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An Empirical Note on Tribalism and Government Effectiveness

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Abstract

This study assesses the relationship between tribalism (the tribalism index) and government effectiveness (per the World Bank) in 65 countries using cross-sectional data averages from 2000-2010. This study finds that countries with high-tribal populations generally enjoy bad governance in terms of government ineffectiveness. Government ineffectiveness and tribalism are found to mutually reinforce each other in a robust relationship.

Keywords: Institutions, Tribalism, Government effectiveness
JEL Classification: D02, D73, I20, O55

1. Introduction

There is a substantial body of literature on the effect of ethnic diversity on the delivery of public commodities and the quality of government (e.g. Easterly & Levine, 1997; La Porta et al, 1999; Treisman, 2000; Alesina et al., 2003; Miguel & Gugerty, 2005; Kimenyi, 2006; Habyarimana et al, 2007). The innovation of the present line of inquiry is to extend the underlying literature by assessing the relationship between tribalism and government effectiveness. Accordingly, tribalism represents a more holistic measurement compared to ethnic diversity because it is a proxy that more closely reflects actions by individuals than 'ethnic diversity' which reflects a situational element (Kodila-Tedika & Asongu, 2015).

We postulate that countries with higher levels of tribalism should deliver less government effectiveness. In other words, the formulation and implementation of policies that deliver public commodities should be less apparent in countries with high levels of tribalism. Hence, the theoretical underpinnings associating ethnic diversity to low institutional quality are the same employed by this study. Meanwhile, as sustained earlier, tribalism represents a broader concept, relative to ethnic diversity.

In fact, tribalism is a doctrine which consists of unreasonably favouring individuals within a tribe or group of tribes. It is considered as an ethnic instrumentation by Mankou (2007). According to Jacobson and Deckard (2012), it entails scourges of corruption, rent seeking, inequality, indigenous population and group grievance. Hence, this note contributes to the existing literature by assessing the relationship between tribalism and government effectiveness.

The rest of the note is structured as follows. Section 2 discusses the data and methodology. The empirical analysis is covered in Section 3. Section 4 concludes.

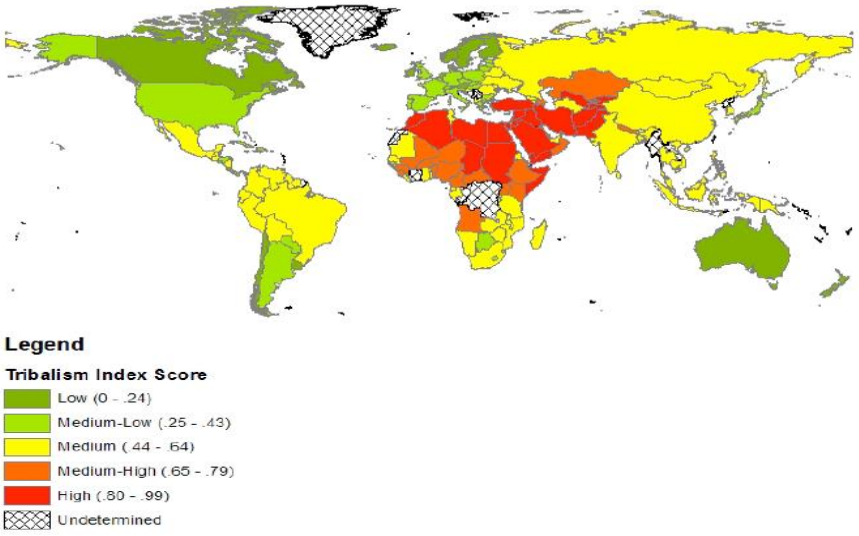
2. Data

Data on government effectiveness/efficiency is obtained from the dataset compiled by Kaufmann, Kraay and Mastruzzi (2010) at the World Bank. The indicator is based on 30 underlying data sources reporting the perceptions of governance from a large number of survey respondents and expert assessments

worldwide. Government effectiveness/efficiency is distributed between 2.5 and 22.5 (best).

To measure tribalism, we use the tribalism index data by Jacobson and Deckard (2012). It is a weighted aggregate of the detailed components, which ranges from a score of 0 (the hypothetical lowest score) to a score of 1 (the highest). Figure 1 shows that there exist substantial variations in tribalism across the world. The highest consumption levels can be found primarily in developing countries.

FIGURE 1: SPATIAL REPRESENTATION OF THE TRIBALISM INDEX



As for control variables, we include openness to trade (or KOF index of economic globalization) from the literature (Dreher 2006, Dreher et al., 2008) for the year 2005 (from Penn World Tables 6.3); the log of GDP per capita for the year 2005 (from Penn World Tables 6.3); democracy for the year 2005 (from Cheibub et al., 2010); average years of schooling (% of population aged 25 and over) form Barro and Lee (2010); legal origin and geographical location to account for recent debates in the institution's literature (e.g. Kodila-Tedika, 2014 ; Kodila-Tedika et al., 2013; Asongu, 2012). Following the trend in the literature, legal origin is captured by distinguishing between the English, French, German, Scandinavian and socialist legal heritages (La Porta et al., 1999). We estimate the model with Ordinary Least Squares (OLS) and robust standard errors.

3. Results

3.1 Basic results

Table 1 presents the basic results. Model 1 estimates the relationship between tribalism and government effectiveness/efficiency without a conditioning information set (or control variables) while the remaining models include some controls, unless where these were dropped due to multicollinearity. With the exception of the regional indicator, the control variables, included in these regressions, display the expected signs and are statistically significant in several cases. Per capita income is statistically significant at the 1% level in Column 3 and has the expected negative sign. Higher income is thus associated with high government effectiveness/efficiency (Asongu, 2014). The results show, however, that democracy does not have a significant effect on government effectiveness/efficiency. The KOF index of economic globalization is statistically significant at the 10% level and has the expected positive sign. Globalization thus improves government effectiveness (Asongu & Nwachukwu, 2015).

The variable of interest is negative and statistically significant in all cases. Accordingly, the coefficients of the tribalism are statistically significant at the 1% level in all regressions. In the first column that does not include other determinants, the tribalism variable accounts for 40.8% of variations in government effectiveness/efficiency.

Table 1. Basic results

	1	2	3
Tribalism	-2.854***	-3.014***	-1.633***
	(0.529)	(0.578)	(0.436)
Africa		-2.948***	
		(0.165)	
Americas		-3.066***	-0.841***
		(0.332)	(0.239)
Asia		-2.606***	-0.138
		(0.208)	(0.145)
Europa		-2.476***	-0.492*
		(0.344)	(0.255)
Oceania			0.851**
			(0.331)
GDP per capita (log)			0.512***
			(0.092)
Democracy			0.192

			(0.147)
Economicglobalization			0.010*
			(0.005)
LegalOrigin (UK)			0.347*
			(0.184)
LegalOrigin (french)			0.190
			(0.148)
LegalOrigin (german)			0.457**
			(0.223)
Constant	1.568***	4.385***	-4.240***
	(0.283)	(0.509)	(0.790)
Number of observations	63	63	63
R^2	0.408	0.627	0.831

Notes: .01 - ***; .05 - **; .1 - *; Standard errors in brackets. UK: United Kingdom. Log: logarithm.

3.2 Robustness checks

We verify if the established negative relationship withstands further empirical scrutiny in a plethora of robustness checks. In order to further improve the estimations, we follow the empirical approach on M-estimators by Huber (1973) using Iteratively Reweighted Least Squares (IRWLS). As Midi and Talib (2008) have noted, compared to the OLS approach, the advantage of these robust estimators is that they simultaneously fix any issue arising from the existence of outliers and/or heteroskedasticity (non-constant error variances). We find in Table 2 that the signs and significance of the variables across specifications are consistent with those of Table 1.

In Table 3 and Table 4, additional continental clusters and more control variables are used. The additional control variables include: average years of schooling (Barro and Lee 2010), social trust (Bjørnskov 2011), size of the shadow economy (Dreher and Schneider 2010), an Organisation for Economic Co-operation and Development (OECD) dummy variable. The signs of the independent variables of interest are consistent with those in Tables 1-2.

4. Conclusion

We argue in this article that the level of tribalism is likely to affect the government effectiveness/efficiency enjoyed by the population of a country. Our econometric analysis has established that countries with high-tribal populations

generally enjoy bad governance in terms of government ineffectiveness. Government ineffectiveness and tribalism are found to mutually reinforce each other in a robust relationship.

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Table 2. Controlling for Outliers (IRWLS**)**

	eq1	**eq2**	**eq3**
Tribalism	-3.315***	-2.998***	-1.744***
	(0.414)	(0.550)	(0.464)
Africa		-0.483*	0.548*
		(0.265)	(0.301)
Americas		-0.649**	-0.288
		(0.253)	(0.205)
Asia		-0.144	0.368
		(0.264)	(0.238)
GDP per capita (log)			0.486***
			(0.112)
Economic globalization			0.012*
			(0.006)
Democracy			0.130
			(0.156)
LegalOrigin (UK)			-0.148
			(0.356)
LegalOrigin (French)			-0.279
			(0.357)
LegalOrigin (Socialist)			-0.495
			(0.389)
Constant	1.770***	1.904***	-4.057***
	(0.242)	(0.261)	(1.195)
Number of observations	63	62	62
R^2	0.513	0.564	0.805

Notes: .01 - ***; .05 - **; .1 - *; Standard errors in brackets. UK: United Kingdom. Log: logarithm.

Table 3. Regression Results (clustered by continent)

	eq4	**eq5**	**eq6**
Tribalism	-2.854**	-3.014**	-1.633**
	(0.734)	(0.946)	(0.448)
Africa		-2.948***	
		(0.201)	
Americas		-3.066***	-0.841**
		(0.466)	(0.288)
Asia		-2.606***	-0.138
		(0.241)	(0.122)
Europa		-2.476***	-0.492
		(0.482)	(0.338)
Oceania			0.851*
			(0.359)
GDP per capita (log)			0.512***

			(0.093)
Democracy			0.192
			(0.172)
Economic globalization			0.010
			(0.010)
Legal Origin (UK)			0.347
			(0.173)
Legal Origin (French)			0.190*
			(0.082)
Legal Origin (German)			0.457
			(0.266)
Constant	1.568**	4.385***	-4.240***
	(0.413)	(0.832)	(0.772)
Number of observations	63	63	63
R^2	0.408	0.627	0.831

Notes: .01 - ***; .05 - **; .1 - *; Standard errors in brackets. UK: United Kingdom. Log: logarithm.

Table 4. Regression Results (add variables)

	eq7	**eq8**
Tribalism	-0.921*	-0.921**
	(0.509)	(0.299)
Americas	-0.664*	-0.664**
	(0.327)	(0.198)
Asia	-0.156	-0.156
	(0.167)	(0.100)
Europa	-0.595*	-0.595*
	(0.312)	(0.220)
Oceania	0.147	0.147*
	(0.262)	(0.061)
GDP per capita (log)	0.318*	0.318***
	(0.168)	(0.059)
Democracy	0.173	0.173
	(0.172)	(0.210)
Economic globalization	0.019***	0.019***
	(0.006)	(0.003)
Legal Origin (UK)	0.286**	0.286*
	(0.136)	(0.126)
Legal Origin (socialist)	-0.134	-0.134**
	(0.182)	(0.030)
Legal Origin (german)	0.229	0.229
	(0.249)	(0.151)
OECD	0.268	0.268*
	(0.172)	(0.106)
Trust	0.005	0.005

	(0.005)	(0.004)
Schadow	-0.012	-0.012
	(0.008)	(0.007)
Average years of schooling	0.025	0.025
	(0.045)	(0.012)
Constant	-3.272***	-3.272**
	(1.187)	(0.717)
Cluster continent	Non	Yes
Number of observations	49	49
R^2	0.910	0.910

Notes: .01 - ***; .05 - **; .1 - *; Standard errors in brackets. UK: United Kingdom. Log: logarithm. OECD: Organisation for Economic Co-operation and Development.