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Insufficient Bureaucracy: Trust and Commitment in Particularistic Organizations

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Abstract

Many employees in the world are evaluated and rewarded at work based on who they are (''particularism'') rather than based on impersonal judgments of their performance (''universalism''). Yet the field of organizational behavior has been virtually silent on how employees react to workplaces dominated by particularism. In an effort to understand the role of particularistic organizational practices, several ideas from comparative institutions theories are applied to questions of organizational behavior, and the model is tested in samples of large manufacturing and service organizations in the United States and Hungary. It was found that employees in a modernist political system (United States) did echo social scientists' claims by reporting that their employers' personnel practices were comparatively more universalistic than those in organizations operating in a neotraditional polity (Hungary). This perception of differences in personnel practices mediated the relationship between political system and employees' trust in one another, their perceptions of coworker shirking, and their organizational commitment.

(Bureaucracy; Trust; Comparative Institutions Theory; Government; Organizational Commitment; Human Resources Management)

Many employees in the world work in societies dominated by particularism in which officials can hire those they like, reward those they like, and dismiss those they don't like. Yet, theories of organizational behavior, originating as they have in the developed Western societies, have not adequately addressed participants' behavior in these workplaces. Our theories have long analyzed the dysfunctions of excessive bureaucracy (e.g., Blau 1964), but they are virtually silent about the effects of insufficient bureaucratization. Here we rely on scholars from comparative institutions work in anthropology, sociology, political science, history, and economics to develop hypotheses about how the more particularistic organizations arising in communist societies affect employee behavior and attitudes.

The model we propose is tested in a former communist country where we can learn about employee reactions to insufficiently bureaucratized workplaces. Under communism, formal organizations developed for decades in a political system that gave rise to different organizational practices relative to those in the developed capitalist world. The communist political system created a natural experiment by building large organizations without the institutionalized bureaucratic practices designed to undergird highly complex interrelationships (cf. Litwack 1991, Musil 1992). Research on bureaucratic organizations in the developed capitalist world suggests that universalistic organizational practices facilitate complex organized activity (e.g., Luhmann 1979, Redding 1990, Shapiro 1987, and Zucker 1986). To date, however, scholars have not adequately addressed the impact of insufficiently bureaucratized organizations on employee attitudes and behavior. We describe how insufficient bureaucracy was fostered under communism, and then test several hypotheses about the effects of its associated particularism on employee behavior and attitudes.

The paper proceeds by defining key concepts and delineating the levels of analysis employed. Next, the work of comparative institutional theorists is introduced to explain how political systems affect the degree to which organizational practices are bureaucratized. Last, we propose that political systems affect employee behavior and attitudes through the mediation of the organization's practices. The arguments are summarized in hypotheses which are tested in a sample of Hungarian and American companies.

Since hypotheses are developed about the effects of political system on organizational practices, which in turn are proposed to impact employee behavior and attitudes, causal arguments will be made linking three levels of analysis (political system, organization, and individual). Consequently, concepts are used which may be less familiar to organizational scholars who have been working primarily at one or two of these levels of analysis. Therefore, we will first define our terms.

At the political system level, we distinguish *modern* from *neotraditional* systems. The distinction between modern and traditional social systems began with modern social science itself (Comte [1832-1840] 1855; Toennies [1887] 1957). Because these have been central concepts in the comparative institution's work of so many disciplines, these systems have been called by many different names. For example, Weber (1947) called the modern form rational-legal authority and distinguished it from traditional authority. Parsons and Smelser (1956) described modern and primitive forms; Putnam (1993) distinguished civic communities from patron-clientelism; and Coleman (1993) labeled the modern ones purposive organization, and traditional, primordial social organization. Nonetheless, all agree that what commonly have been called modern societies are characterized by highly differentiated subsystems which tend to be purposely constructed around ''offices'' (not persons). By contrast, in traditional societies there is less differentiation between subsystems such as the government and business, and relationships are dominated by concern for who the person is rather than his or her position in an organization. So, a person might obtain an appointment as foreign minister because he is the king's brother; it is his status as king's brother, not his position as foreign minister, that dominates his dealings with others.

Neotraditional political systems are a variant of classically traditional societies. Virtually all scholars who have studied communist societies note that participants rely more on personal favoritism, and there is less differentiation between the state and other institutions, than in developed capitalist economies. Walder (1986) contended that despite the superficial trappings of modernism, the communist political system was neotraditional because it operated primarily on favors and personal ties. Stark (1989) also observed that under communism fundamental legal principles tend to be based on vague regulations, making it difficult to be confident that one will not be arbitrarily punished for a given act. Second, Stark noted that most assume that they will need to act in a ''less-than-legal'' way to operate effectively. Thus, although birth ties are not as dominant as in traditional systems, certainly persons are more important than offices

and rules. Furthermore, by Parsons and Smelser's (1956) distinction between the highly differentiated modern systems and less differentiated primitive ones, communism can be seen as a reversion to a less differentiated form. This is because the communist party assumed control of all of the other societal subsystems. For example, the party-controlled government created and funded women's associations and environmental groups, mimicking the form of modern associational pluralism without the substance. This subordination of the artistic, scientific, social, economic, and legal subsystems to the political one under communism has been amply described by Burawoy and Krotov (1992), Kornai (1992), Voslensky (1984), and Xin and Pearce (1996), among others.

At the organizational level we want to differentiate those organizations with practices which are primarily *universalistic* from those which are primarily *particularistic*. ''Primarily'' is used here to indicate that in no organization would universalism be used exclusively. Nevertheless, the difference in degree is an important one. Universalism is the application of general rules or propositions uniformly to all. Following Weber, the general proposition universally applied within organizations has usually been the meritocratic one (hiring and promoting all employees based solely on an impersonal assessment of their performance or ability). Universalistic organizational practices were first described in detail by Weber and labeled ''bureaucracy.'' Weber described both the objectives of bureaucracies (i.e., they are goal-oriented, rule-constrained, and use impersonal merit-based staffing) and a particular mechanism for achieving those objectives (e.g., offices arranged in a hierarchical order, selection based on objectively determined credentials, strict separation of office and person, and job security and pensions for incumbents, etc.).

In contrast, particularism refers to actions based on an exclusive attachment to one's own particular party, nation, or circle of friends. Following Parsons and Shils (1951), particularism is based on a value orientation in which a specific person and situation guide action. Primarily particularistic organizational practices include creating organizational positions for persons because of who they are (say, the family member of a politically powerful person), having ''performance-based pay'' but keeping no records of performance and providing no announcements of who received what so that pay increases can be granted to personal favorites.

Also, as both Clegg (1990) and Perrow (1979) note, for those studying microlevel organizational behavior the term bureaucracy, unfortunately, has become focused primarily on Weber's 19th Century means (e.g., hierarchy,

formalism) and disassociated from the objectives (efficient goal attainment) these means were designed to achieve. This practice of conceiving of bureaucracy as formalism rather than goal-focused efficiency has drawn attention away from Weber's focus on the goal-oriented, meritocratic purposes of bureaucratic organization (c.f., Blau 1996).

A shift in attention back to the objectives of bureaucracy is a fruitful way to understand organizational behavior in primarily particularistic organizations. The degree to which organizations are universalistic or particularistic affects a whole host of organizational practices and participant reactions. For example, primarily universalistic organizations, that is, bureaucracies in the Weberian sense, seek to establish procedures designed to constrain office holders to hire, reward, and promote based on a universal principle such as the contributions an employee makes to organizational goal achievement. The employees of primarily universalistic organizations would be expected to attempt to gain rewards or dispute disliked decisions by claiming that they have made, or can make, superior contributions to the attainment of organizational objectives. As Adler and Borys (1996) note, the practices of bureaucracy are intended to and can be designed to enable employees to perform more effectively. By contrast, in primarily particularistic settings those with the power to hire, reward, and fire would be expected to do so based on certain employees' personal characteristics (e.g., that she or he is the relative of a friend, or is personally loyal to the power wielder, or is deserving of more money because of family circumstances). Employee attempts to advance their careers in such settings would be based on particularistic claims such as greater personal need or loyalty. This focus on Weber's original objectives of universalistic bureaucracy is especially important in analyzing organizations in traditional and transforming neotraditional societies, since many of the organizations in these societies often have adopted the bureaucratic means of formalism and hierarchy, albeit harnessed to particularistic ends.

Finally, at the individual level we are concerned with the behavior, expectations and attitudes of organizational members. While the field of organizational behavior has documented the effects of personality, dispositions, proximate social influences, and reward systems, among many others, on participants' attitudes and behavior, the focus of this work is to add another influence: political systems' effects on attitudes and behavior via the organizational practices they foster.

Effects of Political Systems on the Adoption of Universalistic Practices

Consistent with extant research (e.g., Hamilton and Biggart 1988, Kornai 1992, Litwack 1991, North 1990, Redding 1990, Stark 1989, Walder 1986), we submit that the practices of organizations are affected by the political systems in which the organizations are embedded. The political systems in which organizations operate present these organizations with certain ''social facts'' which favor structural conformity. While students of comparative industrial organization have provided several good contrasts between the development of certain industries in particular societies (c.f., Hamilton and Biggart 1988, Redding 1990), recently Fligstein (1996) has developed a general conceptual model of how the political systems can effect organizational practices. Two of his ideas are relevant to the present discussion. First, he suggests that political systems play an important role in establishing the rules within which economic entities operate. In addition, political systems have greater and lesser capacities for intervention, and so their strength affects the actions and internal practices of organizations. For example, some political systems are incapable of enforcing many of their laws, as when environmental and workplace safety laws are circumvented by a bribe to the local inspector. The ways in which political systems affect organizational practices in developed modern and neotraditional societies are detailed below.

Although few organizations share all features of the Weberian ideal of universalistic practices, there can be little doubt that the large organizations in the developed world contain formalized systems enforced by many administrators. Many of these formal policies are designed to limit individuals' misuse of the organization's resources. These policies and practices include financial accounting systems, performance appraisal systems, job descriptions, job postings, and grievance procedures, among others (see Heneman et al. 1989). As Jacoby (1985) noted, the development of bureaucratic human resource practices is partially the result of the efforts by employees in democracies to use the political system to protect themselves by constraining the behavior of employers. They did this by pressing for the legal recognition of labor unions, for clearer internal procedures, and for laws providing due process protections from arbitrary treatment. In general, a within-organization ''rule-of-law'' (following universalistic practices) fostered by the political power of employees in modern political systems has done much to constrain the arbitrary use of personal and position power in many large organizations, at least when compared to what Fallers (1965) refers to as the pseudo-bureaucracies of arbitrary political systems. For a more complete discussion of pseudo-bureaucracies in developing countries see Fallers (1965) and Riggs (1964).

By contrast, in neotraditional communist countries employees had substantially less leverage with their employers. The lack of legal constraints on those in power

in communist countries has been widely noted (e.g., Burawoy and Krotov 1992, Litwack 1991, Simis 1982, Voslensky 1984).As Simis (1982) stated, the lack of constraint on the personal power of leaders under communism has a long history. The Soviet regime never considered itself bound by the law and, *"any organ within the system, from a district council to the Supreme Soviet, and any court, from a people's court to the USSR supreme court can—indeed must—violate the law on orders from its opposite number in the party apparat"* (Simis 1982, p. 28).

Walder provides a detailed analysis of the effects of communist neotraditionalism on organizational practices. He posited that the desire for thorough political control necessitated the delegation of unconstrained power to local party cadres, because only they could know who was politically reliable. Thus, particularism inevitably permeated the workplace. In particular, work organizations in China were characterized by

> dependence, deference, and particularism . . . in contrast with the more familiar modern forms of industrial authority that are notable for their relative impersonality and anonymity, the relative political and economic independence of workers from management, and the resulting prominence of group conflict, bargaining, contract, and the relatively tight bureaucratic restriction of personal discretion of immediate superiors (Walder 1986, p. 10).

Although organizations in these neotraditional societies were certainly formalistic and hierarchical, the evidence indicates they were much less universalistic and more particularistic than developed-country organizations of comparable size. Organizations in communist societies had numerous rules; however, these rules gave enormous discretion to workplace authorities (Nove 1983, Pearce 1991, Stark 1989). For example, Pearce (1991) describes the practice of performance bonuses ranging from 40% to 200% of base accompanied by no measures of employee performance. These organizations, despite their volumes of formal rules and their ornate organizational charts, demonstrated few of the bureaucratic traits of impersonal rule-boundedness and constrained authority. Comprehensive discussions of how and why neotraditional societies produced such extensive particularistic practices in formal organizations are referred to Buroway and Krotov (1992), Gregory (1989), Litwack (1991), Nove (1983), Pearce (1991), Pearce (forthcoming), Pearce and Branzyczki (1997), Simis (1982), Voslensky (1984) and Walder (1986).

The widely documented particularistic practices of organizations in neotraditional societies provide an opportunity to empirically test ideas about the effects of particularistic organizational practices on employee behavior.

We know little about organizational behavior in such organizations, despite particularism's dominance in many societies. Certainly, this effort is not without risk. Our theory links phenomena at three levels of analysis — political system, organization, and employees. Multilevel research is subject to alternative explanations (Cook and Campbell 1979). However, as Staw (1995) has observed, those studies with a great distance between independent and dependent variables have the potential to introduce valuable new research streams.

Particularistic Organizational Practices and Organizational Behavior

The central thesis of this paper is that neotraditional political systems have had negative effects on employee attitudes and behavior by fostering the use of primarily particularistic organizational practices. Following Weber, particularistic practices will have negative effects on organizational performance by encouraging dysfunctional employee behavior. In this paper we focus on employee trust, shirking, commitment, and investment in expertise.

Trust.   In the field of organizational behavior, research largely has focused on employees' trust in one another and their supervisors (e.g., Bigley and Pearce 1998, Mayer et al. 1995, McAllister 1995, Zand 1972) or on the effects of rule violations on trust (see Rousseau 1995, Tyler 1990) rather than on the consequences of differences in formal organizational practices on interpersonal trust. However, theorists of political systems analyze the behavioral dysfunctions they argued emanate from insufficient trust in the institutions of government. For example, Gambetta (1988) analyzed the growth of the Sicilian Mafia and how its favoritism led to distrust and self-protective actions. In addition, Putnam (1993) argued that citizens' greater trust in governmental institutions in Northern Italy played a central role in fostering the creation of more effective new regional governments there when compared to the governments developed by less-trusting Southerners.

Based on their work, we suggest that primarily universalistic organizational practices allow organizations to develop without fragmenting into mutually suspicious and distrustful "fiefdoms" (Boisot and Child 1988, Gambetta 1988). When rules are applied uniformly in an organization, employees are more likely to trust and collaborate with other employees because they expect others to operate under known rules. Gambetta (1988) observed that unpredictable sanctions lead to distrust and less cooperation.

As Zucker (1986) describes, trust in institutions is produced by universalistic practices. The universalistic application of rules promotes "trust in strangers." Without

it individuals will cooperate only with those who they personally trust—i.e., stay within what Gambetta called ''limited clusters.'' Following Putnam, we argue that, within organizations, the withholding of cooperation is self-perpetuating because it leads to restricted contacts with ''outsiders.'' Those who distrust members of other groups would be less willing to seek contact with them. Furthermore, because lateral transfers across groups lead individuals to have more ''weak ties'' with a wider range of people (Granovetter 1973), this limiting of contacts would further weaken trust.

Moreover, when universalism is absent in large complex organizations, even physical proximity (e.g., working in the same department) would not necessarily foster trust in others. This is because sowing dissension among subordinates is a common tactic of those who want to maintain their positions of personal power (cf. Gambetta 1988, Pearce et al. 1994, Voslensky 1984, Walder 1986). In such settings, ingroup trust will need to rely on a stronger basis of personal trust—as in China where the personal connections used in business are often based on natal village, kinship, or old school ties, not casual work acquaintanceship (Jacobs 1980, Redding 1990, Yang 1994). This is not to argue that there are no particularistic practices in the organizations of modern political systems. Clearly, there are; however, we test the proposition that the difference in degree is significant and will be reflected in the attitudes of the employees. Thus, we predict that employees will report higher overall levels of trust in their coworkers in organizations with relatively more universalistic practices. We have selected distrust in coworkers, rather than the more common organizational behavior focus on trust in supervisors, because supervisors are more likely to be confounded with the organizations they represent to employees (Tyler and Bies 1990). Less trust in coworkers should reflect the more pervasive workplace distrust we expect from low use of universalistic organizational practices.

This distrust should be partially mediated by the degree of universalism of the organization's practices. That is, neotraditional political systems will tend to have complex organizations with comparatively more particularistic practices, which will in turn be associated with lower employee trust; conversely, a more modern political system will tend to have complex organizations with more universalistic organizational practices, which in turn will be associated with greater employee trust.

HYPOTHESIS 1. *The more modern the political system the greater will be employees' trust in coworkers, a relationship partially mediated by the organization's use of more universalistic personnel practices.*

Shirking. Universalistic practices also are expected to foster pro-organizational behavior, such as error-correcting feedback. When employees who believe that decisions are made based on a universal principle (such as contributions to performance) see an inefficiency or misuse of resources, they are more likely to view it as an aberration that is likely to be corrected if reported. Employees in these organizations would generally expect their complaints to be taken seriously, because they believe that generally rules will be followed universally. In contrast, organizations relying more heavily on particularistic relations will tend to have less of this error correction, since insiders dare not betray their fellow ingroup members (Gambetta 1988). The particularistic support they give one another is their only security in an unpredictable world. Even employees who discover outgroup members' shirking or malfeasance would have little faith that such behavior would be corrected (Perhaps they are protected? Who knows?) and so would be unlikely to take the potential personal risks of exposing them.

By the same logic, universalistic practices should lead to less anti-organization behavior (e.g., Mars 1982). In Rotter's (1980) review of research on the effects of the personality dimension of general trustingness on individual behavior, he reported that those who trusted were less likely to lie and cheat in situations in which they believed the risk of getting caught was low. He suggested this was so because cheating is necessary for defensive reasons, since others are doing it to them. Such anti-organizational behaviors have been considered by some to be the opposite of citizenship behaviors (Puffer 1987). Again, shirking is expected to be the direct result of particularistic practices that will mediate between political system and employees' organizational behavior. Employees will tend to shirk in response to the organization's practices, rather than directly because of their experiences as members of a larger neotraditional political system, and conversely employees will tend to respond to universalistic organizational practices with comparatively less shirking than their counterparts in more particularistic organizations.

HYPOTHESIS 2. *The more modern the political system the lower will be reports of coworkers' shirking, a relationship partially mediated by the organization's use of more universalistic personnel practices.*

Commitment. The due-process and rule-constrained practices of universalistic bureaucracy are very similar to what some theorists have called ''procedural justice'' (e.g., Thibaut and Walker 1975, Leventhal 1980, Sheppard et al. 1992, Pearce et al.1998), and there is research

on employee reactions to procedural justice in organizations. The literature on procedural justice has focused on organizational rules and practices that suppress bias, insure consistent application and due process — practices that are clearly intended to foster the universalistic application of principles. Perceptions of procedural justice have been positively associated with employee attitudes such as commitment to the organization (e.g., Folger and Konovsky 1989, Hartley et al. 1991). Certainly, it would seem that employees who believe that their organizations use uniform procedures to allocate rewards and sanctions would tend to be relatively more committed to them. Conversely, when favoritism and personal connections are the basis for decisions they would be less likely to be committed to the organization (however committed they may be to the persons on whom they depend). In addition, the inhibition of cross-ingroup mobility and contact expected under greater particularism would work against identification with and commitment to the larger organization. When universalism is weak, commitment is to those participants with whom they have particularistic relationships. Thus, while neotraditionalism is expected to foster organizations with relatively more particularistic practices, it is the particularistic practices which are expected to dampen the comparative organizational commitment of employees.

HYPOTHESIS 3.   *The more modern the political system the higher will be employees' organizational commitment, a relationship partially mediated by the organization's use of more universalistic personnel practices.*

Investment in Expertise.   Employees who expect to be evaluated based on a universal principle such as merit (rather than on their loyalty or good connections) are more likely to invest their time and attention in developing task-relevant knowledge and improving job performance because they expect such investments to be rewarded. Without this expectation, they are better served by concentrating their attention on building personal relationships with important people. This is not to say that there is no cultivation of the powerful in intendedly universalistic organizations, only that there would be relatively less of it. Putnam (1993) describes this process for governments: citizens had a lively involvement in local politics in those northern Italian regions where members expected that their voices and votes would be considered by governmental agents running in free and fair elections. Yet in southern Italy, dominated by clientelism, such open political activity and organizing was useless. This is because cultivating a powerful patron was the only reliable form of influence. Voslensky provides a vivid story to illustrate this process in Soviet organizations:

He shows a special, dog-like devotion to the chief of the group — let us call him Piotr Petrovich Petrov — whose position gives him the power to propose new members of the nomenklatura. Petrov, now used to power and therefore distinctly more stupid than he used to be, takes a liking to young Ivanov, who flatters him splendidly, and is always prepared to commit some action on his behalf at the merest hint'' (Voslensky 1984, p. 78).

If those in positions of power are free to exercise discretion arbitrarily, pleasing them and gaining their good graces becomes the most highly rewarded activity. Alternatively, those who trust their organizations to apply universal principles without fear of favor would be more willing to make investments which will enhance their task performance. The ways in which neotraditionalism fosters particularism, and so encourages attempts to cultivate a powerful patron in those societies has been vividly described by Gambetta (1988), Putnam (1993), Voslensky (1984), and Simis (1982). However, while they suggested that behavior was the result of the power structures characteristic of political system traditionalism and neotraditionalism, here we suggest that in organizations it is mediated by the use of particularistic personnel practices. If the organization itself hires, rewards, and promotes based on a uniform application of principles, it is less likely to observe employees investing in relationship cultivation rather than investing in expertise.

HYPOTHESIS 4.   *The more modern the political system the greater will be employees' investment in task expertise, a relationship partially mediated by the organization's use of more universalistic personnel practices.*

Methodology

Research Sample and Procedures

The Hungarian Organizations.   Four organizations were sampled to provide variance on service/manufacturing, foreign partner/domestic, and capital city/outlying regions. We sampled professional, technical, and managerial employees in four state-owned organizations: an elevator company, a porcelain factory, a glass factory, and an advertising agency. Questionnaires were administered in the last few months of the communist party's rule before its defeat in the contested elections of late spring 1990. As in other communist countries, these organizations were owned and managed by the government. Table 1 displays information about the sampled Hungarian and American organizations.

The elevator company manufactures, installs, and services elevators for the Hungarian market. In January 1990, the elevator company signed a joint venture agreement with a Western elevator company in which virtually

Table 1   Sampled Organizations

Organization	Political System[a]	Industry Type	Response Rate	Employee Sample Size
Elevator Company	Neotraditional	Manufacturing and Services	18%	24
Porcelain Factory	Neotraditional	Manufacturing	30%	37
Glass Factory	Neotraditional	Manufacturing	20%	84
Advertising Agency	Neotraditional	Services	32%	27
Aerospace Components Company	Modern	Manufacturing	82%	225
Accounting and Consulting Firm	Modern	Services	71%	62
Total Sample Size				459

[a]All neotraditional organizations are state-owned enterprises in Hungary; all modern organizations are privately owned business in the United States.

all of its operating functions were to be transferred to the joint venture by the end of the year. Data were collected after the initial letter of intent was signed, but before the joint venture was finalized. A random sample of 136 professional and managerial employees were given questionnaires with a cover letter from the second author; 24 usable responses (18% response rate) were returned to a box in the personnel department.

The porcelain factory was founded in 1777 by a count on his remote estate near what is now the Slovakian border. It is one of the three prominent Hungarian porcelain manufacturers, valued for its historic line of hand-painted porcelain. About 80% of its revenue came from the domestic market, with sales through the state retail distribution network and a few of its own small shops. Many employees were the grandchildren and great-grandchildren of former employees. Questionnaires were distributed to 124 professional and administrative employees through company internal mail (with an introductory letter from the second author), resulting in 37 usable responses received (30% response rate).

The glass factory made drawn plate glass, laminated security, and heat-insulated glass products in a medium-sized city in northern Hungary. The glass factory's primary customers were domestic construction and vehicle manufacturers, with about 15% of its sales from exports to the West. Company psychologists distributed surveys (with cover letters from the second author) to a random sample of 414 administrative and professional employees and received 84 usable surveys (20% response rate).

Finally, the advertising agency was one of the two such agencies created during the Hungarian economic reforms of the late 1960s. Its primary customers were state-owned companies who exhibited their products in the domestic and foreign trade fairs run by the agency's parent combine. Usable surveys were received from 27 of the 94 employees surveyed (32% response rate).

The response rate from employees in these Hungarian organizations is low but within the range expected. The mean is 25%, ranging from 18% to 32%. Employees in neotraditional political systems do not expect social science researchers to be disinterested. Potentially dangerous questions about trust and commitment were asked, and so it is not surprising that most employees took advantage of their anonymity to avoid completing the survey. To determine if the low response rate confounded our results, we compared the respondents to nonrespondents and found no differences. Certainly, it is possible that only the politically protected or most trusting and committed were oversampled in these organizations. However, since this would bias the sample in the direction opposite of our hypotheses, the low response rate reduces the power but would not confound interpretations of supportive results.

The American Organizations.   These consisted of professional, technical and managerial employees of an accounting firm and an aerospace manufacturer. Both of these were units of very large organizations—thus matching the Hungarian state enterprises in having sufficient size to support extensive bureaucratization (Pugh et al. 1968). The accounting firm was a regional office of a growing international (then) ''big eight'' accounting firm. In 1985, all nonpartner accountants and consultants received a questionnaire with a letter from the first author through company internal mail (following an introductory letter from the office's managing partner). After a reminder to nonrespondents, 62 usable responses (a 71% response rate) of 87 distributed questionnaires were obtained. The aerospace engineering manufacturer was the aerospace engineering component of a Fortune 50 manufacturing company. At the time of data collection in 1988, the company received 60% of its revenue from governmental contracts (defense and space) and 40% from commercial aircraft manufacturers. At this time the organization was growing rapidly. A census of the engineers

and engineering technicians in three departments received the surveys administered in group settings by the first author. An 82% response rate from 274 surveys resulted in 225 respondents from this company.

Data and Measures

The hypotheses are tested using self-report questionnaire data. The original English versions were translated into Hungarian by the second author, with the back-translation independently confirmed (Brislin 1986). All employees and their organizations were promised anonymity. *Political system* is measured categorically as neotraditional (Hungary) and modern (United States) and coded 1 and 0 respectively. This categorization should be noncontroversial; the United States is a wealthy developed postindustrial society with a stable form of government for more than two centuries. Hungary was a communist country at the time of data collection and had been for forty years.

All of the self-report measures have been used in previous research in the United States and are five-point Likert-type summated scales with 1 = strongly disagree to 5 = strongly agree. *Universalistic organizational practices* is measured by the employees' perceptions that personnel policies were applied universally (the wording to employees is ''fairly'') to all employees. All items for the self-report scales appear in the Appendix. The measures *trust in coworkers* and *organizational commitment* are conventional attitude scales and were taken from previously published work (Pearce 1993, Pearce et al. 1998, Mowday et al. 1979). To measure the effects of particularistic practices, for *coworkers' shirking* and *investment in expertise*, two new scales were developed. First, items were developed in English, and then translated into Hungarian by the second author for the Hungarian data collection. Next, all scales were factor analyzed again, separately for both language samples, to check their convergent and discriminant validity. The factor analysis used a varimax rotation with only those items loading at least 0.40 on the target factor. All of these scales were reproduced (i.e., the items only loaded onto the target factor) in both the American and Hungarian samples (albeit, after dropping a few items from the original number for some scales). All scales consist of the unweighted average of scale items; means, standard deviations, internal consistency coefficients, and intercorrelations are reported separately for each country in Table 2. With one exception, the coefficient alphas for this sample meet conventional standards of acceptability in both language groups (Stone 1978). The exception, investment in expertise, has only an α of 0.63 in the American sample and 0.58 in the Hungarian one, suggesting caution in interpreting the results for Hypothesis 4.

As can be seen in Table 2, there are significant correlations among the independent variables, political system, and universalistic practices, presenting a potential multicollinearity problem. We used two methods to ascertain whether collinearity between political system and universalistic personnel practices is problematic. First, we examined the Variance Inflation Factor (VIF) in the regression equations where political system and universalistic personnel practices were predictor variables. The VIF of 1.12 was well below the levels of 10 or above which would indicate that collinearity is unduly affecting the statistical tests (Neter et al. 1990). Second, we evaluated the R^2 between these two variables. The total variance explained by regressing universalistic personnel practices on society was only 11% (see Table 3), well below a level suggesting a problem with collinearity (Lewis-Beck 1980, Berry and Feldman 1985).

Poortinga and Van de Vijver (1987) argue that separating substantive differences from bias in comparing cross-cultural responses poses a serious dilemma. When comparing only two cultures (as is done here) any systematic component can affect bias, and item analysis alone cannot untangle the two. Nevertheless, we attempted to at least eliminate serious problems in scale meaning by factor analyzing the items separately for each language sample (Adler et al.1989). Since the same scales were reproduced in both language samples (as described above), we retain some confidence that the scales had similar core meanings to the two language groups. Finally, the range and distributions of responses in the two countries were compared: there were no cross-language differences. Poortinga and Van de Vijver (1987) suggest that the best approach to identifying substantive cross-national differences is to unpack culture by specifying context variables which may account for the differences. We view the present study as an attempt to analyze what we believe will be an important context variable: political system.

To assist in interpreting the hypothesis-testing results, during questionnaire administration the second author (and to a lesser extent, the first author) conducted formal and informal interviews with a cross-section of employees in these organizations. These qualitative data are provided when they can help to clarify or enrich the interpretation of the hypothesis testing.

Validation Tests. There are potential threats to the validity of a study linking employee behavior and attitudes to differences at the political system level. However, in both systems employees worked for large organizations in professional and administrative occupations and all were comparatively insecure in their jobs (the Hungarians

Table 2   Means, Standard Deviations, Internal Consistency Reliabilities, and Interrelations Among Variables

Variable	$\bar{x}_H$	s.d._H	$\bar{x}_{U.S.}$	s.d._U.S.	Political System[a]	1	2	3	4	5
1. Universalistic Personnel Practices	2.77	0.61	3.29	0.65	−0.33**	(0.85/0.90)	0.52**	−0.37**	0.61**	0.02
2. Trust in Coworkers	3.59	0.75	3.76	0.60	−0.13**	0.25*	(0.82/0.83)	−0.51**	0.31**	0.16*
3. Coworkers' Shirking	2.71	0.85	3.45	0.61	0.45**	−0.39**	−0.30**	(0.77/0.65)	−0.27**	−0.11
4. Organizational Commitment	2.83	0.65	3.43	0.65	−0.41**	0.54**	0.34**	−0.49**	(0.68/0.79)	0.26**
5. Investment in Expertise	3.39	0.66	3.69	0.71	−0.21**	0.05	0.06	−0.19*	0.15	(0.58/0.63)

[a] 0 = modern; 1 = neotraditional; coefficients in this column are for combined sample.

Reliabilities for Hungarian sample to the left of the slash, for the U. S. sample to the right; correlation coefficients for the Hungarian sample (n = 172) in the lower triangle, for the U.S. sample (n = 287) in the upper triangle.

All scales are Likert-type ranging from 1 = strongly disagree to 5 = strongly agree.

* $p < .05$

** $p < .01$

because of the impending political and economic transformation, the American accountants were nonpartners, and the engineers worked in a highly cyclical industry).

Beyond tests of convergent and discriminant validation reflected in the factor analyses, other validation tests were conducted. All of the organizations in this study were large, had formalized personnel departments, and had numerous rules and formal procedures governing personnel matters such as the selection, retention, and the evaluation of employees. However, while personnel departments in all organizations kept employment records, there were some differences by political system. The Hungarian personnel departments were heavily staffed with party members carrying out party responsibilities. This meant Hungarian personnel professionals were guided by communist party demands and did not see the universal application of principles as a key responsibility.

Furthermore, within-country cross-organizational analyses of variance (ANOVAs) were computed to ensure the sample had sufficient within-country homogeneity. We found that in the United States the accounting firm employees reported more universalistic personnel practices but were less committed to their employers than were the aerospace employees. In Hungary there were no cross-organization differences. Thus, there are modest differences across the U.S. organizations on these measures, but no indication that any one organization is so different from the others that it should be removed from the sample.

Finally, in order to test the hypotheses, we needed to check whether or not employees perceived any differences in their organizations' practices. Despite the documentation cited above, we are familiar with numerous examples of particularistic practices in the organizations

of modern political systems (cf. Kanter 1977, Van Maanen and Pentland 1994). It could be that the universalistic organizational practices proposed to be more characteristic of modern political systems are confined to the government and legal systems and do not substantially penetrate the workplace. Or perhaps the particularism-in-practice in modern-society workplaces is more salient to employees than distant universalistic policies. If the purportedly more particularistic organizations of neotraditional political systems are not reflected in employee perceptions of their organizations' practices, then generalizations from the comparative-institutions literatures to employee behavior and work attitudes would be moot. Therefore, we tested whether employees working in the two political systems reported differences in the degree of universalism in their organizations' practices.

Table 3 reports results of a regression of political system on employees' reports of the universalism in application of personnel procedures. We can see that this is the case, consistent with the expectation that professional, technical, and managerial employees in the more neotraditional society reported less use of universalistic personnel practices. Interviews confirmed the very real differences in the organizational practices under these different political systems. All of these sampled American organizations had formal job performance appraisals, whereas in the Hungarian organizations there were no formal performance evaluations of any kind. Further, both American companies had clear formal procedures to hear employee complaints with severe formal and informal sanctions for those who tried to circumvent these proper routes. In contrast, in Hungary an appeal could be made to anyone with possible influence who may or may not provide help. While the American companies were far from Weberian ''ideal bureaucracies,'' they were also

Table 3   Regressions of Political System and Universalistic Personnel Practices on the Dependent Variables

Independent Variables	Universalistic Personnel Practices	Trust in Coworkers		Coworker Shirking		Organizational Commitment		Investment in Expertise	
		Model 1	Model 2	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2
Political System[b]	-0.33**[a]	-0.13**	0.02	0.45**	0.34**	-0.41**	-0.22**	-0.21**	-0.21**
Universalistic Personnel Practices	—	—	0.45**	—	-0.34**	—	0.57**	—	0.02
R^2	0.11	0.02	0.19	0.21	0.31	0.17	0.45	0.05	0.05
F	43.99**	6.98**	43.98**	98.49**	68.76**	85.33**	150.59**	18.04**	7.49**
Df	(1,371)	(1,439)	(2,369)	(1,383)	(2,308)	(1,433)	(2,363)	(1,376)	(2,309)

[a]standardized regression coefficient reported
[b]0 = modern; 1 = neotraditional
** $p < 0.01$

far from the favoritism and particularism freely reported by employees in the Hungarian companies. Thus, despite the reports of particularism in many organizations in modern societies, employees in these large American companies reported substantially less influence of particularistic practices in personnel decisions when compared to their Hungarian counterparts. This makes it possible to test the hypotheses concerning the mediating effects of universalistic practice on employee behavior and attitudes.

Results

The hypotheses were tested according to the procedure presented by Baron and Kenny (1986). For Hypothesis 1 it was expected that association between modernism and reported trust in coworkers would be partially mediated by the universalism of the organization's personnel procedures. As can be seen in Table 3, this mediation effect was stronger than expected. The negative relationship between political system and trust in coworkers becomes insignificant with universalistic personnel practices in the equation. In this case, the relative universalism/particularism of practices apparently overwhelms the expected direct effects of political system. Our interviews echoed these questionnaire results, indicating that the particularism of decision makers fostered peer distrust. At this time in Hungary, employees competed with one another for favors (e.g., low-interest apartment loans) from the powerful. Few job incumbents had much discretion, and decisions were always made behind closed doors. Because of the secrecy, employees knew that sometimes it was more effective to secure favors by sabotaging a colleague. Knowledge of this practice, even though it may happen infrequently, appeared to foster considerable suspicion.

Hypothesis 2 stated that the association between relative modernism and reports of coworkers' shirking also would be partially mediated by their expectations of intendedly universalistic treatment. We see in Table 3 that the hypothesis was supported; the relationship was partially mediated, as indicated by a reduction in the effect size of the political system variable (Baron and Kenny 1986). Thus, both neotraditionalism and relatively less universalistic personnel practices have independent effects on shirking.

This result can be illustrated with the interview data. In the second author's conversations with the Hungarian employees, they freely recounted incidents of shirking consistent with these questionnaire self-reports. The following example from one of the organizations helps to illustrate how far these organizations were from a performance focus at the time of data collection. The porcelain company had obtained a large order for hand-painting from an American airline. When the painters discovered that there was a substantial financial penalty for a late delivery of this order they banded together and refused to work on the order unless they were paid large bonuses. The management had no choice but to pay, and thereby lost money on the order. While this particular example is striking, more mundane examples of shirking—not answering telephones, taking long breaks to stroll over to find a tool and leaving early to go to a second job—are so common that they passed virtually unnoticed by anyone other than a novice foreign observer.

Hypothesis 3 proposed that the association between modernism and organizational commitment would be partially mediated by the relative universalism of the organization's personnel practices. Relative universalism in

the application of such practices did partially mediate the relationship (with a standardized *b* dropping from 0.41 to 0.22), and a substantial 33% of the variance in organizational commitment explained by the relative universalism of personnel procedures, even after controlling for differences in political system. When one considers that this measure of organizational commitment includes both behavioral and affective commitment dimensions (Mowday et al. 1979) and at the time of data collection the Hungarian employees expected lifetime employment with one employer (high behavioral commitment), while the American accountants and aerospace engineers expected to change organizations in their careers, this finding is remarkable. It means that the lower affective commitment of the Hungarian employees swamps their undoubtedly higher behavioral commitment. One illustration of the lower affective commitment of employees under neotraditionalism comes from the elevator company. The elevator maintenance workers had a practice of inserting ''bugs'' into the elevators they were assigned to service. When the elevator subsequently stalled, the worker would then offer the building supervisor a personal contract—for a personal payment the maintenance worker could guarantee more reliable service than ''the company'' offered. Thus, maintenance workers had developed lucrative ''second jobs'' at the elevator company's expense.

Finally, in Hypothesis 4 it was expected that political system's effect on employee investment in expertise would be partially mediated via the practice of relatively more universalism in personnel procedures. As seen in Table 3, the mediation of universalism was not supported; neotraditionalism had a significant negative relationship on investment in expertise with no effect for universalistic personnel procedures. One reason for this finding could be the poor reliability of the investment in expertise scale noted earlier. Alternatively, our interviews suggest an additional explanation for this finding: there were recent changes eliminating targeted training funds from the central government's allocation to these Hungarian organizations, and these cash-poor companies had little means to provide employee training. This suggests that a direct effect of the different circumstances in the two political systems possibly overwhelmed any effect of relatively universalistic personnel practices.

Discussion

As expected, this study found that employees working in a political system characterized by Walder (1986) as neotraditionalist and by Voslensky (1984) as lacking substantive rule of law did report less universalism in their organizational personnel practices. In addition, largely consistent with the arguments advanced about employees' negative reactions to particularistic practices in large organizations, practices did successfully mediate the relationship between political system and trust in coworkers, reports of coworkers shirking, and employee organizational commitment. Trust and commitment were lower and shirking greater in those organizations with relatively more particularistic personnel practices, regardless of the type of political system. Only employees' reports of their investment in expertise were directly related to political system and unmediated by the organization's use of relatively more universalistic personnel practices. Before discussing the implications of these results, several limitations need to be noted.

The present test necessarily is suggestive rather than definitive. Because only one relatively modern and one neotraditional political system were sampled, we cannot disentangle the particular histories and experiences of these two countries from the concepts of universalism and particularism. One obvious confound is culture. Unfortunately, because we have sampled only one national culture for each type of political system in this study, it was not possible to test the relative contribution of culture vs. political system here. Future research might profitably seek to disentangle culture and political system to determine whether the arguments offered here about the role of political system are supported. Furthermore, while the sampling of organizations in six different industries does aid in generalization, it also introduces confounds associated with varying economic cycles, competitive markets, etc. Also, the response rates in Hungary were disappointing. Finally, the measure of universalism/particularism used here is flawed. This is so because there is the risk of response-response bias in the correlations with the dependent variables, and this measure of universalism/particularism is a very limited representative of the concept. Additional tests assessing more aspects of universalistic/particularistic organizational practices are necessary before confident conclusions can be drawn.

However, this test suggests intriguing new directions for organizational behavior. First, the study provides empirical support for the existence and utility of employee-perceived universalism and particularism in organizational practices. A self-report measure developed in an American sample was shown to be internally consistent, empirically distinct from similar measures such as organizational commitment, and reflective of theoretical predictions regarding system differences in practice. Furthermore, universalism in personnel practices, independent of any direct effects of political system, was associated with behaviors and attitudes generally considered

desirable in organizing. Just as the excessive impersonalism to which universalism is subject can foster employee alienation (Crozier 1964) and infantilism (Argyris 1957), so high levels of particularism have been shown here to be associated with distrust of coworkers, shirking, and lowered organizational commitment. Consistent with Gambetta's (1998) and Putnam's (1993) observations of particularism in governments, this study suggests systemic particularism in the workplace can have powerful adverse effects on employee behavior and attitudes.

Of course, particularism in personnel practices is not confined to the organizations of communist polities. For example, we might expect the patterns of organizational behavior analyzed here also to appear in organizations in developing countries (cf. Riggs 1964, Fallers 1965). Organizations in such developing societies, while adopting the hierarchies and formalism of bureaucracies, may lack the universalistic features which were associated with greater trust and commitment in this study. Thus, the widely reported necessity of investing time in developing particularistic relationships with business partners in many developing nations (what is called *guanxi* in China or *blat* in Russia) can be seen as a reaction to the lack of universalism in these societies (Redding 1990, Xin and Pearce 1996, Pearce forthcoming).

Furthermore, recent changes in the developed societies suggest that universalistic personnel practices can hardly be taken for granted there. Increased international competition and technological change have served to break up stable bureaucracies, replacing them with more ad hoc arrangements such as contracting and alliances. Such pressures for flexibility can undermine universalism by forcing rapid decisions rather than "fair" ones. As Jones et al. (1993) note in the "networked" film industry, central players preferred working with those they knew well rather than systematically searching for "the best." While these arrangements may be influenced more by market pressures than by arbitrary autocrats, this work suggests that the effects on employee attitudes may be similar. For example, Pearce (1993) found that one aspect of de-bureaucratization—the use of contract workers—was associated with lower levels of trust and a greater concern with job security among contractors' employee coworkers. Bureaucracies do promise (if not always deliver, cf. Perrow 1979) protection from favoritism. Because the bureaucratic means have been viewed as burdensome and rigid while their purposive, meritocratic, and universalistic objectives have been ignored, many organizational behavior theorists may have been too quick to abandon bureaucracies for marketlike (and even pseudo-market, c.f., Pearce 1987) arrangements.

In addition, these results contradict the popular view that neotraditionalism has had a pervasive effect on both organizational practices and citizens' attitudes and behavior, effects which have seeped into every domain in these forcibly undifferentiated societies. This is the view of those writing in the popular press bemoaning the "mentality" of people living in the former communist countries—a mentality which many insist only will be changed after one generation replaces another. We counter with the assertion that, while the experience of living in a neotraditional political system certainly may have a general effect, organizations adopting more universalistic practices can foster employee behavior and attitudes which are more trusting, committed, and performance-focused in spite of the larger political system's form.

Finally, this study places organizational behavior within a larger political context. These results demonstrate that employees' self-reports echo others' observations about the negative effects of communist neotraditionalism on employee attitudes and behavior. While much of the dysfunctional employee behavior in these organizations is known by now, all too often this is treated only as a problem of either incentives (e.g., Kornai 1990) or information (e.g., Nove 1983). While incentives and information may play a role, this research compels attention to the effects of particularistic practices in the workplace. Concrete organizational practices reflecting greater application of universal principles may be a productive lever in fostering greater trust and commitment and more attention to job performance. While few recommend the dysfunctional rigidities of bureaucracy, a clear view of insufficient bureaucracy provides a more balanced perspective on the alternatives.

Acknowledgments

Appendix   Scale Items

Universalistic Personnel Practices[a]

1. This organization's personnel policies encourage favoritism. (n)
2. Performance measurement practices here seem to create mistrust and resentment among employees. (n)
3. In general, this organization's personnel practices seem to reflect a mistrust of employees. (n)

4. The personnel policies here seem to work against the creation of a ''team spirit.'' (n)

5. The personnel policies suggest that this organization has confidence in its employees.

6. The performance appraisal system shows that this organization trusts its employees.

7. The performance appraisal system seems to make it more difficult for me to achieve my goals. (n)

8. This organization's pay policies encourage cooperation.

9. In general, the personnel policies suggest that this organization has confidence in its employees.

Trust in Coworkers[b]

1. I can rely on those I work with in this group.

2. There is no ''team spirit'' in my work group. (n)

3. We have confidence in one another in this work group.

4. Members of my work group show a great deal of integrity.

5. We are usually considerate of one another's feelings in this work group.

Coworkers' Shirking[c]

1. People here are eager to exceed industry work standards. (n)

2. People here can be counted on to lend me a hand if needed. (n)

3. People here do whatever is necessary to meet deadlines and finish a job. (n)

4. Most employees work hard, whether or not they will get any direct individual benefit or recognition. (n)

Organizational Commitment[d]

1. I am extremely glad I chose this organization to work for over others I was considering at the time I joined.

2. I am proud to tell others I am part of this organization.

3. I find that my values and the organization's values are very similar.

4. I am willing to put in a great deal of effort beyond that normally expected in order to help this organization be successful.

5. I would accept almost any type of job assignment in order to keep working for this organization.

6. This organization really inspires the best in me in the way of job performance.

Investment in Expertise[e]

1. I regularly seek new knowledge about job-related techniques and skills.

2. Part of my responsibility is to engage in continuing education so my skills won't become obsolete.

3. I often attend non-required training or educational sessions on my own time.

(n) Item reverse coded.

[a] In response to ''You are asked to write the number in the blank that most accurately reflects your own views of these practices in your organization.''

[b] In response to ''Think about your own workgroup, and indicate how well the statements below describe it.''

[c] In response to ''Please indicate how well the following statements describe the general behavior of people in your company.''

[d] In response to ''Please write the number in the blank line to the left of each question which most closely reflects your feelings about your own job and company.''

[e] In response to ''Please write the number in the blank beside each statement that most closely represents your perception of how well the statement describes your approach to your own job.''

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