

Review Article

Nepotistic Practices – The Deepening Malaise Contaminating Organizational Effectiveness

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Abstract: There is a growing unease about the deepening contamination of nepotistic practices on human resource management and ultimately on organizational effectiveness. The human resource management function is essential for contemporary organizations to gain sustainable competitive advantage. The effectiveness of this function is being hampered by the deepening malaise resulting from nepotistic practices in organizations. Nepotistic practice is a form of corruption that has become alarming common preferential treatment behaviour in organizations. In most economies, there seem to be deviant normalization phenomenon as tribal and kinship tendencies are influencing employment practices. Most administrators are blighted by ethnic preferences, a partisan approach, cronyism, nepotism, corruption, absenteeism, laziness and low rates of return and efficiency (UNESCO, 1995). Nepotistic practices in modern organizations are exacerbating socio-economic development hazard, particularly in developing and emerging countries. An empirical review of the nature and effects of nepotistic practices in BRICS countries was used to inform this research article. The current article seeks to discern the breath and prevalence of nepotistic practices in organizations. Despite the varying forms of nepotism, this research-based article has found that the main forms of nepotistic practices that are contaminating organizational effectiveness include wage discrimination, employment discrimination, and work segregation.

Keywords: *Nepotism, Organizational Effectiveness, BRICS countries.*

INTRODUCTION

Nepotism is the most not talked about practice in developing and emerging economies and organizations today (Arash *et al.*, 2006). Nepotistic practices are on the rise and in menacing proportions mainly as a result of the complexity of the labour market, high unemployment levels, increased labor mobility, and increased number of graduating students from business colleges and universities. Nepotistic practices seem to be the justified development and 'growth-evil' in contemporary organizations. The symptoms of malaise from nepotistic practices are hard to miss in modern organizations. This research article seeks to explore two fundamental questions: 1) What is nepotism in its gross nature and how relevant is its consideration in modern organizational structures, policies and practices?; 2) Is there an acceptable level of nepotistic practice? The key focus of this article is to engage in a philosophical ethical analysis on the impact of nepotistic practices on organizational effectiveness

and the relevance of in-depth consideration of the practice as a policy dimension in organizations. The paper addresses nepotism and its effects on organizational effectiveness through the descriptive philosophical analysis covering a wide range of terms linked to nepotism and organizational effectiveness. Nepotism has become quite common behavior in organizations today and is contributing to jeopardizing socio-economic development in most economies. In view of the enormity of this practice and the ensuing deviant normalization, it is essential to investigate and evaluate its effects in order to promulgate a sustainable agenda for organizational effectiveness.

Empirical literature indicates that the administrative practices carried out within an organization have significant effects on employee attitudes, organizational and economic performance. There is an increasing rate of brain-drain in most economies as a result of the enormous nepotistic

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practices. This organizational phenomena is a cause for concern hence the need to investigate the internal organizational mechanisms leading to the deviance that facilitate deceleration of organizational and economic growth. Nepotistic practices negatively affect employee commitment towards the organization (Brunetto *et al.*, 2012).

Background

The socio-cultural and economic structure of developing economies is greatly impacting the effectiveness of modern organizations. The existence of a tight labor market is making it difficult to find jobs of choice in a normal way thereby necessitating various forms of corruption. Tribal and kinship relations are influencing to a greater extend employment opportunities. In line with Genetic Similarity Theory (GST), people of one's ancestry or heritage are more important than those outside the kin. It seems most firms in developing and emerging economies are failing to transcend their national borders as they are stagnating and eventually by-passed by environmental changes. Most scholars and practitioners mainly attribute the blame on macro-economic variables. A cursory perusal of the reasons of failure of most indigenous firms in developing and emerging countries reveal the prevalence of recruitment and selection deficiencies, either at board, management or junior levels. The qualifications of most employees not being commensurate with the operations of the institution, is a common feature in contemporary organizations and a serious violation of meritocracy. Nepotistic tendencies are stipulated by the inherent human qualities: intention to avoid uncertainties, care for the nearest and dearest (Safina, 2015).

It has become normal that without building relationships (formal or informal) with the appropriate personnel one cannot find employment irrespective of qualifications, experience, character or passion for the job at hand. It's no longer 'who you are' but 'what you are' to those with recruitment and selection power that matters. To warrant one a place either of employment, study, or receiving service; the initial and guaranteeing relationship need not to be professional. It seems to have become standard in most economies that to become a part of certain institutions or receive certain service an "illegal standard fee" has to be paid or you need to come from a certain tribe or "relate" with certain few individuals in positions of authority. Common methods of relationship building today include 'carpet interviews', bribery in cash, kinship ties, religious ties and workplace connivance and compromise.

"Our administrators are often blighted by ethnic preferences, a partisan approach, cronyism, nepotism, corruption, absenteeism, laziness and low rates of return and efficiency" (UNESCO, 1995). There seem to be a rapid decay of the social fabric among our

societies all in the name of securing a job, being promoted, being enrolled for a study programme, meet the basic necessities of life and so on. A poverty and inferiority mindset is a dehumanizing condition that is more prevalent in most developing communities. The economic structure in most developing and emerging communities subjects individuals to a state of hopelessness, powerlessness, and lack of self-esteem, confidence, and integrity leading to a situation of multidimensional vulnerability by those at the center of power. Promotion in organizations today is rarely granted on a professional basis of performance evaluations, experience or qualifications but mere "relationships".

Numerous people seem to concur with the utterances that education does not matter today, if anything just pursue the academic process and never mind the understanding. Organizations in all economies need to appreciate that "innovation is a precondition to thrive" (Cooperrider, 2010). A nepotistic organization rarely becomes innovative, as it is inclined towards being a "dealing organization", existing to advance the interests of individual organizational members rather than the shareholders and stakeholders as propounded by the Theory of the Firm and the Stakeholder Theory. It doesn't matter the level of nepotism, the organization is contaminated and signs of failure will be existent.

This article explores the nature and effects of nepotism on organizational effectiveness in developing and emerging economies. It seems workplace affairs or extra marital relationships within organizations are not sufficiently discouraged, rather have become fashionable and normal with executives, management and junior employees competing in that respect. Organizations that discourage nepotistic practices seem to have a narrow view of nepotism in terms of relatives or immediate family members. This research article seeks to bridge that narrow focus by considering personal friends, kinship ties, religious ties or once-off relationships founded on payment of bribes and also not being guided by abilities alone but a consideration of character traits.

Statement of the Problem

There seem to be a gross mismatch between skills, capabilities, and values with the recruitment and selection processes in contemporary organizations. It seems to have become normal practice among most organizations that one cannot find employment unless there are close connections despite having the right qualifications, appropriate experience and character for the job at hand. The economic structure characterized by a tight labor market is seemingly necessitating high levels of nepotistic practices in developing and emerging economies. Organizations particularly the indigenous firms are failing or facing stunted growth and macro-economic variables are being blamed yet

ignoring the basic issues of which nepotism, cronyism and corruption are a part.

Nepotistic practices are resulting in workplace cliques leading to conflicts which are detrimental to the attainment of the organization's strategic intent. Nepotistic organizations are characterized by workplace immorality, self-centered competition among employees, that is, employee split personality and impression management, corrupt practices, cronyism and favoritism; employee compliance rather than commitment and eventually the organization becomes a "dealing organization" existing to serve the interests of individual members. Nepotism has become quite common behavior in organizations today and is contributing to jeopardizing socio-economic development in most economies. In view of the enormity of this practice and the ensuing deviant normalization, it is essential to investigate and evaluate its effects in order to promulgate a sustainable agenda for organizational effectiveness.

Research Objectives

Institutional and economic progression in most economies is greatly hampered by the various forms of corruption. The broad aim of this research-based article is to explore the nature and effects of nepotistic practices on organizational effectiveness. Specifically, the article seeks to:

- critically determine the breath and prevalence of nepotistic practices in modern organizations;
- determine the key characteristics on nepotistic organizations; and
- explore the main forms of nepotistic practices in organizations and the implications on organizational effectiveness.

Literature Review

Contemporary organizations are characterized by a proliferation of discrimination due to sexual orientation, religious beliefs, nepotism, education, and so on. The highest percentage of discriminatory practices is believed to be based on nepotism. Nepotism is derived from the Latin word 'nepos' meaning nephew (Kiechel, 1984). Nepotism gained its name after the church practice in the Middle Ages, when some catholic popes and bishops who had taken vows to chastity, and therefore usually had no children of their own, gave their nephews such positions of preference as were often accorded by fathers to son. It is recorded that several popes and bishops elevated nephews and other relatives to the cardinalate. Webster's Third New International Dictionary (Merriam-Webster, 2000) defines nepotism as the appointment of nephews or other kin to duties based on relationships rather than qualifications. It involves favouring relatives or

personal friends because of their relationship rather than because of their abilities. According to Ozsemerci (2003) nepotism is defined as an individual's attainment of recruitment, promotion, provision of more favourable working conditions and similar gains irrespective of their knowledge, abilities, skills, educational level and experience but owing to their kinship ties.

Kin preferences in humans follow lines of genetic similarity. In extending the Kin Selection Theory, Rushton (1984) developed the common theory on cronyism, the Genetic Similarity Theory (GST). This theory proposed genetic similarity detection as a mechanism by which organisms are attracted and repelled by each other. According to Rushton (1984), genetically similar people have a tendency to seek each other out and provide mutually supportive environments. It therefore follows that genetically dissimilar people have a tendency to form natural antipathies and provide mutually hostile environments (Rushton *et al.*, 1984). Nepotistic practices therefore works by attracting cronies and repelling strangers in that sense. Genetic Similarity Theory seeks to explain a number of pro-social behaviors including ethnic affiliation by generalizing the theory such that genetic similarity alone elicits affiliative behavior without knowledge of genealogical kinship.

The granting of privileges to certain individuals is an extremely disturbing practice with regards to organizational effectiveness. Organizational effectiveness encompasses productivity. Every employee contributes to organizational effectiveness, taking into account skills, experience, motivation and rank. During the Scientific Management era, according to F.W Taylor organizational effectiveness was determined by factors such as production maximization, cost minimization and technological excellence. H. Fayol purport that effectiveness is a function of clear authority and discipline within an organization. E. Mayo asserts that effectiveness is a function of productivity resulting from employee satisfaction. Literature states that organizational effectiveness refers to meeting organizational objectives and prevailing societal expectations in the near future, adapting and developing in the intermediate future and surviving in the distant future. In line with the definitions, nepotism has the contamination effect of minimizing production, maximizing costs, discouraging innovation, effecting authority lines and discipline and employee satisfaction.

Another theory that explains the existence of nepotistic practices is the Equity Theory. The Equity Theory is founded on the premise that employees become de-motivated, both in relation to their job and their employer if they feel as though there is unfairness in the employment practices. In such instances, employees respond in different ways, including de-motivation, reduced effort, becoming disgruntled, or in more extreme cases being disruptive. The Equity

Theory (1965) of motivation states that positive outcomes and high levels of motivation can be expected only when employees perceive their treatment to be fair.

Equity theory has been widely applied in business settings by industrial psychologists to describe the relationship between an employee's motivation and his or her perception of equitable or inequitable treatment. According to Adams (1965), Equity Theory introduces the concept of social comparisons, whereby employees evaluate their own input/output ratios based on their comparison with the input/outcome ratios of other employees (Carrell and Dittrich, 1978). Inputs in this context include the employee's time, expertise, qualifications, experience, intangible personal qualities such as drive and ambition, and interpersonal skills. Outcomes include monetary compensation, perquisites, benefits, and flexible work arrangements. Employees who perceive inequity will seek to reduce it, either by distorting inputs and/or outcomes in their own minds, a process called cognitive distortion; directly altering inputs and/or outcomes, or leaving the organization (Carrell and Dittrich, 1978). These perceptions of inequity are perceptions of organizational justice, or more specifically, injustice. Subsequently, the theory has wide-reaching implications on nepotism and employees' efficiency and performance.

Organizational Justice Theory

The theory focuses on understanding the role of fairness in organizations (Greenberg, 1987). Employees' perception of justice affects motivation and commitment, social exchanges, and conflict management (Moliner *et al.*, 2008). Organizational justice perceptions affect all stakeholders throughout their entire interactions with organizations. There are three different components of the organizational justice construct: distributive, procedural and interactional justice (Truxillo *et al.*, 2004). Distributed justice concerns fairness perceptions regarding the distribution of outcomes (Gilliland and Chan, 2001). A core component of distributive justice is the belief that the outcome (getting the job) should be equitably distributed to people's inputs (applicant competence). This is corroborated by Equity theory which asserts that people will view a situation as unfair if there is a perceived imbalance between their outputs and their inputs.

The next component of organizational justice that could be affected by nepotistic practices is procedural justice. Procedural justice concerns an evaluation of the processes by which ends are achieved (Folger and Greenberg, 1985). When an organization has a structured process of hiring and promoting employees and these rules are bent or ignored for certain members, this can affect applicants'/employees' perceptions of procedural justice. When decisions are made consistently, ethically, and without personal bias,

individuals are more likely to feel as though the process of a decision was just (Ryan and Ployhart, 2000), thereby increasing employee commitment and subsequently organizational effectiveness.

The final component of organizational justice is interactional justice. Interactional justice has been described as the evaluation of fairness of the social interactions that occurred between applicants/employees and the organization's representatives (Folger and Cropanzano, 1998). Interactional justice is important during the hiring decision, during the promotion processes and also while on the job. Interactional justice can be further broken down into two additional components: 1) interpersonal, which is the fairness evaluation of the social exchanges during the process, and 2) informational, which is the fairness evaluation of how knowledge is distributed. Interpersonal injustice can occur if individuals perceive a certain member as being treated more warmly during the process. Informational injustice can occur if individuals feel unfairness in the manner in which the information being shared. When organizations engage in nepotistic practices they are likely to be perceived by individuals as condoning unfair preferences; hence the contamination or corrosive effect will be experienced.

Nepotism Dimensions

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. It involves in hiring and firing of employees just to give priorities to their favorite ones (Arash and Tumer, 2008). Nepotism is manifested in various dimensions that include relative nepotism, friends nepotism, connection nepotism, contribution nepotism, and referral nepotism. *Relative nepotism* is the most talked about and is considered as the gravest or insidious form of nepotism. It involves the granting of privileges to relatives or kin and kith. *Friends nepotism* encompasses the granting of privileges to friends. This is a real morale killer because it is blatantly unfair to those who are not friends to those in authority. By virtue of a shared experience, the *connection nepotism* turns a blind eye to poor job fit and low employee performance. The connection may be by virtue of being from the same community, attended the same high school, members of the same fraternity/sorority, interest in the same sports team, and so on. *Contribution nepotism* is informed by the employee's past contribution to the organization. The past contributions give the employee lifetime privileges despite performance because managers feel a sense of gratitude and obligation to the employee. This leads to the employee being promoted to higher positions as a reward creating the Peter Principle. The Peter Principle is a phenomenon in which employees rise to their level of incompetence – "in every hierarchy *the cream rises until is sours*". *Referral Nepotism* involves HR

managers asking their trusted high performers if they know someone looking for a job. This is a natural employee hiring strategy. The problem is that what makes your high performer a high performer may be the exact missing "ingredient" that their best friend needs most (Arash and Tuner, 2008).

Consequences of Nepotism

There is no doubt that the success of an organization is directly linked to the performance of those who work for it. Poor organizational performance can be associated with workplace failures through hiring the wrong people or failing to anticipate fluctuations in hiring needs (Djabatey, 2012). Proper staffing is therefore essential to building and sustaining enterprise competitive advantage. Thus, recruitment and selection have become imperative in organizations because individuals need to be attracted on a timely basis, in sufficient numbers and with appropriate qualifications. According to the Resource-Based View, organizations should constantly evaluate their employees to ensure that they have the right people with the right skills in the right places to ensure sustained competitive advantage (Bloom, 2007), and that firms should constantly employ appropriate recruitment and selection criteria. The theory confirms that the major part of any firm's strength or weakness stem from the caliber of the people employed and the quality of their working relationships and such negates nepotism.

Nepotistic practices have subsiding effects on the attainment of organizational effectiveness. The negative effects of nepotism emanates from promotion of employees without merit (Asunakutlu and Avci, 2010), which affects the motivation levels of other employees (Arash *et al.*, 2006). A study conducted by Safina (2015) in Russia pointed out to the following consequences of nepotism and favoritism:

- a reduction in employee motivation;
- employee apathy and loss of self-belief;
- social alienation, the feeling of being needless in an organization;
- permanent fear and negative anticipatory thinking;
- dismissal of high-potential co-workers desperate to occupy the desired position in view of the fact that it is already occupied by a favourite;
- manpower policy inefficient solutions e.g. assignment to a position those employees who do not deserve it at all by their moral and professional criteria;
- restriction or lack of competition in regard to promising projects or senior positions among the co-workers;
- irresponsible behavior on the part of favourites and nepots in view of their certitude;
- favourites' unrestrained behavior putting at hazard economic security of the organization activities;
- destructing the foundations of the teamwork; and
- creating unhealthy organizational culture;

Another study of nepotism in state banks by Bute (2011) found out that nepotism negatively affects human resource practices, job satisfaction, organizational commitment, and leads to intention-to-quit. Performance is the effective effort made by an employee to achieve a planned goal successfully by conducting and concluding a task effectively. Performance is evaluated using quantitative and qualitative scores of individual employee, teams or the organization based on pre-determined targets for a certain period (Baş and Artar, 1990). Performance is determined by employee's knowledge, skills, ability and capabilities in order to reach his targets or expectations through an evaluation process. The reason for performance evaluation is to make decisions on an employee about salary increment, promotion or discipline in line with the performance evaluation results.

The Contamination Effect

The deepening enormity of nepotism is significantly contaminating the effectiveness of most organizations. "Nepotism in employment can have the effect of corrupting business decisions and practices and can negatively affect other employees. Some examples of how business decisions are corrupted include giving preferential treatment to the favoured party when granting time-off, assigning work, offering promotions or even by allowing disciplinary problems to go unresolved" (Preamble of the Personnel Commission Bulletin, 2013). In a nepotistic organization, since people employed based on friendship and bold ties may not have sufficient knowledge and qualifications for the job, they may not perform as expected of the person with the requisite qualifications. This causes unproductiveness on the part of other employees and can negatively impact organizational justice, harmony and motivation. The contaminatory effect can be felt when productive employees begin to leave their jobs over time and to make comments about the institution to customers, colleagues, and people around them which can harm the operation and image of the institution (Arash and Tuner, 2008).

Personal issues and difficult relationships at home can make it difficult to work and interact effectively at work. This would negatively impact on the attainment of organizational objectives. It is assumed that family members will more likely share confidential information. This can result in suspicion, mistrust, and paranoia or resentment and the general withdrawal of other employees in providing key information. Due to nepotism in many organizations people or employees leave or get fired from organizations. Nepotism will lead to low efficiency in auditing family member employees. The interwoven nature of parent-child relationship will lead parent owners of the business to biases and to make incorrect judgments in evaluating their own children (Schulze *et al.*, 2003). This may cause audit reports to be far from reflecting reality. Nepotism affects the optimal preparation of the internal control system which constitutes the preparatory phase of the auditing process. Nepotism can lead to an increase in internal fraud, as it leads to breakdown of the system of “checks and balances” that are established in business. Studies indicate that working relationships, performance, stress levels and motivation are negatively affected by nepotism and can lead to losses in productivity, job satisfaction and the desire to leave the job.

Nepotism leads to a “polarization of perspectives” within the workplace, producing economic inefficiencies. This is so because nepotism can create disciplinary problems for managers if they have to deal with a relative or friend. Researchers also found that there appears to be a negative association with performance when there is nepotism involved in executive appointments (King and Santor, 2008). Arash and Tumer (2008) noted that nepotism is prominent in small scale organizations of underdeveloped countries. Nepotism widely exists in family businesses due to the assumption that they know and will identify with the business very well compared to others (Ozler *et al.*, 2007). In light of the agency problem, it is believed that relatives who hold good positions in organizations or family businesses, their dedication towards organization are very beneficial and it also avoids conflicts between managers and owners (Keles, *et al.*, 2011). In light of the McKinsey’s 7-S framework, nepotism negatively affects the ‘soft Ss’ of style, staff, skills and shared values-or superordinate goals. Nepotistic practices are contaminating organizations seemingly unnoticed because there seem to be so much focus on the ‘hard Ss’ of strategy, structure and systems. The real energy required to re-direct an institution comes when all variables in the 7-S model are aligned (Peters, 2008). Nepotism is a particular type of conflict of interest that contaminates organizational effectiveness. Examples of conflicts of interest include disciplinary procedures, salary consideration evaluations, hiring decisions, promotions, performance measurement and renewal of contracts.

According to the performance prism, organizations aspiring to be successful in the long-term within today’s business environment have clearly defined what capabilities they need to execute on their processes and strategies with a view to satisfy the key stakeholders. These organizations would have thought carefully about what it is that the organization wants from its stakeholders, for example, employee loyalty and cultural entropy from employees.

Empirical Review of BRICS countries

Corruption affects the economic development of these countries causing a negative image at international level, preventing rational allocation of social resources and exacerbating social conflicts. The BRICS countries show rising importance to the global economic system hence the empirical review of the nature of corruption, particularly nepotism, in these countries.

	Rank	Score
Brazil	69	43
South Africa	69	43
China	80	39
India	94	36
Russia	113	33

Source: www.transparency.org

Figure 1: Corruption Perception Index - BRICS Countries

Brazil

Brazil faces the issues of employee performance management, attracting and securing skilled personnel, and managing the deficient education system. These issues are seemingly facilitating the contamination effect from nepotistic practices. Corruption is one of the commonly discussed issues in Brazil. There are numerous researches that sought to investigate the various corruption mechanisms in Brazil in a bid to combat its corrosive effects. Corruption in Brazil takes many forms such as clientelism, nepotism, and patronage. Research indicates that there is widespread nepotism among politicians and officials, hence Resolution No.7 of 18.10.2005 by the Brazil National Council of Justice which prohibited nepotism. In 2010, a Presidential decree was signed prohibiting nepotism at federal level. The prevalence of nepotistic practices at executive, legislative, and judicial branches of government in Brazil is reflective of the absurd (Zimmerman, 2008). At organizational level, Brazilian businesses do not always comply with internationally recognized corruption or anti-bribery laws. Nepotism is a common factor in most industries: ‘knowing who’ is more important than ‘knowing how’ (pwc, 2017). A study by Arcand and Hombres (2015) pointed out to pervasive racial discrimination in the Brazilian labour market. Racial discrimination in Brazil is associated with hatred of specific ethnic groups. Miscegenation is regarded as a fundamental characteristic of the

Brazilian society. The three main types of discrimination that plague the Brazilian labour market are employment discrimination, wage discrimination, and occupational segregation.

Russia

Nepotism and favoritism have developed in menacing ways in Russia, thereby jeopardizing socio-economic development (Safina, 2015). The rise in nepotistic practices in Russia is associated with the country's socio-economic and political environment. Brain-drain is one of the drastic consequences of nepotism in Russia. Talented and skilled professionals and entrepreneurs leave the country for a variety of reasons among which are unfavourable institutional environment for business operations, low level of labour remuneration, inadequate equipment, lag in technology and unfavourable working environment. Safina (2015) indicated that there is an increase in brain-drain because people in Russia are aware that they would never gain the desired objects possessing no necessary relations and protectorship.

India

The expanding business field in India faces scarcity of key talent and most human resource practices are based on rapid recruitment. A cursory review of literature states that corruption has become an increasingly salient issue in India, spawning both enormous interest from the media as well as a large amount of academic research (Sukhtankar and Vaishnav, 2015). The modus operandi adopted by the different recruiting bodies in India are reported to have been mired into criticism for deliberately ignoring the meritorious candidates. An analysis of the *modus operandi* adopted in such manipulated recruitments reveals that forgery, tampering and fudging are required to select favoured candidates. As the quality of governance entirely depends upon the quality of public servants, the rigorous, fair and credible system of recruitment becomes *sine qua non*.

China

There is critical talent shortage in China despite having a high number of graduates. Most of the graduating students in China are not 'industry-ready'. Warner (1993) pointed out that rampant nepotism and guanxi in employment is one of the major challenges faced by Chinese firms. Rampant nepotism in Chinese firms is associated with the lack of clear-cut performance assessments (Verburg *et al.*, 1999), as firms rely on vague criteria subject to individual interpretation. The Chinese performance criteria are more subjective as a result of the Chinese Society's 'rule-by-people' rather than 'rule-by-law' feature. Nepotism is a main characteristic of Chinese multinational companies in Africa as these MNCs formulate policies that benefit themselves (Mamman, *et al.*, 2009). The Chinese and African societies place

emphasis on the concept of relationship (guanxi) and the maintaining of face (mianzi).

South Africa

Despite having a robust anti-corruption framework, South Africa suffers from widespread corruption, despite it performing better than regional averages across a number of key measurements. The 2006 Research Report on Corruption in South African Private Sector states that nepotism and favoritism ranks highly among unethical practices in South Africa. Reports indicate that the South African environment is characterized by unjust awarding of contracts, appointments, and promotions.

Obtaining the Data

The objective of this research article is to give an accurate profile of the nature and effects of nepotistic practices on organizational effectiveness. To achieve this, an explanatory and descriptive research design was used for this article based on the five BRICS countries. An empirical literature review approach was used to determine the corrosive or contamination effect of nepotistic practices on organizations. This research-based article therefore addresses nepotism and its effects on organizational effectiveness through the descriptive philosophical analysis covering a wide range of terms linked to nepotism and organizational effectiveness.

DISCUSSION AND CONCLUSION

The issues of corruption are mainly reported in public organizations than in private organizations. Though there is a general consensus that corruption manifests itself in different forms, there is not much discussion and debates on nepotism and favoritism issues in private organizations leading to the deviant normalization dilemma. Academic literature and international organizations recognize the effects of nepotistic practices on organizational performance. Performance in any business enterprise is the major concern of every entrepreneur whose objective is to make profits and grow. The differentiating factor is the type and nature of recruitment practices that is strategically put in place to create job-fit for effective productivity and performance. Organizations particularly the indigenous firms are failing or facing stunted growth and macro-economic variables are being blamed yet ignoring the basic issues of which nepotism, cronyism and corruption are a part. Nepotistic practices are resulting in workplace cliques leading to conflicts which are detrimental to the attainment of the organization's strategic intent.

Studies show that nepotism has implications not only for management development, promotion, and control, organizational image and public relations of business, but also for executives who have or would like to have relatives in management positions. In line

with Genetic Similarity Theory, the family or kinship influence in the organization leads to the promotion of relatives or tribesmen, not based on competence but nepotism. It was concluded specifically, that nepotism negatively influences the performance of organizations, when certain members without high competency, are promoted to senior positions in the company due to their relatedness and not on merit or training and experience (Perez-Gonzalez, 2006).

Studies show that nepotism in the form of wage discrimination is a kind of conflict of interest. Wage discrimination encompasses providing unearned income in an unethical way to a relative, friend, or close connection (Boadi, 2000). This happens when an employee is rewarded just because of his connections, ignoring his characteristics and without considering some factors such as education level, capabilities, abilities and accomplishments or performance.

The discussions of this philosophical analysis add to existing knowledge in the area of ethical human resource practices. The major contribution is the perspective of the negative effects of nepotism in organizations hence the need for mechanisms to tame such practices across organizations. It revealed that nepotism affects all stakeholders negatively. Therefore, leaders of institutions should set strategies or structures that are objective in manner of recruitment to avoid the contamination or corrosive effects of nepotism. There is no acceptable level of nepotistic practices; hence organizations should develop policies and guidelines against nepotism. It is imperative that organizations willingly prohibit and restrict nepotism by inner regulations and Corporate Codes of Conduct thereby ameliorating staff policy mechanisms. Organizations should develop their human resource departments to uphold fundamental values to driving organizational effectiveness.

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