Impact of Nepotism, Cronyism, and Favoritism on Organizational Performance with a Strong Moderator of Religiosity

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Abstract—This study investigates the relationship among Nepotism, Cronyism, and favoritism on organizational performance with the moderating role of religiosity. It shows that Nepotism, Cronyism, and favoritism put negative impact on organizational performance and decrease productivity but religiosity at the same time weakens this negative relationship and boost employees to work positively in your organization. Target population of this research is employees of different organizations who are full time involved with their job and face this type of negativity at their workplace. Data collected from 164 employees. Data analyzes from SPSS through different tests such as regression, correlation, and moderation analysis. Result revealed that Nepotism, Cronyism, and favoritism put negative impact on organizational performance and religiosity weakens this negative relationship.

Keywords: Nepotism, Cronyism, and favoritism, religiosity, and organizational performance

1 Introduction

n this modern era, it is observed that over a few years, global economy change takes place that Lis not the only reason of decline in our organizations but also decline in economy of country. There are a lot of issue related to hiring in public and as well as in private sectors now a days. But Nepotism, Cronyism, and favoritism are the main barriers in the way of well qualified employees, because in public sector organization they prefer to hire employees who are reference based or have relation with their family, friends or colleagues. So that, in developing countries liking and preferences are more important than the person's own competency, skills, knowledge, and suitable qualification for particular job. On the other hand, in developed countries vacancies are filled on the basis of merit, qualification and experience. It bridges a gap between employees and their career.

However their organization performance is not good as compare to the developed countries. When we focus attention towards public sector organization, it seems that this sector has the main role in the progress of any country. But with all these outcomes and circumstances Nepotism, Cronyism, and favoritism are grown in this sector as compare to private sector. Upper management of these organizations is the main supporter of Nepotism, Cronyism, and favoritism occurrence. Usually Favoritism exists in every organization and it also exist everywhere (Ozler & Buyukarslan, 2011). However, due to favoritism organizational performance must decreases. In any organization, main reason of disappointment of employees is favoritism, nepotism and cronyism (Ozler & Buyukarslan, 2011). According to previous literature and they argue that the favoritism, nepotism and cronyism affect employees career and organizational performance. When someone who is proficient person but nor hire because of personal biasness is called favoritism (Kwon, 2006).

Religiosity is the strong religious feeling, belief, or quality of being religious. It is excessive devotion

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towards religion. According to literature religiosity/ spirituality describes generally as any experiences, feelings, thoughts, and behaviors that take place from the 'sacred' by way of the former involving set of people or social practices and set of guidelines and the final nurture to refer to delicate experiences and faiths (Hill, Pargament, & Hood, 2000).

This study focus on the moderating role of religiosity, and its positive impact on organizational performance which is purely depend on it. In this study, it is proposed that favoritism, nepotism and cronyism moderated by religiosity and it stronger the relationship between favoritism, nepotism, cronyism and organizational performance.

The purpose of the study is to investigate the relationship of favoritism, nepotism and cronyism with organizational performance along with the moderating effect of religiosity. There is no study that discusses this type of issue with moderation of religiosity. According to previous literature, religiosity is a significant factor that influences the relationship between stress and depression. So it is notice that there is increase in research on mental health affected by religiosity (Ano & Vasconcelles, 2005). Previous studies discussed moderating effect of religiosity between diffusion of e-commerce and technology readiness (Ali, Baluch, & Udin, 2015). But there is no study that discusses the moderating effect of religiosity among favoritism, nepotism, cronyism and organizational performance. So that current study investigates the moderating effect favoritism, nepotism, among cronyism organizational performance.

Every religion applies positive rules and repels negative ones that harm the society, so that religiosity as a moderator weakens the relationship among favoritism, nepotism, cronyism and organizational performance. In our daily lives organizations have significant role and hence, well reputed organizations indicated as a key factors for developing country. Therefore, researchers thought organizations and companies like a locomotive in

determining the financial, societal and opinionated progress (Gavrea, Ilies, & Stegerean, 2011).

Organizational performance affected by different factors such as cronyism (Cingoz & Akilli, 2015). So that favoritism, nepotism and cronyism negatively affect organizational performance and decrease productivity. Current study investigates to overcome this negativity through the moderation affect like religiosity weakens the relationship and increase organizational performance. Religiosity always put positive impact on organizational performance and increase productivity in all the aspect. But on the other hand, favoritism, nepotism, cronyism put negative impact on organizational performance and decrease productivity.

2 Literature

2.1 Nepotism, Favoritism, Cronyism and Organizational performance

Nepotism is to prefer relatives on other candidates who are from their friends, family relatives, or blood relations or colleagues. Nepotism occurs when relations are more significant than the qualification or competency, skills, and experience and it affect the performance of employees as well as performance of the organization. (Nadeem, Ahmad, Ahmad, Batoo, & Shafique, 2015). It involves in hiring and firing of employees just to give priorities to their favorite ones. This issue is also common in developing and developed country as well (Arasli & Tumer, 2008). Therefore, this issue is not affected the under developed countries like Pakistan, India but also keep in hot soap to developed countries like European countries and it affected performance of the organizations. According to previous literature, because of the nepotism employees of the organizations are unable to perform well because they are converted into disappointment with the current scenario (Nadeem, Ahmad, Ahmad, Batoo, & Shafique, 2015).

Favoritism defined as: due to personal involvement to favor someone on a person who is more competent and experienced (Ozler & Gumustekin,

2007). Favoritism is exist in every organization either it is big or small. In some society, prioritize and attachment with their favorite ones to hire and fire is common in this era. In addition, it is a leading phenomenon in all sectors especially in public administration. So that, there is public officers have choice of favoritism in a case like request of a colleagues or through or political expectations (Khatri & Tsang, 2003). Favoritism doesn't take place not only for political tendencies but citizenship also become reason of favoritism like links with old friends and colleagues or college or fellow in some cases in the past. In addition it becomes the chain in family to family; therefore this issue reduces the performance of the country as well as the performance of the specific organization.

In development countries, there is somewhat low favoritism, but it is still exist as a major issue in structures of organization in under developed countries (Boadi, 2000). Therefore, human resources departments not able to function properly in this type of environment and are unable to provide such competent and productive employees that the organization required.

Cronyism is a form of favoritism in which employer ambition is to build a group of people who can be handled easily and can be biased in decision making authority for the reason that they have 'not any conflict among people (Khatri & Tsang, 2003). Cronyism affects performance of the employees as well as performance of the organizations because people are treated on cronyism not on their talent, skills, abilities, competency and experience. The superiority of a exact variation of cronyism in a specific culture is dependent upon how the dimensions of verticality and horizontality are be applicable on the two well-recognized essential cultural dimensions of individualism and collectivism (Hofstede 1997).

According to Gul (2006) and Wade (1998), in other geographic regions cronyism is also broadly acknowledged such as Malaysia, Thailand, South Korea and Indonesia. However, with the exception

of Khatri and Tsang (2003) and Khatri et al. (2006), limited research is found in scholarly research, who appropriately investigates this phenomenon within cross-cultural context. According to Boisot and Child (1996), cronyism also exists in mainland China because their government is leading power assign resources related economic to performance. The major issue of corrupt decisions and practices is nepotism, cronyism, and favoritism that easily penetrate. In small states, there is a deficiency of improving organizational performance and credibility requires handling corruption and freed up potential of the organizations, readdressing their practices to provide the developmental ends. According to Ford and McLaughlin (1986), mentioned that providing these ends involves experienced, professional and fairly well-built company staff.

H1: Nepotism negatively affects Organizational performance.

H2: Cronyism negatively affects Organizational performance.

H3: Favoritism negatively affects Organizational performance.

2.2 Religiosity as a moderator

According to Fetzer Institute, it is very hard to define term religiosity (Fetzer & Kalamazoo, 2003). All the people who want to describe this domain, they feel tough to define religiosity for the subject of scientific research. Therefore, there are a lot of definitions and models related to religiosity. According to McDaniel and Burnett (1990), they define religiosity is a set of principal that are made by God to be followed and commitment to accompany. It provides a 'faith community with teachings and narratives that encourage morality' (Emmons, 2005).

In previous literature, there is a work on religiosity moderation relationship between satisfaction with work life balance and job satisfaction which put positive impact with work life balance on job satisfaction (Karim, Bibi, & Aftab, 2016). In this

study, religiosity also put same effect as previous studies. Religion supposed unique role in life of an individual (Allport, 1950).

Purpose of this study is to investigate that religiosity moderating among nepotism, cronyism, and favoritism with the relationship to organizational performance. In this study religiosity weakens the effects of nepotism, cronyism, and favoritism with the relationship to organizational performance.

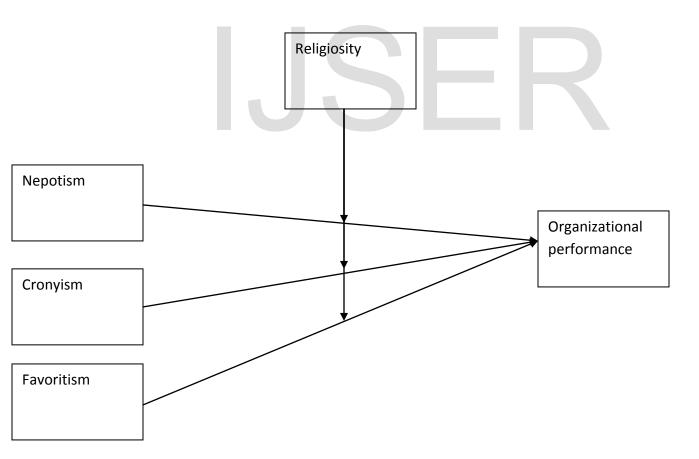
When we relate religiosity to Islamic perspective, Islam said, should stand for the justice weather he/she is Muslim or no-Muslim. As in Quran, Allah said: "O you who believe, be persistently standing firm in justice as witnesses for Allah, even if it be against yourselves or parents and relatives.

Whether one is rich or poor, Allah is more worthy of both. Follow not your desires, lest you not be just. If you distort your testimony or refuse to give it, then Allah is aware of what you do" (Surat An-Nisa 4:135). Even every religion emphasizes on equality and promotes justice instead of inequality and favoritism. So that there is a common belief that no religion promotes inequality or injustice, all are teaches us the noble way not nepotism, cronyism and favoritism.

So it is proved that religiosity weakens the nepotism, cronyism and favoritism's affect on organizational performance.

H4: Religiosity moderates among nepotism, cronyism and favoritism with the relationship to organizational performance.

3 Research model



This research model defines the relationship of nepotism, cronyism, and favoritism and its negative impact on organizational performance which reduces the growth of any organization. But on the other hand religiosity

controls this negativity and reduces the effect of nepotism, cronyism, and favoritism on organizational performance and increase performance.

4 Research Methodology

This is a quantitative research and primary data was used by conducting rational survey to obtain feedback from different organizations through questionnaires.

4.1 Instruments

All the items in the questionnaire were responded to using five-point Likert scales. Where 1 responds to "strongly disagree" and 5 corresponds to "strongly agree."

4.2 Sample and Procedure

Population of this study was well established public and private sector organization, such as educational sector, development sector, banking sector located in Pakistan. Sample size was 200, which was used for collecting data from these big three sectors within Pakistan. Form which 164 questionnaires were return in proper condition and fully filled. Distribution of data to the organizations as followed: 70 questionnaires were sent to educational sector, 70 questionnaires were sent to development sectors and 60 from banking sector of Pakistan. Data was obtained through personal and professional contacts of first author. Response rate was 82% as a whole. In educational sector, famous university were targeted like CUST, International Islamic university Islamabad, Comsat university Abbotabad, University of Sargoda, LUMS Islamabad, Mohammad Ali Jinnah university Karachi. Questionnaires were distributed to employees working in clerical and high level positions. In development sector, different NGOs targeted such as Bedari, Society for sustainable development, Friends foundation, and U Good were targeted. In banking sector different banks were targeted such as Allied bank limited, Habib bank limited, United bank limited, Meezan bank limited, Sonehri Bank limited and Askary bank limited.

4.3 Demographics

In many studies the age, gender and qualification is used as the control variables whereas in the present study it is not. These items in the present study were basically used to collect the information about the age, gender and qualification of the respondents.

Table 1: Demographics

Description		Percentage	
Age (In years)	21-25	3	
	26-30	4	
	31-35	22	
	36-40	30	
	41 and above	41	

Experience	Less than 1	15
	1-5	26
	6-10	8
	11-15	31
	16 and above	20
Gender	Male	63
	Female	37
Qualification	intermediate	5
	bachelors	32
	masters	25
	MS/M.Phil	21
_	PHD	17

Table 1 showed the demographics of the present study. In age group, there are 41% responses obtained from the respondents who were in age 41 and above, the respondents who were in age between 36-40 gave 30% response and up to so on. In experience there were 15% respondents who had less than one year of experience and 31% were those who had 11-15 years of experience in their organizations. According to gender, 63% male and 37% females were respondents. Table 1 also showed the qualification of the respondents.

4.4 Reliability analysis

Tests such as data Reliability test, Descriptive test; Correlation and Regression, and moderation were used. SPSS Version 20.0 software package was used to conduct all the required statistical calculations. To calculate the internal reliability of the scale Chronbach's alpha was calculated.

Table 2: Reliability analysis

Variables	Reliability
Cronyism (IV)	0.95
Nepotism_Favoritism (IV)	0.85
Religiosity (Mod)	0.71
Organizational Performance (DV)	0.722

In this study, there were two independent variables, one dependent variable and one moderator. Cronyism was an independent variable and has (0.95) Chronbach's alpha value. Nepotism_Favoritism was also an independent variable which has (0.85) Chronbach's alpha value. Religiosity was moderator and has (0.71)

Chronbach's alpha value. Organizational Performance was dependent variable and has (0.722) Chronbach's alpha value.

4.5 Data Analysis Tools

To analyzed data with the use of software to know the reliability, regression, correlation matrix, and moderation. And all the data was measured in SPSS version 20.0. The acceptance and rejection of hypotheses conducted by this method and provide help for discussion and reasoning.

4.6 Descriptive Statistics

Descriptive statistics provides summaries about the sample size and the observations that have been made about the data.

Table 3: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Age	164	1	5	4.02	1.02
Experience	164	1	5	3.15	1.40
Gender	164	1	2	1.37	0.48
Qualification	164	1	5	3.14	1.18
cronyism	164	1.00	5.00	4.13	0.76
Nepotism_Favoritism	164	1.00	5.00	3.54	0.55
Organizational_performance	164	1.00	5.00	2.90	0.85
Religiosity	164	1.00	5.00	3.57	0.93

Table 3 showed the "N" which represented sample size that was 164. 164 responses were used for this study. Minimum value was "1" and maximum value was "5". This table also showed the mean and standard deviation of the data. In the row of gender minimum value is 1 and maximum value is 2 because 1 is equal to male and 2 is equal to female.

4.7 Correlation Analysis

Correlation is the assessment of the relationship between two or more variables. The table below shows the correlation and significance of independent, dependent, moderator, and mediator variables.

Table 4: Correlations

	1	2	3	4	5	6	7	8
1- Age	1							

2-Experience	.048	1						
3-Gender	117	264**	1					
4-Qualification	.088	031	.017	1				
5-cronyism	285**	.063	.170*	065	1			
6-Nepotism_Favoritism	.099	.213**	117	028	.531**	1		
7-Organizational_performance	101	184*	.048	048	075	241**	1	
8-Religiosity	.325**	.291**	310**	.101	080	.573**	.351	1

^{**.} Correlation is significant at the 0.01 level (2-tailed).

Table 5: Regression Analysis

Predictors	Organizational performance
	eta R^2 ΔR^2
Step1	
Control Variables	.034
Step 2	
Cronyism	231** .122 .105 **
Nepotism_Favoritism	.798** .142 .121**

n=164, Control variables were, Gender, Age, Experience and Qualification, * P < .05; ** P < .01

Table 6: Moderation Regression for Religiosity

Predictors	Organizati	ional p	erformance
	β	R ²	ΔR^2
Step1			
Control Variables).	034	
Step 2			
Cronyism	.949** .0	050	.062**
Nepotism_Favoritism	.501** .0	082	.037**
Religiosity	.721* .78	36	.694*

^{*.} Correlation is significant at the 0.05 level (2-tailed).

Step 3			
Cronyism*Religiosity	885*	.756	.663*
Nepotism_Favoritism *Religiosity	767*	.786	.031*

Yes with interaction term moderation exist because F (5, 158) = 120.670, P<.001

Without interaction term significant? F (3, 160) =5.842, p<.001

5 Discussion

Correlation is the assessment of the relationship between two or more variables. Correlation coefficients generally rage from -1.00 to +1.00. -1.00 represents strong negative correlation between different variables and +1.00 represents strong positive correlation between different variables. If there is no relationship between variables then it will be shown by zero (0). Pearson correlation is the commonly used type of correlation coefficient, which is also known as product moment correlation or linear correlation. The tables above show the correlation and significance of independent, dependent, and moderator variables.

Table 4 shows the correlation between cronyism and organizational performance which is -.075 which showed a strong negative correlation between these two variables. It shows when cronyism increases organizational performance automatically decreases. According to H1, there is significant negative relationship between cronyism and organizational performance.

According to table 4 correlation shows strong negative correlation among Nepotism-favoritism and organizational performance which is -.241. It shows when Nepotism-favoritism increases organizational performance automatically decreases. According to H2 and H3, there is significant negative relationship between Nepotism-favoritism and organizational performance. Religiosity and organizational performance are strongly positively correlated with high significant values .351**, which means if religiosity increases organizational performance also increases and if religiosity decreases organizational performance decreases.

To find out the relationship of independent variable to dependent variable regression analysis is used. Regression analysis is used to identify how the unique value of the dependent variable changes when any of the independent variable is varied, while the other independent variables are held constant. Table 5 showed the regression analysis of the study. The results indicated that cronyism is strong predictor of organizational performance. As shown in the above table 5, it presents the results of regression analysis as it shows cronyism was (β = .231**, p< .001) weakens the organizational performance 23 units, and Nepotism-Favoritism was (β = .798, p < .0.01) weakens the organizational performance 79 units. The significance value P<.001 shows that there is significant relationship between cronyism, and organizational performance at different organizations of Pakistan. The R² value .122 shows that 12% of variation in organizational nepotism-Favouritism performance is caused by cronyism and R² value .142 shows that 14% of variation in organizational performance is caused by nepotism-Favoritism. On the whole, these results suggest that cronyism and nepotism-Favouritism have significant relationship with organizational performance. The value of Δ R² from table 5 represent change in actual value that is .105, the value shows that about 10% change occurred in actual R-square. F value indicates the fitness of the model for the study, thus value of F (3, 160) =5.842, p<.001 represents that the model is appropriate for present study.

According to Baron and Kenny (1986), moderator is supported if the interaction term (independent variable* moderator) and dependent variable is significant. In addition, the relationship between Independent and dependent variable and moderator and dependent variable also significant, but these are not relevant to moderation (Baron & Kenny, 1986). In table 6, two interaction terms are defined, because of two independent variables that are (Cronyism*Religiosity) and (Nepotism-Favoritism*Religiosity). Table 6 explains all conditions of Baron and Kenny (1986).

In table 6 that are under discussion for linear regression moderation at first step value of controlled demographics represents R² value of .034. In second step of multiple regression values of each independent variables and Religiosity which is moderating variable for the study are integrated. It is important to mention that as unstandardized coefficient values are used for the study so each variable is being integrated on the basis of its own unit of measurement. The value of R² .050 of religiosity shows that it is responsible to about 5% variation in religiosity and organizational performance. Whereas the beta value .949 shows that religiosity is responsible for about 94% of its relationship with concern variable and so on.

6 Limitations

After discussing the result of whole study, there are certain limitations of the present study which may be addressed by the future researchers. Sample size is small, if pick large data sample may be result are comprehensive. Another limitation of the study is, this study is in Pakistani context if culture changed may be results would be different. Culture and thinking of people also change with the passage of time, if it is taken from some other countries and after one or two years later results would be different.

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