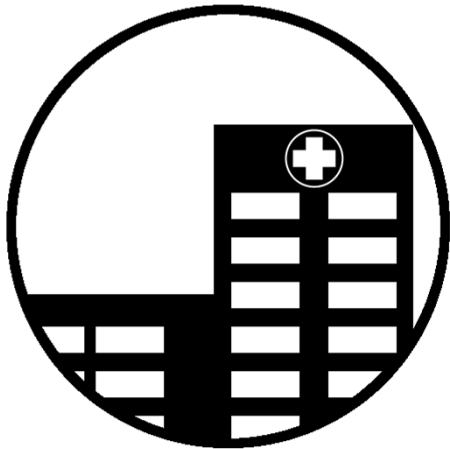


- **Simple:** easy to understand and implement.
- **Measurable:** fact-based rather than subjective.
- **Adaptable:** can be tailored to different contexts.
- **Reproducible:** can be replicated independently.
- **Timed:** measures short and long-term change.

## Scope of the KPO indicator

- The KPO indicator is a proxy rather than a direct measure of nepotism.
- The indicator could be applied to other forms of favouritism (e.g. cronyism, ethnic nepotism) and political patronage to form a “basket” of indicators.
- The indicator allows for comparison of units of any size and is able to track behavioural change over time.
- The KPO indicator is particularly suited to measure the outcomes of anti-corruption initiatives.

## Measuring the impact of anti-corruption reforms



*A donor finances a recruitment campaign for health centres in a country, but is worried that nepotism will undermine the selection processes. The donor implements an anti-corruption initiative to tackle this issue and seeks to test its effect.*

- 1 The KPO indicator is computed for all health centres in the country.
- 2 A training of managers on recruitment procedures is undertaken in a random sample of health centres prior to the hiring campaign.
- 3 The KPO is computed on new recruits in all health centres a year later to assess the impact of the intervention on the treated centres.
- 4 In addition, a survey is performed in health centres to measure the impact of the anti-nepotism reform on the quality of healthcare.

# Conclusion

- By using information on kin relationships between public employees, the KPO indicator aims to inform decision-makers about the prevalence of nepotism in the public sector.
- The indicator is highly adaptable and can be applied to a wide range of public organisations.
- The KPO indicator may be used to track progress of anti-nepotism initiatives.

**Thank you.**

# Bibliography

## Definitions:

- Nadler, J. and M. Schulman. Favoritism, Cronyism, and Nepotism. SCU. [http://www.scu.edu/ethics/practicing/focusareas/government\\_ethics/introduction/cronyism.html](http://www.scu.edu/ethics/practicing/focusareas/government_ethics/introduction/cronyism.html) [Accessed on 18 January 2014].
- Transparency International. 2009. The Anti-Corruption Plain Language Guide.
- U4 Anti-Corruption Resource Centre. Glossary of corruption terms. <http://www.u4.no/glossary/> [Accessed on 18 January 2014].

## Measuring nepotism:

- Allesina, S. 2011. "Measuring nepotism through shared last names: the case of Italian academia." PLoS one 6(8) e21160.
- Amore M. and M. Bennedsen. 2013. "The value of local political connections in a low-corruption environment." *Journal of Financial Economics* 110(2): 387-402.
- Fafchamps M. and J. Labonne. 2013. "Do Politicians' Relatives Get Better Jobs? Evidence from Municipal Elections in the Philippines". mimeo.
- Olken, B. 2005. "Monitoring Corruption: Evidence from a Field Experiment in Indonesia." NBER Working Paper No. 11753.
- Olken, B. and R. Pande. 2012. "Corruption in Developing Countries." *Annual Review of Economics* 4(1): 479-509.
- Sequeira, S. 2011. "Displacing corruption." mimeo.