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DIVINE KINGSHIP IN THE FIRM: RECIPROCITY, ORGANIZATIONAL CULTURE, AND FOUNDER CULTS

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ABSTRACT

This paper argues that the business firm is a fertile ground for studying how the realms of the ritual and the symbolic affect economic outcomes. In unforeseen contingencies, the contract that the firm draws with its employees is *de-facto* incomplete. The collaborative nature of organizational tasks, and the long-term nature of many employment contracts, favor the rise of generalized reciprocity between the firm and its workers. This open-ended relationship is guided by both commands ('hard authority') and organizational culture ('subtle authority'). Organizational culture and its standard-bearers often draw on the founder's values and vision in a fashion that resembles kings' reliance on metapersons in the political realm. Prominent accounts of entrepreneurship and foundership use a language that closely resembles the rhetoric of divinity and territorial conquest. We conclude with an examination of founder cults in family businesses and startups.

Keywords: Generalized Reciprocity, Organizational Culture, Marshall Sahlins, Founder Cults, Divine Kingship.
JEL Codes: Z13; M14; D23.

Introduction

According to Graeber and Sahlins's latest book *On Kings*, a feature of all human societies is that "there are kingly beings in heaven even where there are no chiefs on earth" (Graeber and Sahlins 2017: 2-3). If it is the case that all societies live in the shadow of "metaperson authorities with ultimate

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life-and-death powers" (*ibid.*), then the authors conclude that we live in a state-like arrangement even when there is no 'state'.[1] Certain societies eventually integrated under a unified 'terrestrial' rule. Kingship is one such form of political integration. It has been called "one of the most enduring forms of government in the history of humankind" (Brisch 2008: 1).

The peculiar commingling of terrestrial and divine authorities observed in kingships from around the world has given rise to the notion of 'divine kingship'. Although many forms of human association depend on structured belief systems, "the institution of divine kingship is surely one of the most extreme manifestations of the entanglement of religion and rule" (Morrison 2008: 267). In their discussion of divine kingship, Graeber and Sahlins claim that:

> In the course of human history, royal power has been derivative of and dependent on divine power. Indeed, no less in stateless societies than in major kingdoms, the human authorities emulate the ruling cosmic powers – if in a reduced form (Graeber and Sahlins 2017: 3).

Against a well-established tradition in divine kingship studies, the authors find that "what usually passes for the divinization of human rulers is better described historically as the humanization of the god" (*ibid.*).

Graeber and Sahlins (2017) trace back the idea of the divine origins of political authority to the works of Arthur Maurice Hocart (1883-1939).[2] In his *Kings and Councillors*, Hocart defines divine kingship as "a harmless doctrine that God is life and that the king is the repository of that life" [Hocart 1970 (1936): 101]. Writing between the two World Wars, Hocart noticed that "[t]here are obvious dangers in a doctrine that God is infallibility and that the chief gunman is the mouthpiece of that infallibility. Its dangers are, however, less certain than those of anarchy". Graeber and Sahlins (2017: 380) find that "A.M. Hocart was correct to argue that forms of governance first appeared in the ritual sphere, as a part of a larger politics of the creation, channeling, and maintenance of life, and only later came to be applied to what we consider the political domain".

This study draws on Sahlins and Graeber's latest scholarship on divine kingship and Sahlins's discussion in *Stone Age Economics* about reciprocity to explain organizational phenomena such as organizational culture and

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1 Graeber defines metapersons as "Platonic representations of the perfect forms of power, wisdom, beauty, or proficiency" (Graeber and Sahlins 2017: 461).

2 Other references to the literature on divine kingship can be found in the essays in Brisch (2008). Another classic text in the divine kingship literature is Sir James G. Frazer's *The Golden Bough*, originally published in 1890, and discussed at length by Graeber and Sahlins (2017).

founder cults. We undertake this task in the spirit of Marshall Sahlins's exhortation not to:

> be quick to write off the human dependence on gods, ancestors, ghosts or even seal-persons as so-much mistaken fantasy. … As is true of big-men or shamans, access to the metaperson authorities on behalf of others is the fundamental political value in all human societies so organized. … (Sahlins 2018: 20).

We argue that the reliance on metapersons is not only valuable in the political arena, but it is potentially efficiency-enhancing also in the domain of the organizational economy. Organizational cultures are often rich in ritual and symbolic elements.[3] On the proposed account, the 'founder' – a value stream for organizational culture – can be viewed as the 'metaperson authority' that the organization's members (the leadership, mainly) try to incarnate.

The paper is structured as follows: Section 1 goes back to Sahlins's distinction between balanced, generalized, and negative reciprocity, and it argues that all three types of reciprocity play a role in organizations. Section 2 discusses the origins and functions of organizational culture. Section 3 discusses founder cults, in particular in startups and family businesses. Final remarks follow.

1. Reciprocity in the firm

Ever since the seminal paper by Coase (1937), the defining feature of the firm is that transactions are effected through authority[4] rather than the price mechanism. In an organization, actions are typically not 'purchased'.[5] Instead, those in a position of authority can direct the subordinate's actions towards specific outcomes, within limits specified in the applicable legal codes and the contract. Those who transact with the firm must accept to "resolve their differences internally. Accordingly, hierarchy is its own court of ultimate appeal" (Williamson 1991: 274).[6]

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[3] Rather than repeating 'ritual and symbolic', we use in the following only 'symbolic'. It has been noticed that "What we isolate as 'ritual', in one or another form or context, is no more than the expression in social action of symbolic features which are by no means peculiar to it – whatever it may be" [Needham 2018 (1985): 231]. We follow Needham in subsuming the ritual life of organizations under the broader heading of 'symbolic action'.

[4] On the benefits of authority, cf. also Sahlins [2017 (1972): 117], citing Mary Douglas's opinion that "lack of authority goes a long way to explain their [the Lele of Kasai's] poverty".

[5] Cf. *contra* Simon (1991: 41): "The choice between prices or quantities to coordinate the activity levels of different organizations or parts of organizations does not by itself dictate the respective roles of organizations and markets".

[6] On the power of issuing commands, cf. Graeber: "What I mean by the 'power of com-

One might be skeptical that hierarchy is the sole principle of economic coordination, especially in an age of remote work and flat organizations. Hayek (1982: 49) agreed with Coase that made orders, such as firms, rely on commands, but he added that made orders also rely on "rules". Commands, according to Hayek, are required to assign a function to each member of the organization, convey the purpose of the organization, and certain general expectations about the job. According to Hayek, the rules of organizations are "subsidiary" (*ibid.*) to commands, in the sense that they fill the gaps which are left open by the commands. If, however, workers solely relied on commands and some broad principles of organization (for example, what an accountant generally does in a company), the workers most likely would be left uncertain about the appropriate course of action in many circumstances. As a result of its frequency, the relationship of the employees with the company requires constant guidance. At greater length in the next section, we argue that the costs of transactions between the firm and its employees are reduced by organizational culture. Organizational culture exercises a 'subtle' form of authority, and it complements the 'hard' form of authority, i.e., hierarchy, in steering behavior in organizations towards defined objectives.

Sahlins's discussion of reciprocity [7] in *Stone Age Economics* helps us better frame the firm's relationship with its workers. Sahlins discusses in the book three ways to allocate resources, from close kin to strangers. Generalized reciprocity "refers to transactions that are putatively altruistic, transactions on the line of assistance given and, if possible and necessary, assistance returned… Other indicative ethnographic formulas are 'sharing', 'hospitality', 'free gift', 'help', and 'generosity'…" [Sahlins 2017 (1972): 175]. Sahlins later adds (*ibid.*: 176) that generalized reciprocity is a *weak* form of reciprocity "by reason of the vagueness of the obligation to reciprocate". Graeber views generalized reciprocity:

> As the kind of open-ended responsibility that prevails among close kin, all of whom will do whatever they can to help the other, not because they expect repayment, but simply because they know that in a similar crisis, the other would do the same (Graeber 2001: 218-219).

mand' is … the ability to issue orders backed up by the threat of punishment" (Graeber and Sahlins 2017: 457). Talking about "traffic cops" and other state-employed bureaucrats, Graeber says that "insofar as he [the cop] can exercise discretion – that is, arbitrary power – it is as an extension of the sovereignty (arbitrary power) of the government itself". The "cop" partakes in the divine origins of (terrestrial) political power.

[7] On the rich debate in economics on reciprocity and intentions, cf. Marchionatti and Cedrini (2017: ch. 7).

At the other end of the spectrum, one finds negative reciprocity, "an attempt to get something for nothing" (*ibid.*: 177), an idea close to Bastiat's plunder.[8] In the middle, balanced reciprocity, which requires a "precise balance" (*ibid.*: 176).

The employment relationship displays traits of all three types of reciprocity. In the phase of contractual negotiations, the firm and the worker, if interacting in a competitive labor market and if bargaining free from force or fraud, will attempt to draw as mutually advantageous a *quid pro quo* as possible, an instance of balanced reciprocity. In a world of rational negotiators and competitive markets, the initial contract will be drawn to account for the parties' reservation incomes. However, the contract drawn based on balanced reciprocity will be typically insufficiently state-contingent because of cognitive, time,[9] and structural limitations.[10] We call those *residual* decisions: the contract is unhelpful in allocating the duties and responsibilities in the matter at hand. These residual decisions open the door to other forms of reciprocity.

Negative reciprocity seems, in principle, incompatible with the principles of our modern liberal political order, in which the employees freely enter into a relationship with the firm and can exit if contractual compliance becomes too burdensome. In the past, and indeed to some extent in our world, negative reciprocity took such forms as the overt exploitation of labor. Negative reciprocity has not, however, ceased to exist with the enactment of labor codes and protections. The potential abuse of the authority position in unforeseen contingencies (Kreps 1990; Sacconi 1999) can be conceived as a form of negative reciprocity. For the duration of the employment contract, the authority-holder might allocate the quasi-rents generated in its relationship with the subordinate to its advantage.[11] Abuse is a direct consequence of contractual incompleteness and positive transaction costs (Boitani and Grillo 1992). There would be no need for one party

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8 "When a portion of wealth is transferred from the person who owns it – without his consent and without compensation, and whether by force or by fraud – to anyone who does not own it, then I say that property is violated; that an act of plunder is committed" [Bastiat 1998 (1850): 22].

9 Cf. Schwartz (1998).

10 Cf. e.g. Irti (2016: 132): "*L'impresa, come sequenza di atti che volge allo scopo di produrre e dello scambiare, non si lascia prendere nella gabbia logica della fattispecie, di cui non ha né la rigidità sistematica né la stabilità strutturale*" ("The firm, as a sequence of acts for production and exchange, does not let itself be caught in the logical cage of the 'species', of which it has neither the systematic rigidity nor the structural stability", my translation).

11 A crucial assumption of Grossman and Hart (1986) and Hart and Moore (1990) is that investments are idiosyncratic; that is, they are made towards a specific institutional arrangement such as a particular business firm, and they would lose value if redeployed to other uses.

to settle matters in a world of zero transaction costs, as contracts are complete and all-state contingent. The possibility of negative reciprocity means that the non-owners will invest suboptimally *ex-ante*, out of fear of being expropriated of their investments in *ex-post* bargaining once unforeseen circumstances arise (cf., e.g., Klein *et al.* 1978; Grossman and Hart 1986; Hart and Moore 1990).

The neo-institutional literature assumes, somewhat dogmatically, that negative reciprocity ("opportunism", Williamson 1993) will prevail in all unforeseen circumstances. Negative reciprocity, however, when consistently observed by the potential transactors, is likely to discourage investments, as the literature on repeated 'organizational' games has shown (Kreps 1990). *Generalized reciprocity* provides an alternative to negative reciprocity in unforeseen circumstances: the firm and its employees establish an 'open-ended' area of mutual influence.

That generalized reciprocity might find a home in the organizational world is, perhaps, surprising, considering that "reciprocity is inclined toward the generalized pole by close kinship" [Sahlins 2017 (1972): 178], and we do not suppose that kinship plays a vital role in large companies (except for family businesses, discussed later). Graeber (2001: 219) remarks that while it is conceivable that balanced reciprocity alone sustains social and economic relations, a point will often be reached in which the strict accounting that is implied by balanced reciprocity will give way to an open-ended relation. In market *quid pro quo* exchanges, "simply paying back effectively cancels any outstanding obligations between the two parties" (Graeber 2001: 220). On the other side, the hallmark of generalized reciprocity is that close accounting is suspended in favor of a relationship that might have balance only in the long run.[12]

According to Graeber (2001: 218), generalized reciprocity embodies a principle of "from-each-according-to-his-abilities communism". The term communism was already used by Mauss [2016 (1925): 182] in a somewhat atypical fashion. Mauss noticed that the employee:

> feels … that he exchanges more than just a product or worktime; that he gives something of himself; his time, his life. He therefore wants to be rewarded, even at a moderate level, for his gift … And to refuse him this reward is to make him idle and less productive (Mauss 2016: 191).[13]

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12 Ellickson (1995) calls a similar strategy "Even up" in his classic *Order without Law*.

13 The description was perhaps most applicable to an organization of labor in which employees are hired with a life-tenure. This was undoubtedly common at the time of Mauss's writing, and it is still common in countries such as Japan. Many other instances of modern labor, such as the gig economy, seem not to need generalized reciprocity: work is provided as in a *quid pro quo* arrangement – i.e., balanced reciprocity only.

Communism in Mauss's work is not a matter of property rights (Graeber 2001: 242). Communism in the firm requires a suspension of immediate accounting for the sake of long-run welfare maximization. Generalized reciprocity is then not only the province of close kin, as Sahlins thought. Rather:

> … the specter of communism might lurk […] within the very organization of corporate capitalism itself, or pretty much any situation in which people are united in a common task, and inputs and outputs therefore organized only by the actors' capacities and requirements rather than by any balancing of accounts (Graeber 2001: 242).

Generalized reciprocity embraces uncertainty and functional specialization as facts of (organizational) life and establishes an open system of duties and obligations. In the next section, we look at how organizational culture can enrich this open-ended relationship, reducing the need for the explicit assignments of duties.

2. Organizational culture

We have seen in the previous section that the relationship between the workers and the firm includes an 'open' area where the parties assign upon each other tasks, as needed, and maintain a long-term balance of accounts. Firms can obtain desired responses from their workers through various *informal* mechanisms (Hart 2001: 1702) [14] rather than the explicit issuing of directives or the "purchasing" of decisions through incentive pay schemes. One such informal mechanism is organizational culture. Culture is of interest to this paper because it is often rich in symbolic and ritual elements (cf., e.g., Trice and Beyer 1984, Smith and Stewart 2011).

Culture is a notoriously elusive concept.[15] For this paper, "a strong culture is a system of informal rules that spells out how people are to behave most of the time. By knowing what exactly is expected of them, employees will waste little time in deciding how to act in a given situation" (Deal and Kennedy 1982: 15). Culture is "stories that people tell themselves about themselves", to cite Clifford Geertz (cited in Lavenda and Schultz 2020: 190). If the employee can reference culture in an unforeseen circumstance, the open-ended relationship with the firm is greatly simplified. Other defi-

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[14] There are also *formal* mechanisms, such as incentive pay schemes, as the copious literature on Principal-Agent models shows.

[15] Sahlins (2018) has recently called culture a "pseudo-entity".

nitions of culture refer to 'society' as the arena where culture is acquired (cf. e.g., Lavenda and Schultz 2020: 15). The underlying assumption of the organizational culture literature is that the possibility of transmitting symbolic systems is not limited to 'society', but organizations can give rise to a similar transmission.[16]

One can conceive of at least two ways of transmitting information within organizations: the first is through the issue of specific commands. Culture does not require the issue of commands: instead, it requires learning the peculiar ways in which "things are done around here" (cf., e.g., Kreps 1990: 22). This second type of transmission is inherently symbolic,[17] for it requires the decision-maker to decipher what lies behind iconographies and narratives within the organization's boundaries. The picture of Kentucky Fried Chicken founder Colonel Sanders, appearing on the company's logo throughout the world, is, to a diner, a mere signifier. To the insiders, the picture is a reference to a definite style of business.

Organizational culture is exemplified by slogans, such as 'the customer is always right' [18] or 'every day low prices' (Walmart), trademarks and logos (such as the Nike 'swoosh'), and narratives about the peculiar ways in which an organization chooses and behaves, often in pursuit of an original vision set out by the founder, as we later discuss. Organizational culture also takes the form of 'rituals', i.e., "standardized and formulaic speech, repetition and redundancy, and a gamut of seemingly pointless, resource-intensive actions…" (Smith and Stewart 2011: 115). An example is the 'Walmart cheer' that employees sing in the morning, a practice that, according to the corporate website, was introduced by the founder Sam Walton in 1975, "inspired by a visit to a Korean manufacturing facility".[19] Other examples of rituals discussed by Smith and Stewart (2011) are rites of "initiation" into the firm, rites of enhancement (such as when an employee is awarded a promotion), and rites of integration (the President's dinner, for instance, cf. also Islam and Zyphur 2009). Culture also includes those internal codes that allow in-

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16 Cf. e.g. Sennett (2006: 3): "Community is not the only way to glue together a culture; most obviously, strangers in a city inhabit a common culture, even though they do not know one another".

17 A symbol is "any object or event that is used to represent or stand for another object or event" (Jordan 2013: 50). There are many possible outcomes to this process of association, cf. e.g. Needham [2018 (1985): 240]: "It is a general finding in the study of symbolism, moreover, that anything can be made to stand for anything else; whatever it may be, a thing can bear practically any meaning in the eyes of those who use it for a given purpose".

18 For a history of the slogan, cf. Blake Morgan in *Forbes* (9/24/2018), available at: https://www.forbes.com/sites/blakemorgan/2018/09/24/a-global-view-of-the-customer-is-always-right/#6f0dedf3236f (accessed August 15, 2020).

19 Cf. https://corporate.walmart.com/our-story/our-history (accessed August 1, 2020).

formation to be transmitted across the different levels of the organization efficiently (an idea initially proposed by Arrow 1974; cf. also Crémer 1993 and Weber and Camerer 2003).

Organizational culture is a crucial element of the firm as a separate entity that cannot be reduced to its constituent members (cf. List and Pettit 2011). When the organization's members intend to act according to the precepts of organizational culture, they collectively bind themselves to those precepts and to the means of attaining it, to paraphrase Tuomela (2006). Wherever "membership is fluid, rituals and ritual-like activities help to provide an identity badge that signals trustworthiness and loyalty" (Smith and Stewart 2011: 121).

Hierarchy and organizational culture, or 'hard' and 'subtle' authority, as we call them, are in a symbiotic relation. Organizational culture enriches with meaning the open-ended component of a worker's relationship with the firm, reducing the need for hierarchical control. Hard authority intervenes to ensure that the organization's culture is not sullied. Organizations expend resources to create an internal system of compliance to this effect. Instances are internal audit boards and codes of ethics that document the principles of the organization's culture (Shore and Wright 2015; Sacconi 1999).

Organizational culture does not only serve as a source of guidance in unforeseen circumstances. It also helps solve the problem, discussed by Ellickson (1994), of the "infinite regress of social control" (*ibid.*: 237).[20] Once we reach the top management layer, who enforces organizational norms? Organizational culture acts as the ultimate source of control, coupled with the shareholders' supervision power and the market for corporate control, which is likely to target companies that do not live up to their standards. According to Ellickson:

> The architects of religious thought have long recognized that the threat of an omniscient and omnipotent deity operating at an ultimate level of social control is, if credible, a wondrously powerful instrument for fostering cooperation. The perceived presence within a group of a critical mass of self-disciplined elders or other good citizens, known to be committed to the cause of cooperation, might be as effective as a deity (Ellickson 1994: 237-238).

Ellickson's elders might be a subset of the current members of the organization, as he suggests. The same function might be performed not by an actual group of people but rather by the 'ominous' spirit of the founder and the narratives of the company's foundation.

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20 Ellickson (1994: 124), defines social control as "a set of rules of normatively appropriate behavior".

3. Founder cults

> America's boardrooms need heroes more than Hollywood box offices need them.
>
> Deal and Kennedy 1982: 38

It is, perhaps, surprising that business companies – a key institution of Polanyi's (1944) "disembedded" economy – might be a promising arena for the study of culture. It is, however, not surprising that the firm might be subject to the "logic of sacralization and abstraction", which Graeber (in Graeber and Sahlins 2017: 462) finds to be a constant of human groupings. The firm is an ideal ground for studying how culture affects economic outcomes (cf. Guiso *et al.* 2015: 337). We are, in fact, typically able to trace back to the recent (and widely documented) past the foundational moment of the firm, unlike what happens in societies. This feature allows us to study the role of the founder in shaping an organization's culture and foster performance to an extent that would be unthinkable in the political arena (*ibid.*). Given the frequency of corporate restructurings (mergers, acquisitions, etc.), we can also study the ability of different organizational cultures to cross-fertilize, as well as to clash (*ibid.*).

The founder's values and vision are one of the sources, or 'value streams' (Pant 2014: 223), for an organization's culture. In a survey of 1,348 chief executive and financial officers about the overarching sources of their organization's culture (Graham *et al.* 2016), 55% of the respondents choose the current CEO, 32% the owner, 30% the founder, and 18% past CEOs. Respondents report that "memorable leaders substantially define the culture. Even years after they ceased to be an active force in the organization their legacy is still alive, they define the culture, because they defined a lot of the character of the firm" (*ibid.*: 11).

Founder cults appear as one of the most recognizable manifestations of divine kingship in the firm. Much in the same way in which political power 'usurped' divine power, in the tradition of Hocart, Graeber, and Sahlins, it appears that entrepreneurs and executives have usurped decision-making power from the political arena,[21] inheriting parts of the symbolic apparatus of 'divine kings'. Ever since the large business corporation debuted on the world stage, we have witnessed the ascent of the "divine boss", a process that has, curiously, accompanied the progressive dismantlement of kingship in the political sphere in the Western world. It is perhaps not sur-

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[21] Cf. also Stevens (2019: 57): since the beginning of the 20th century, the "top executive of a large corporation was characterized as a statesman".

prising that those who manage corporations are subject to ever-increasing scrutiny as a result of this transition. Companies nowadays devote a vast amount of resources to accountability and audit processes, and Corporate Social Responsibility (CSR) has become a fundamental component of a company's strategy.

The founder of an organization is variously described as an 'entrepreneur' (Schumpeter 1934), 'captain of industry' [Veblen 1967 (1923)], and 'hero' of the new corporate era (Deal and Kennedy 1982).[22] Veblen (1967: 101) observed that "the Captain of Industry … has been an institution of civilized life – a self-sufficient element in the scheme of law and custom-in much the same sense as the Crown, or the Country Gentleman, or the Priesthood, have been institutions". He then observes that "… [the Captain of Industry's] great vogue and compelling eminence are not past yet, so far as regards his place in popular superstition and the make-believe of political strategy…".

Schumpeter (1934: 93) offered a classic discussion of the motives of entrepreneurs. The first such motive "is the dream and the will to found a private kingdom, usually, though not necessarily, also a dynasty". He continues noting that "[t]he modern world really does not know any such positions", i.e., positions that afford the creation of a kingdom, "but what may be attained by industrial or commercial success is still the nearest approach to medieval lordship possible to modern man". Curiously, Schumpeter thought that distinction through entrepreneurship was the only road to success "for people who have no other chance of achieving social distinction" (*ibid.*). He continues by saying that "closer analysis would lead to discovering an endless variety within this group of motives, from spiritual ambition down to mere snobbery". The second motive is "the will to conquer: the impulse to fight, to prove oneself superior to others, to succeed for the sake, not of the fruits of success, but of success itself. From this aspect, economic action becomes akin to sport" (*ibid.*). The last motive is "the joy of creating, of getting things done, or simply of exercising one's energy and ingenuity".

The similarities of the Schumpeterian discourse on the entrepreneur and the Veblenian discourse on the captain of industry to the language of kingship and political conquest are striking. The founder that perhaps incarnates most vividly the kingship attitude is perhaps Henry Ford (1863-1947) of *Ford Motor Co*. In the words of a company insider,[23] Ford repre-

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22 Nelson (2003) discusses a methodology to identify the founder – remarking that the founder might not always be the original entrepreneur.

23 Cf. Mike Davis (6/1/2003), available at: https://www.wardsauto.com/news-analysis/ford-motor-co-cult-personality (accessed August 15, 2020).

sented a historical transition from rural America to industrial America. His resolute in being the one and only boss, deciding on models, pay rates, production methods, his Court fights (*Selden v. Ford*, *Dodge v. Ford*) – are widely documented in business history books and the popular press. That peculiar style continued with some of Ford's successors, such as the legendary salesman-turned-executive Lee Iacocca. Business historians have often contrasted Ford's interventionist style to the calm and technocratic style of Alfred P. Sloan (1875-1966) of *General Motors Corporation* (cf. Borins and Herst 2018).

If it is true that "the one quality that more than anything else marks a manager is decisiveness, but heroes are often not decisive; they're intuitive; they have a vision" (Deal and Kennedy 1982: 38), then one might imagine that the founder possessed those winning intuitions that created a successful enterprise. The reference to the founder seems then a reference to those ideas that created and shaped the organization. Founders and 'corporate heroes' in general also perform other functions, according to Deal and Kennedy (1982): they provide a blueprint of how to succeed in a particular sector; they act as a summary view of the company for the outside world, providing a powerful force for differentiation both in the input and the output market. References to the founder also serve to motivate employees.

A puzzling question is how future generations of employees relate to the more tangible manifestations of founder cults, such as the Walmart cheer cited earlier. Do the employees believe that singing to the founder(s) will somehow transfer some of his/her/their spirit and ideas? Wittgenstein, in a fragment commenting on a classic text on divine kingship, Frazer's *The Golden Bough*, was skeptical of this possibility:

> Kissing the picture of a loved one. This is obviously not based on a belief that it will have a definite effect on the object … that the picture represents. It aims at some satisfaction, and does achieve it, too. Or rather, it does not aim at anything; we act in this way and then feel satisfied [cited in Needham 2018 (1985): 242].

Needham, commenting on the impossibility to know *a priori* the reasons of a ritual, remarks that:

> When we designate ritual as symbolic action, the implication is that the analysis of it will be as intricate as is that of any other institutionalized form of action; the main difference is that the 'symbolic' aspect makes it all the more obscure and problematical. The intricacy and the obscurity together extend to purposes, means, effects, inner states, and reasons (*ibid.*: 243).

Deal and Kennedy (1982: 63 and ff.) claim that "ceremonies are to the culture what the movie is to the script, the concert is to the score, or the dance is to values that are difficult to express in any other way". Thus, even though rituals might be cumbersome and might render cultural transmission to newcomers complex, rituals create a diffuse common knowledge of the company's style and values (cf. Chwe 2013).

We now discuss founder cults in two particularly well-studied classes of business, startups, and family businesses.

Startups

The importance of the role of founders has been highlighted in companies in the ICT sector, whose relatively young age often means that the presence of the founder is widely felt to our day. The names of these founders are common currency in the business papers: Larry Page and Sergey Brin at Google, Mark Zuckerberg at Facebook, Elon Musk at Tesla, Jeff Bezos at Amazon, Bill Gates at Microsoft, are just some of the examples. There is also no scarcity of funders being ousted (Steve Jobs at Apple, Travis Kalanick at Uber [24]). Steven Levy in the magazine *Wired* presents anecdotal evidence of the founders' long shadow in corporate matters, even after some of the tech companies become publicly traded giants.[25] Karen Wickre, in the same magazine, discusses another curious fact about tech companies: some have brought in managers, referred to as 'suits', whose job is to rein in the founders and progressively reduce their influence.[26]

Wasserman (2008) analyzed 212 US startups created in the late 1990s and early 2000s and found that most founders lost their management positions before their companies went public. The parting of the founders from their creature is, however, often a complicated process. Wasserman found that four out of five founders are forced to step down from their managerial posts. The author notes that "the change in leadership can be particularly damaging when employees loyal to the founder oppose it. In fact, the manner in which founders tackle their first leadership transition often makes or breaks young enterprises" (p. 104).[27] The author reports

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24 Cf. Blank (2017) for a reconstruction of events that led to Kalanick's dismissal, and the possible reasons why the decision was delayed.

25 Available at: https://www.wired.com/story/the-2010s-killed-the-cult-of-the-tech-founder/ (12/29/2019), accessed August 15, 2020.

26 Available at: https://www.wired.com/story/the-undeniable-upsides-of-founder-led-companies/ (11/8/2017), accessed August 15, 2020.

27 The empirical evidence on the effect of having a founder as the manager is mixed. Lee *et al.* (2016) find that companies managed by a CEO-founder create more financial value than companies managed by an externally hired CEO. Bennett *et al.* (2017: 179) find instead that firms managed by a founder "are significantly less likely to implement basic management practices".

that founders often see themselves in possession of unique abilities to steer the company in the right direction. The organization's culture mirrors, the founders believe, their traits. The extent of their commitment to the company is revealed, Wasserman finds, by the finding that the founders, on average, earn as CEOs 20% less than CEOs in comparable positions. Wasserman talks of a "rich-or-king" dilemma that founders of startups face: accepting to dilute their "kingship" in return for outside investments; or retain their position, possibly at the risk of jeopardizing the prospects of the startup. Their choice in the 'rich-or-king dilemma' reveals, according to Wasserman, how the founder views himself/herself: those who view the company as a symbolic construct that closely mirrors themselves will be less willing to dilute their influence.

A recent analysis of four startups in the air taxi market confirms the importance of the founder's identity and his/her value system on firm performance (Zuzul and Tripsas 2020). All four operators were founded in the initial stages of this service's emergence (one in 2002 and three in 2004). The authors categorized two of the founders as 'revolutionaries' and two as 'discoverers'. The authors' thesis is that revolutionary founders molded the company's culture with a principle according to which 'we dictate the rules' that promoted inertia in the face of changing circumstances. Discoverer-founders transmitted to their organization emphasis on flexibility and market responsiveness. These different identities were 'affirmed', i.e., the founders reveal their traits in their decisions, setting the companies on different paths.

The variation in the founder's influence in the life of the organization can be explained through an analysis of initial role conceptions (Hoang and Gimeno 2010: 50), the extent to which a founder 'owns' (Pierce *et al.* 2001) his/her ideas, or wishes to appear 'authentic' (O'Neil *et al.* in press). Other relevant factors include the feedback processes during the founding process and the openness to such feedback (Hoang and Gimeno 2010). Some authors talk explicitly of 'imprinting' at the time of founding (Fauchart and Gruber 2011). Shane and Stuart (2002) note that at the beginning of the life of an organization, the founders transfer to their organization specific resources. Shane and Stuart (2002) focus on the social capital of the founders and find that when startuppers have links to venture investors, they are more likely to attract funding and less likely to fail. In general, the identity of startup founders appears as a crucial variable to understand the founder's legacy and ability to shape future decisions (Grimes 2018; Fauchart and Gruber 2011).

Family businesses

The principle of 'organizational communism' we discussed earlier, according to which the organization's members contribute resources as needed, with no strict, short-term accounting, will likely be especially felt as a principle of economic organization whenever economic transactions are embedded in family relationships. This is the case in family businesses (cf. e.g., Harvey and Evans 1994; Denison *et al.* 2004) and in some countries, especially in Asia, in which this embeddedness is still widely felt throughout the economy. In a comparative study of Chinese and Japanese business cultures, Wong notes that:

> Underlying the financial management of the *jia* [Chinese company] is the core *jia* ethic: just as *jia* members are required to support one another unconditionally, they have to share with others all they have, because the *jia* will offer financial help to any member if necessary. The financial management of the Chinese *jia* can be seen as what David Graeber calls 'everyday communism'… (Wong 2021: 462).

The author continues observing that in China, it is admissible to sacrifice the company's interests (*jia*) to guarantee the continuity of the *fang/jia-zu* line (roughly, all the sons born from a single father). The *jia* will also be bequeathed to an incompetent heir, giving rise to the Chinese saying that family wealth never lasts more than three generations. In Japan, instead, inept heirs will typically be bypassed, and the *kaisha* (company) might be given to an adopted son or a son-in-law (Wong 2021: 464).

In surveys of family businesses from the Western world, a common finding is that "the role of the founder is crucial to establishing an organization's identity, core beliefs, and purpose" (Denison *et al.* 2000: 64). This connection to a set of original values is, according to the authors, "a tremendous and underexploited asset in family firms" (*ibid.*: 61). The heirs of the family may elicit stronger loyalty from their workers than comparable non-family businesses "because they can derive legitimacy from two sources: their position in firm management and their position in the family" (*ibid.*: 64). Being faithful to a set of specific and symbolically encoded founder's principles, rather than anchoring to broad formulas such as "value maximization", might explain why culture in family businesses might increase performance above and beyond what culture can achieve in non-family businesses (Denison *et al.* 2004).

Family businesses might also face peculiar challenges. They are likely to experience tension between the stewardship of family values and changing circumstances and styles of the successors (Denison *et al.* 2004: 64). Finally, familial and commercial norms are bound to meet regularly and potentially clash (cf., e.g., Cheng *et al.* 2015).

4. Conclusion

Graeber claims that "Hocart was largely correct in arguing that what we have come to call 'government' originally derives from ritual" (in Graeber and Sahlins 2017: 378). We have argued that the *governance* of the corporation is also dependent on ritual and symbolic elements – culture and its founder value-stream being the focus of this study.

In business companies, we have argued that culture wields a form of 'subtle' authority, working in conjunction with the 'hard' form – i.e., hierarchy. On the proposed account, culture is used to orient behaviors in unforeseen circumstances, in which the formal contract between the parties is silent. Culture simplifies the open-ended nature of the relationship between the firm and its workers by economizing on the need for issuing specific directives.

Kirch (2010), in his discussion of political organization in Hawai'i, notices that "[w]hile some scholars … have emphasized the importance of a monopoly of force in defining state power, it seems to me that the emergence of divine kingship is equally critical". Much in a similar vein, the institutional literature on the firm has paid much attention to hierarchy in the firm. One finds much less attention devoted to companies' efforts to sanctify and transmit their business style. Helpful information for organizational decision-makers is often 'symbolically encoded' (Lavenda and Schultz 2020: 21) rather than the fruit of explicit verbal processes and commands.

References to the founder are attempts to associate oneself with the vision that created the organization. One could say that managers shine with a reflected light when they try and associate themselves with the core ideas of the founder. Similarly, chiefs of archaic states sought legitimacy by tracing their origins to deities or the "early kings", as Kirch (2010) calls them.

A potential critique of our account of generalized reciprocity in the firm is that reciprocity in the firm seems one-sided, with one party issuing tasks and the other party limiting itself to take charge of the execution of these tasks. The literature since Akerlof (1982) has shown that if the firm wishes to elicit a more-than barely compliant response, the firm must pay efficiency wages. This strategy is likely to be beneficial in the long run. The emphasis on the long-term benefit of the relation, rather than the immediate tallying of what the parties owe to each other, shows the power of generalized reciprocity to capture the space of decisions and behaviors that were not contracted upon *ex-ante* in organizations.

While this paper portrays an efficiency-enhancing picture of organizational culture, culture can also act as a factor that slows down the enterprise as it tries to adapt to changing circumstances. Also, different symbolic apparatuses might be hard to reform within a conglomerate after, for example, a merger (Weber and Camerer 2003; Jordan 2013: 4) or the stipulation of hybrid contractual arrangements such as sub-contracting or leasing (Tjosvold *et al.* 2001). This might be particularly true when companies are from different countries and reflect different national cultures (cf. Hermalin 2013: 458 for references).

We have seen that the founder's identity explains the founder's influence on the firm. Future research might further study if certain types of 'foundation narratives', e.g., those revealing a desire to 'conquer' a particular sector and displace the incumbents, are associated with longer-lasting founder effects. This would be a possible test of the kingship hypothesis: one would expect that those founders attempting to leave a long-lasting legacy are those who imprint their organization the most and whose influence is longest felt.

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