

EVALUATION OF NEPOTISM AS ACCELERATING EFFECT ON EMPLOYEE PERFORMANCE: AN EMPIRICAL STUDY IN TURKEY

Erkut Altındağ

Assistant Professor at Beykent University
Beykent University, Ayazağa Mah. Hadım Koruyolu Caddesi,
Ayazağa, İstanbul – Turkey
erkutaltindag@beykent.edu.tr
+0902128675574

ABSTRACT

The aim of this study is to analyze the impact of nepotism on the employee performance and to find out what kind of a strategic move can be nepotism in the presence of such a relation. Although personnel selection through nepotism which is also known as family or acquaintance partiality causes a certain amount of disadvantages, it is possible at the same time to have more loyal employees to the company. In the framework of this study, Istanbul Anatolian Side has been chosen as a pilot area and the questionnaires have focused mostly on telecommunication and logistics sectors. The outcomes obtained at the end of the study reveal that nepotism does not have a direct impact on employee performance. Besides that, it has been found out that self-devotion factor, when it has been evaluated independently from nepotism, has an impact on the employee performance in a direct and positive way. Accordingly, the study includes certain suggestions for managers and academicians in its conclusion.

Keywords: Nepotism, Employee Performance, Empirical Research

Introduction

Nepotism is a kind of conflict of interest. This behavior means providing unearned income in an unethical way to a relative or somebody from family connection (Boadi 2000, 197). Nepotism term is used when somebody is employed or promoted in a company just because of his family connections by ignoring his characteristics and without considering some factors such as education level, capabilities, abilities and accomplishments. Nepotism is a concept which was defined as nepotismo in Italian through the history. Nepotism was first used to describe the popes who accorded privilege to their own relatives (İyileşiroğlu 2006, 44).

Thomas Kuhn states that family is a unit who has practical profits and who is unified through a cultural logic, but Hans Medick and David Sabean state that emotional and material factors cannot be separated in practical experiences of family lives and these two factors take form together. In this sense, comparing family-run businesses to capitalist enterprises, we can see that there is a clear line between capital and workforce at capital enterprises, but at family-run businesses this line takes shape in accordance with the profits. Another cause reason of nepotism is lack of confidence in people out of the family. The fear that strangers might spread family problems and company secrets to outside causes to this lack of confidence (Özler and the others, 2006,273). Nepotism application may provide advantage in the markets where there is high rivalry and it can be stated that large families have more success in these competitive markets, which cause that nepotism application is seen as an advantage in this kind of enterprises (Jaskiewicz and the others, 2003,122).

According to another definition, nepotism means employing or promoting people who do not have required qualifications for a specific job but family connections, without taking into consideration their education level, accomplishments, abilities and capabilities. According to the researches, Nepotism, kin selection or relative favoritism is caused by a natural instinct which exists at people and this attitude is defined as elected behavior at social ecology (Özler and the others.,2007,438). This word is based on a Latin word “nepos” (Kiechel 1984, 143). In English, nepos means nephew (Ford and McLaughin 1985, 57).

According to another explanation, Landsberg (1983) proposes that enterprise ownership and management should be separated for the solution of this problem. He explains that working relatives can understand that there are two different perspectives as ownership and management and thus they can be affected by the enterprise principles, which will change their attitude and behaviors in the enterprise. In short, for the purpose of resolving nepotism problem, Morrissey makes the following statements in one of his articles;

- To formalize the duties and responsibilities of people who will work due to the family connection.
- To recruit people of family connection who have the required abilities and capabilities for the job.
- To be sure that the family members have certain abilities and these family members work at positions where they can be productive. For instance; to recruit people who are trusted for duties such as accounting, management and correspondence, and thus provide benefit to the company.
- Not to be insistent in case that offsprings of working family members do not want to work for the enterprise.
- When family members want to work for different jobs outside the enterprise, they should be allowed to do what they want, thus this will enable to have more positive results (Güney 2008, 121-133).

Generally it is claimed that nepotism is an unfair practice but Adam Below (2003) in his article named “*In Praise of Nepotism*” states that the reason behind the success of many family-run enterprises is a well-organized nepotism and that it is not fair to blame totally nepotism at any failure. Adam Below mentions two kind of nepotism existing at family-run enterprises; good and bad nepotism (Bellow 2003, 154).

Performance is defined as effective effort made to achieve a goal or as success at performing, conducting and concluding a work effectively. Performance is evaluated by quantitative and qualitative scores of a person, group or enterprise about the determined targets for a certain task (Baş and Artar 1990, 13). Performance is a concept determining up to which extent a person uses his own potential or real knowledge, ability and capabilities in order to reach his targets or expectations. It is the percentage of using the capacity that a person has at concluding a task in a determined timeline with success (Yıldız and the others 2008, 240). Performance is defined as effective effort made to achieve a goal or as success at performing, conducting and concluding a work effectively. Performance is evaluated by quantitative and qualitative scores of a person, group or enterprise about the determined targets for a certain task (Baş and Artar 1990, 13). The reason of performance evaluation; it is done with the aim of advancing the performance of the employee and make administrative decisions such as salary, promotion and firing in line with the performance evaluation results. In order to advance the performance of employees, first you need to know them and be able to distinguish the successful employee from the unsuccessful one (Pınar 2012, 26).

Most of the mistakes done during the evaluation are caused by the people who carry out the evaluations. These mistakes or problems encountered are caused because there is not the required harmony between the evaluation methods and evaluated qualities, because the managers do not have the required education for evaluation, because these managers do not know well enough the evaluated employees and the system. The main mistake of managers at performance evaluation procedure is HALO effect. HALO effect means that a manager evaluate an employee with a score more than his average for all field performances as they evaluate this employee only according to his success at a specific work field being under the impression of only this success and by ignoring his performance at different areas. The main reason of these mistakes is the fact that managers do not have adequate information on the employees that he will evaluate. Ways to decrease the mistakes are to inform the managers through trainings and prolong the evaluation procedure (Bilgin 2012, 216).

Methodology

The main purpose of this empirical study is to make some points on how nepotism influences the employee performance. Proving that this research, as a pilot study, can be generalized is seen as another achievement. Particularly service sector has been focused on within the study and most of the employees were managers and employees from different positions working in the telecommunication or logistics sectors. As known, nepotism is more common in the service sector and it affects the employees directly. Therefore we have preferred to focus on the service sector where white-collars work at rather than the industries where blue-collars are more common. The data received from the questionnaires filled by 47 managers and employees in total have been analyzed through the SPSS software package. Only one of the people joining to the questionnaire has an associate degree, all the others have at least a bachelor's degree.

The questionnaire forms have been prepared and applied in accordance with the attitude measuring Likert method of seven points. In addition, the questionnaire form of Likert scale of seven points is attached as Appendix-1. Options at responding the questionnaire questions are as follows: (1) I totally disagree, (2) I mostly disagree, (3) I partly disagree, (4) I neither agree, nor disagree, (5) I partly agree, (6) I mostly agree, (7) I totally agree. It has been thought that Likert scale of seven points can provide more reliable results than the scales of five or ten points.

Data collected from sample group SPSS 17.0 by means of questionnaire application (Statistic Packet for Social Sciences) have been analyzed by use of packet program. After determining the effect of emotional intelligence and innovative institution culture on the performance of employees, some analysis have been applied such as factors and credibility, average of variables imposed on each factor, correlation and regression.

For the aim of forming the questionnaire form in a scientific way, it has been paid attention on certain criteria and factors which are generally approved in literature:

- At the introductory of the questionnaire, it has been explained the context of the research, its scientific and social benefits by use of a fluent and understandable language.
- It has been emphasized clearly that the context of the questionnaire would be hidden. Especially in the most of the companies where there is information leakage vulnerability, it has been aimed that the managers would fill the questionnaire without any hesitation.
- Under the introductory text, there have been the names, titles and contact info of the people conducting the research.
- There have been explicative statements for the right use of Likert scale of 7 points.
- It has been paid attention to simplicity and plainness of the questions and responses in terms of language and usage.
- Questions have been prepared as closed-end at the Likert type of 7 points. Thus it has been ensured that the managers would not leave the questions unanswered or spend too much time on a question.

Credibility analyses of the measuring devices used at the research model, although they have been taken from the previous scientific studies, have a highly important place in our study. Credibility means obtaining consistent results after repeating the measurements. The structure validity of the research measure has been tested by use of factor analysis and it has been researched if the measure is single or multi factorial. After making separate verifications for the validity and credibility of the measures of factorial components used firstly for testing the model at the following sections, the research model will be tested as a whole by use of correlation and regression analyses.

From the questions asked within the research, confidence rate of 13 questions in total have turned out to be (Cronbach Alpha) 0,652. After the confidence analysis, the sub-dimensions of the questions related to nepotism have been examined through the factor analysis. We have received 0,525 as KMO value and nepotism has been divided into two sub-categories as seen from the Table-1:

Table-1: Rotated Component Matrix of Nepotism Factor

<i>Questions</i>	Component	
	1	2
The employees working in this enterprise are always relatives or acquaintance of a senior executive.	,811	
While speaking to the people who are close to the top management, I pay attention to my remarks.	,785	
Our employees voluntarily make endeavors for our company.		,765
Our employees support the other employees when needed if it will be beneficial for our company.		,906
Our employees undertake the responsibilities of other employees when needed.		,792

When the employee performance which is another main heading was assessed within the context of the factor analysis, the KMO value turned out to be 0,679, and three questions have been left out of the analysis scope as they could not obtained a value higher than 0,500 which is the required factor loading. While especially the last question in the scale “Desire to search for new career opportunities” has been perceived by a certain amount of personnel as job change, others have considered it as promotion or rotation, thus this has caused perception confusion. The Table 2 for factor loading of the employee performance scale is as follows:

Table-2: Rotated Component Matrix of Employee Performance Factor

<i>Questions</i>	Component
	1
The moral return of my work	,685
The material return of my work	,671
My work speed	Discarded
My competence at satisfying the customer needs	Discarded
Achievement level of my personal career goals	,905
My level at acquiring new abilities for my future career	,780
Progress level of my career	,899
My desire to search for new career opportunities	Discarded

In summary, in the framework of the factor analysis conclusion, the nepotism scale which has been determined as two independent variables, have been divided into two parts as “Nepotism Perception” and “Self-Devotion”. The nepotism perception contains mostly the questions in relation to the fact that the employees are aware of the relative or acquaintance partiality in the enterprise and that they need to be careful during their communications. The self-devotion contains mostly the questions in relation to the support that employees grant to each other especially in crisis cases and at intensive tempo and the endeavors that they make for the enterprise. The self-devotion, in normal conditions, is the sentiment that the employees feel for the organization upon their recruitment or promotion to higher portions. For this reason, it has been asked to the participants to the questionnaire at the same part within the scale. In order to examine the relation among them, the evaluation has been carried out in a separate way in the factor analysis. The results of the correlation analysis which has been executed following the factor analysis are as shown in the Table-3:

Table-3: Correlation Analysis

	<i>Perception of Nepotism</i>	<i>Self-Devotion</i>	<i>Employees Performance</i>
<i>Perception of Nepotism</i>	1	-,102	-,225
<i>Self-Devotion</i>	-,102	1	,442**
<i>Employees Performance</i>	-,225	,442**	1

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

When the correlation analysis is examined, the tiny but negative directional relation between nepotism and employee performance draws attention. It is thought that in case that there is a more strong relation between nepotism applications and employee performance, this relation will be negative directional, in other words relative or acquaintance partiality will have negative influence on the employee performance. The more nepotism exists, the more the employee performance will decrease. Employees consider nepotism as an obstacle to advancing their information, experience and performance and gaining more money by promoting to higher positions. For the aim of depending on a more concrete table, the numeric results obtained through the regression analysis model are presented in the Table-4.

Table-4: Regression Analysis Model

Model		Non- Standardized Coefficients		Standardized Coefficients	t	Sig.
		B	Standard Error	Beta		
1	(Constant)	3,195	,782		4,086	,000
	Perception of Nepotism	-0,145	,107	-,181	-1,362	,180
	Self-Devotion	0,389	,122	,424	3,183	,003
	R ²	0,228	Corrected R ²	0,193	F	6,502

Dependent Variable: Employee Performance

Considering the regression analysis, it is seen that only the self-devotion ($\beta=0,424$) factor has a direct and positive impact on the employee performance which is the dependent variable of the study. It has been found out that the self-devotion sentiment which was supposed to develop in line with nepotism influences the employee performance independently from nepotism. It is seen that this fact explains the 22,8% of the changes at the dependent variable. While it is thought that the employees who have been recruited or promoted to higher positions through nepotism have fidelity and desire to be beneficial to the management by working harder, it has been understood that this does not have an effect on performance. The outcomes of the correlation analysis are also in accordance with this thought. From this point of view, the hypothesis which claims that the recruitment through nepotism would increase the employee performance has not been supported.

Discussion and Conclusion

It is necessary to evaluate the findings of this study which has examined the influence of nepotism on the employee performance, in a number of different perspectives. First of all, we have not received a finding proving that nepotism would have a direct impact on the employee performance. The thought that nepotism would have a positive effect on the employees recruited through this method have not been supported. Getting a job as a relative or acquaintant of a manager or patron, or being known in this way in the enterprise does not have an impact at raising the employee performance. Especially in the structure of Turkish family-run enterprises where nepotism is quite common, the employees that have been recruited through this system were supposed to behave with sentiment of fidelity and display a higher performance. However, the research results do not support this argument. Besides that, the self-deviation factor has a very strong influence on the employee performance. Although the model established to associate this fact to the concept of nepotism has not given the expected result, it has been proved that the concept of self-devotion has a huge influence on the employee performance. In other words, to help other employees without any profit expectation affects the performance of all the other employees in a positive way.

In this empirical study exist a number of suggestions for the managers, as well. The most important factor among them is that while nepotism is considered as managerial weakness, it may turn into an opportunity for family-run enterprises on condition that it is used in an appropriate way. Recruiting candidates or relatives close to the shareholders and managers or recruiting the ones who did business together with the company before or placing these people to critical positions may create a driving force on the organization climate. Apart from that, the level of nepotism to be applied will affect the company performance even in indirect ways. The risk of bearing low or high performance results are at the disposal of the decision-taking managers. With regards to the employees, it may be motivation enhancer to a certain degree to have managers who make them work by use of nepotism, but at extensive usage they consider it as a cause for organizational stress. The managers should establish this balance very carefully. The company shareholders prefer to have reliable people with whom they will work together at the management level of the enterprise. This is the original reason of nepotism. Nepotism is an organizational strategy which increases the performance on condition that recruited person is the expert of the related profession. The employees that are recruited through nepotism feel more accountable to their administrators and they deliver a faster working performance not to be ashamed.

This pilot research of course has some deficiencies and limitations. Primarily, it is necessary to increase observation number in the upcoming researches and use a larger sample group for the purpose of receiving more generalisable outcomes. Another limitation is the anxiety that the employees and the managers feel while responding the questions related to nepotism. This situation may affect the possibility of having objective and correct answers to the questions in a negative way. Before starting the questionnaire, it is necessary to inspire confidence to the employees in this matter and receive the answers in an isolated place from the other employees. In conclusion, including some similar factors such as cronyism and favoritism to the research besides nepotism can turn the future studies into more striking and result-oriented state.

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