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Nepotism

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1 General Introduction

After attaining a degree from an internationally reputable university in Europe, Budi went to work as a lecturer at a well-known university in Indonesia, his home country. After two years of working as a non-tenured lecturer, he was excited that the university announced a vacancy for a tenured-track lecturer position. Unfortunately, he was called by his manager and was instructed not to apply for the position because the niece of someone higher on the leadership ladder wanted to apply for the position. He was told that since the university is obligated to report to the country's ministry of education about their hiring processes and decisions, it would make it administratively hard for them to hire the niece when there is clearly another candidate with better qualifications and experience, in this case, Budi. Budi's case is a real case demonstrating nepotism in action.

With the rise of the meritocracy ideal, people from Western industrialized societies may probably think of Budi's case as dated, something that was commonly practiced by nobles and kings in the past but no longer part of current practices. But there are reasons to believe that Budi's case may not be isolated, and is in fact more common than expected, not only in Eastern and developing societies as described in the above example, but also in Western industrialized societies. For instance, the prominence of family ties can still be seen in contemporary politics, businesses, and other occupations in various parts of the world (Bellow, 2003). In America, people generally know that George W. Bush's father was a president, his younger brother was governor of Florida, and his grandfather was a senator. In India, people know that Rahul Gandhi is the son of former prime minister Rajiv Gandhi, grandson of Indira Gandhi who was the nation's first and only female prime minister, and great-grandson of Jawaharlal Nehru who was the nation's first prime minister (Pandey, 2019). In the European Parliament, since 1989 there have been at least 21 politicians who are bound by kinship with other politicians (Cirone, 2018). In Italy, children of public employees had 44 percent probability than non-children to

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work within the same sector as their parents (Scoppa, 2009). In Indonesia, people are familiar with the case of the former governor of the province of Banten, Ratu Atut, whose children, brothers, sisters, uncles, and daughters-in-law all occupy various important political and business positions in the province (Iqbal, 2018).

Of course, the success of such families may not necessarily be due to mere kinship. Such success can also be a sign of a talented gene pool or successful human capital transfer among family members. It could also be that such families succeeded in creating a conducive and advantageous social environment to support their members on their career paths. Still, such exceptional familial successes can also be suspicious and *perceived* by people that something less than fair play must have taken place—that they are the result of nepotism. The present thesis provides an analysis of perceived nepotism and its consequences in organizational and political contexts. I focus on perceived nepotism because, as will be further elaborated, it does not take actual nepotism for the problems associated with it to arise. Specifically, I seek to address three general questions:

1. What is nepotism in the eyes of lay-people?
2. What are the consequences of perceived nepotism in organizational and political contexts?
3. Why, despite the negative connotation attached to it, does nepotism persist?

These issues will be addressed using three main perspectives. I use an in-group favoritism perspective to describe what nepotism is, as well as to explain how people infer nepotism from the hiring of kin, without taking competence or qualification for a certain position into account. Then, I use a procedural justice perspective, instead of the more commonly-used meritocracy perspective, to explain why people could still perceive nepotism in the employment of highly qualified family members in organizations. Finally, I take into consideration the paradox of nepotism. That is, whereas in general people dislike nepotism, they often still support it. Specifically, I consult the leader's transference theory to explain why people sometimes support nepotism in leadership (Ritter & Lord, 2007). A brief explanation of these perspectives is provided in this introductory chapter. However, I will first describe how nepotism is conceptualized in the present thesis, and discuss previous studies on this topic.

1.1 What is Nepotism?

What it is that lay-people view as nepotism is a core question being addressed in the present thesis. It might be fruitful, however, to first establish a working definition of nepotism. I then discuss the explanatory factors underlying nepotism (focusing in particular on in-group bias), the difference between nepotism and the related concept cronyism, followed by a distinction between old and modern forms of nepotism. I subsequently ended this section of the chapter by describing two incongruent views concerning the precise definition of nepotism, and a brief description about why it might be more important to examine what it is that lay-people see as nepotism.

A quick look at an online dictionary reveals the negative connotations attached to the word nepotism. The Cambridge Dictionary, for example, describes nepotism as “the act of using your power or influence to get good jobs or unfair advantages for members of your own family” (Cambridge Dictionary, 2019). While the word nepotism is commonly used in the context of hiring and promotion, from an in-group favoritism perspective, favoring one's own family to get a job is actually just one of many forms of nepotism, as will be described in the following.

In-group favoritism (or in-group bias) refers to the tendency for members of social groups to favor or act altruistically toward members of their own group (Balliet et al., 2014; Scheepers et al., 2006; Stroebe et al., 2005). It can occur based on any kind of group memberships, be it one's ethnicity, fraternity, race, or on the basis of artificial and seemingly meaningless group created in a lab (Tajfel, 1970; Vaughan et al., 1981). A family is a social group in which membership is defined by kinship. As such, like any other social group, it can be expected that members of a family would exhibit a tendency to favor and behave altruistically toward their own members over others who are not part of the family. Although a form of ingroup favoritism, there is an important feature of nepotism that separates it from other forms of in-group favoritism. That is, other forms of group-based favoritism usually involve some kind of transaction and reciprocity (Gaertner & Insko, 2000; Stroebe et al., 2005), whereas according to the “kin altruism” principle, such reciprocity does not seem to be a defining aspect of nepotism.

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From an evolutionary point of view, favoritism toward one's own kin is natural and serves an important function not only for the survival of human beings, but also other organisms. This kin favoritism is what evolutionary biologist Hamilton (1964) refers to as nepotism. From this point of view, nepotism happens when $\frac{B}{C} > \frac{1}{2}r$. Here, B stands for the fitness benefit received by a beneficiary of nepotism. More specifically, it refers to the extent to which an altruistic behavior enhances the ability of a beneficiary to reproduce. C stands for the fitness cost for acting altruistically on the part of the benefactor. It refers to the extent that the benefactor lost its ability to reproduce by acting altruistically. r stands for the coefficient of relatedness between the beneficiary and benefactor of nepotism. For example, the coefficient of relatedness of an offspring to a parent is .50 (i.e., one's genetic is derived half from one's mother, half from one's father). For a parent to act altruistically to its offspring (e.g., by sacrificing itself), it 'assumes' that such act would enable the offspring to reproduce at least two descendants. The goal of nepotism is thus to enhance the inclusive fitness of a beneficiary (i.e., the offspring) and not for the sake of some kind of transaction that would benefit the benefactor (i.e., the parent). In layman's terms, parents are motivated to ensure the well-being of their offspring so that their offspring can, in turn, ensure the well-being of their own offspring. This includes behaviors such as childrearing or extreme actions such as when parents sacrifice themselves so that their offspring can survive and pass on their genes to another generation. For the modern human, securing a job for one's kin is thus one of many kinds of altruism aimed at ensuring the well-being of one's family members.

Based on the aforementioned point of view, I believe that it is beneficial to separate nepotism from another related concept, specifically cronyism. Cronyism refers to favoritism based on a shared social network (e.g., friendships, schools, fraternities), and is often assumed to be identical to nepotism (Khatri et al., 2006). An obvious difference between the two concepts lies in the way in which group membership is achieved. Nepotism involves an ascribed membership (e.g., members are born into a family), whereas memberships in cronyism is achieved through social endeavors (e.g., joining a fraternity, developing and investing in a close friendship). In order to benefit from cronyism, people do not invest in a random relationship with a group or person, but in a relationship with a group or person that they believe

would benefit them. In other words, whereas direct reciprocity is not required in nepotism, it is fundamental in cronyism. Whereas nepotism can only benefit particular kinship groups, it is clear that the scope of cronyism is larger and can be strategically used by individuals to climb their career ladder, regardless of kinship ties.

Although I consider nepotism to be a “special form of in-group favoritism”, like any other kinds of in-group favoritism, nepotism serves both instrumental and identity functions (Scheepers et al., 2006). Instrumentally, giving jobs or advantaged positions to family members is essentially a way to secure the family’s access to resources—in case of leadership, these resources involve power and influence over others who are not part of the family. In terms of identity, like any other kind of social group, questions such as “who are we?”, “why are we here?”, “what makes us different to other social groups?” are questions that membership of a family addresses. From the social identity perspective (Hornsey, 2008; Tajfel & Turner, 1979), such questions are important because people want to belong to a group that provides them with a positive identity, one that positively differentiates them from other social groups, and one that they can be proud of.

Up to this point, I have discussed that nepotism is a natural and important tendency that helps humans as a species to survive. It is a special form of in-group favoritism based on kinship that serves both instrumental as well as identity functions that are important to maintain and promote the well-being of one’s family. However, this benevolence toward family members may sometimes come at the expense of others who are not part of the family. Consider for instance, two scenarios of a modified life-boat dilemma. In the first scenario, a father found a lifeboat that can carry one person. He decides to sacrifice himself and puts his child in the boat. In the second scenario, the lifeboat is already occupied by, say, another child. In order to save his child, the father decides to throw the other child out of the boat and put his own child in the boat. Whereas it is likely for people to find the first scenario acceptable—perhaps even encouraged—they may find the second scenario problematic since it involves harming another child.

Perhaps the fact that nepotism may at times be jeopardizing others who are not part of the family is a reason why people often view it in a negative light. In organizations, for instance, powerful individuals who promote their incompetent offspring to a leadership position may ensure

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the offspring's access to resources and power, but the offspring's incompetence may jeopardize the well-being of those being led by them. In terms of job hiring, a job is a scarce resource and meritocracy is typically the norm for deciding which person is offered a specific job (Castilla & Benard, 2010; Scully, 1997). For this reason, people may view nepotism as a zero-sum situation, in which a job attained by a beneficiary of nepotism is perceived to be a loss to others who are not part of the family. As such, it seems logical for people to find the act of giving jobs to less competent family-members—instead of to more competent non-family members—undeserving and unfair. The fear of such negative consequences of nepotism is probably an important reason for people to oppose to it (Vinton, 1998). However, as will be discussed next, despite these negative consequences, nepotism still finds its way in contemporary businesses, organizations, and politics partly through what historian Adam Bellow (2003) had called the 'new nepotism'.

The Old and New Nepotism

In his historical account of nepotism, Adam Bellow (2003) defined nepotism generally as any form of favoritism based on kinship. He distinguishes between an "old" and a "new" form of nepotism. As briefly outlined in the previous, the old form of nepotism is explicit and considerations about individual merit are practically irrelevant. This can be seen in medieval times in which a leader such as a king or queen could be coronated at a very young age, sometimes at birth. Of course, with the rise of the meritocracy ideal, this is now considered unacceptable in most contemporary societies. Since unjustified merit is the core problem with the old form of nepotism, the new form of nepotism involves benefactors of nepotism (e.g., parents) who take the merit of their beneficiaries (e.g., children) seriously. It requires parents to facilitate their children in their education (e.g., signing them up to an ivy league university), extracurricular activities (e.g., encouraging them to join exclusive fraternities), or creating an environment that stimulates their children to develop interests in the parents' occupation. Such an approach could ensure that their children possess the required qualification and competency for a particular targeted job. As such, when the time comes, parents can safely favor their children over other

candidates who do not have kinship ties, since their children are legitimately more qualified for the job than most other candidates.

Jones et al. (2008) further argued that the new form of nepotism is not necessarily evil because it is practically a form of human capital transfer within a family. For instance, children whose parents are bankers may easily pick-up knowledge about the banking industry while their parents talk about work over a family dinner. Repeated exposure to their parents' occupation may lead the children to develop genuine interests toward their parents' occupation. With enough motivation, the children would in turn make a more or less deliberate choice to strive for the same career paths as their parents. In other words, what appears as nepotism may be transformed to a merit-based hiring. This is probably why, for example, children of doctors are more likely to become doctors too, compared to children who do not have parents who are doctors (Lentz & Laband, 1989).

Whether it comes in the new or old form, nepotism is a phenomenon that is hard to examine empirically. The old form of nepotism requires a clear violation of merit and fairness principles. The direct way to detect such violation is by observing whether individuals with kinship ties possess the merit for hiring. Such reasoning led some researchers to regard nepotism exclusively as the hiring of incompetent or unqualified kin (Abramo et al., 2014; Darioly & Riggio, 2014; Mhatre et al., 2012). This definition imply that the new form of nepotism should not be considered as problematic as long as the beneficiaries are competent or qualified individuals (Jones and Stout, 2015). However, the new form of nepotism can co-occur with the old form and influence each other. For instance, in an organizational context, parents may attempt to do their best to ensure their children's merit for hiring or promotion but there will always be a chance that their children would be bested by others. In such a circumstance, the desire to secure a job for their children may motivate parents to resort to the old form of nepotism, such as by deliberately creating a job that specifically matches their children's qualification. This way, benefactors of nepotism could mask their preferential treatment by demonstrating the competency of their nepotism beneficiaries. For this reason, some researchers opted to regard nepotism as any practice of hiring kin (Allesina, 2011; Arasli et al., 2006; Durante et al., 2011), but this approach is problematic too

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since it could disadvantage qualified people who by chance happen to have kinship ties within the organization.

While experts may continue to debate about how to define nepotism, what lay people consider nepotism may be even more important. After all, whether the context concerns a governmental or business institution, lay people are the ones who are affected by the practice of nepotism or anti-nepotism policy in their institutions. Despite the debate about how nepotism should be precisely defined, researchers have produced informative research on nepotism. This previous research will be discussed next.

1.2 Previous Research on Nepotism

Researchers have attempted to measure nepotism and its impact using different approaches. Some of the approaches employ a more ‘objective’ measure of nepotism by using shared last names (Allesina, 2011; Durante et al., 2011), while others employed a ‘subjective’ approach (e.g., Arasli et al., 2006) by asking participants directly to rate how nepotistic their organizations are. I also noted a research that attempted to combine both objective and subjective approaches in measuring nepotism (Spranger et al., 2012) These approaches are described in the following.

Nepotism and Shared Last Name

In their attempt to measure nepotism in Italian academia, Durante and colleagues created the academic homonymity index (AHI: Durante et al., 2011). AHI is an index of how common a specific last name is within an academic unit (e.g., faculty, department, university) relative to the general geographical population where the university is located. The assumption is that people with the same last name are most likely to have familial ties. The higher the AHI of an academic unit, the stronger the familial connections in that unit are. Using this index, Durante and colleagues concluded that academic units with high AHI tended to have poorer research and student performance than those with lower AHI. Allesina (2011) further modified Durante's et al. approach to identify areas or institutions with a high likelihood of nepotism. He applied his approach to analyze nepotism in Italian academia and found similar results to that of Durante's et al. Moreover, Allesina claims that his

analysis is an intuitive way for policy makers to identify and intervene nepotism.

Although an interesting way to detect the possible practice of nepotism, measuring nepotism through shared last names alone is not without its problems. Abramo et al. (2014) compared the performance of academics who have kinship ties (i.e., having parents who also works within the same university as they do) to academics without such ties in Italian academia. In contrast to Durante's et al. (2011) findings, they found no significant relationship between kin relationship and research performance. In fact, academics with kinship ties who attained career advancement performed superior on average (e.g., better teaching and research performance) than academics without kinship ties who did not attain career advancement. This suggests that the children's career advancement in Italian academia may be due to their own personal merit rather than their kinship ties. Ferlazzo and Sdoia (2012) tested the approach proposed by Allesina (2011) by comparing results from an analysis in Italy and in the United Kingdom. They found that an analysis of shared last names is largely affected by social capital, professional networking, and demographics. Since all these variables can lead to merit-based hiring suggests that an analysis of shared last names alone is not very useful for policy-makers. The last name index is also a very rudimentary measure; it cannot, for example, take into account daughters who married and adopted their spouse's name. Moreover, research using shared last names as an index of nepotism has mainly been conducted in Western cultures, and this index seems less applicable to some non-Western cultures. For example, in Indonesia, one's last name can be an identifier of one's tribe, ethnicity, or religious identity.

Perceptual Assessment of Nepotism

Another approach to measure nepotism is by assessing employees' perception of nepotism in their organizations. A commonly cited study using this approach was conducted by Husein Arasli and colleagues (Arasli et al., 2006; Arasli & Tumer, 2008). By directly asking participants about nepotism in their organization, they found that employees from the tourism and banking industries in North Cyprus who perceived high nepotism in their organization tended to be less satisfied, experienced higher job stress, were more likely to tell negative

stories about their organizations to outsiders, and were more likely to quit their job. Other researchers found that nepotism is also negatively associated with employees' organizational commitment, organizational trust, and positively associated with organizational silence, and feelings of organizational alienation (Büte, 2011; Keles et al., 2011; Pelit et al., 2015).

Measuring the perception of nepotism using a cross-sectional design as Arasli et al. did is informative in showing how nepotism can detriment employees' well-being and organizational effectiveness. However, this methodology can also be criticized for several reasons. First, just because certain employees perceive high levels of nepotism does not necessarily mean that the organization is actually nepotistic. As such, the mere perception of nepotism cannot be a reliable indicator that an organization is actually nepotistic. Second, what it is that participants in these studies perceive as nepotism remains unclear. That is, do they perceive nepotism as the hiring of unqualified family members or do they perceive all employment of family members as nepotism? It should be noted that despite these limitations, the perceptual approach to nepotism provides evidence that it does not take actual nepotism for problems such as reduced justice perception and organizational climate (e.g., trust and commitment toward an organization) to arise in organizations.

Measuring Nepotism through Kin Density

So far, I have described research using either an objective or subjective approach. There is also a research that attempted to combine these approaches. Spranger et al. (2012), proposed the concept of 'kin density' as an objective measure of nepotism. Kin density refers to the proportion and degree of relatedness of family members within an organization. In a nutshell, high kin density means that there are many employees in an organization who are related by kinship to one and another. Examining employees of various family-owned businesses, Spranger et al. found that employees from companies characterized by higher kin density tended to perceive more nepotism (a subjective measure of nepotism) than companies characterized by lower kin density. The effect of kin density on perceived nepotism was particularly observed among those who do not have kinship ties in their organization, but not among those who have such kinship ties. Perceived nepotism subsequently reduced

perceptions of organizational justice among employees who do not have kinship ties in the organization. This research is informative in showing that the more prominent family ties in an organization are, the more likely it becomes for employees of the organization who do not have kinship ties to perceive their organization as nepotistic. The limitation of Spranger's et al. research is that it does not take into account the competence or qualification of family members. Therefore, it is still unclear whether the impact of kin density on perceived nepotism and organizational injustice is due to family members being incompetent, or that the mere prominence of family ties is enough to elicit perceived nepotism and organizational injustice.

Whether using an objective (e.g., shared last name), subjective (perceptual nepotism), or a combined approach (kin density and perceived nepotism), a recurring limitation of these previous work is that they only take account kinship, but neglected competence into consideration. For some researchers this element of competence is thought to be a crucial element that could clearly distinguish between the hiring of kin deemed as nepotism or those that should not be considered as nepotism (Abramo et al., 2014; Darioly & Riggio, 2014; Mhatre et al., 2012). In the next section I discuss some work that has sought the disentangle these two factors.

Disentangling Kinship and Competence

The first studies empirically examining the influence of competence and qualification on perceived nepotism were conducted by Padgett and colleagues (Padgett et al., 2015; Padgett & Morris, 2005). Padgett and Morris (2005) were interested in how people perceive and evaluate individuals presumed to be beneficiaries of nepotism. They found that presumed beneficiaries of nepotism were seen as less competent than non-beneficiaries, even when the beneficiaries were described as having the same qualification as non-beneficiaries. Participants also disliked beneficiaries of nepotism relative to non-beneficiaries, and thought that the beneficiaries should be given a lower starting salary than non-beneficiaries. In their follow-up studies, Padgett et al. (2015) found that participants tended to attribute successful performance of nepotism beneficiaries more to their political skills and relationships to top management, than to their own ability and effort, compared with non-beneficiaries. Using a similar approach, Darioly and Riggio (2014)

further suggests that the hiring of a presumably beneficiary of nepotism was seen as more unfair, regardless of competence or qualifications.

These studies are informative in illustrating the negative evaluations people give to presumed beneficiaries of nepotism. However, these studies were designed to deliberately suggest to participants that the hiring of family members was based on kinship and *not* on competence or qualifications. With this approach, participants essentially evaluated individuals who are already (implicitly) “labeled” as beneficiaries of nepotism. The question what it is that people actually see as nepotism thus remains unclear. Put differently, without clear evidence of bias in favor of relatives, would people still view the hiring of competent and qualified family members as nepotism? Or is mere kinship enough for people to infer nepotism? Clarifying these questions was one of the goals of the research presented in the present thesis.

1.3 Procedural Fairness and Meritocracy Perspectives on Nepotism

Opposition against nepotism is often made based on the fear that it allows incompetent, unqualified, or ill-equipped individuals to be hired or appointed to important leadership positions. In other words, nepotism is opposed to because it is assumed to violate important principles of meritocracy. However, as will be further discussed in the present thesis, I propose that the term “nepotism” may also be applicable to the appointment of the most merited individual, as long as the appointment involves a familial bias in favor of this individual. Thus, in addition to issues concerning meritocracy, I propose that nepotism also involves issues of *procedural* fairness by which an appointment decision is made. These two perspectives of fairness, i.e., distributive vs. procedural fairness, will be described in the following.

Meritocracy Perspective

Most prior research about nepotism has taken a meritocracy approach to consider what is fair. The meritocracy ideal is represented by the idiom “may the best person win.” This ideal reflects people’s concern for distributive fairness (Son Hing et al., 2011), which refers to the ratio of a person’s input (e.g., effort, hard work, qualification, or competence) and outcome (e.g., employment, or promotion) should equate the ratio

of input and outcome for relevant comparison others (Adams, 1965). In other words, those who possess the best qualification should be hired or promoted. From this perspective, opposition against nepotism in organizations and leadership often revolves around the fear that nepotism would result in bad hiring decisions (e.g., incompetent or unqualified individuals) that could eventually lead to reduced organizational or leadership effectiveness and productivity.

The meritocracy perspective makes intuitive sense in explaining why people consider nepotism undesirable, but the emphasis on meritocracy means that nepotism can only be applicable to cases involving incompetent or unqualified family members, that is, the old form nepotism. However, as noted by Bellow (2003) the presence of favoritism toward family members per se is the core feature of nepotism. This means that nepotism may not necessarily be about whether a family member is the most or least competent person for a position, but whether the decision to hire or appoint a family member to an important or advantaged position involved biases in favor of this individual. This form of bias is central to a second perspective on fairness, namely the procedural fairness perspective.

Procedural Fairness Perspective

The present thesis offers a procedural fairness perspective of nepotism. From this point of view, issues about the qualification or competence of a potentially hired person are important, but people can also suspect nepotism even if the hiring involves the most competent and qualified family member. Namely, when the hiring process is perceived to be violating principles of procedural fairness. Two procedural fairness perspectives are relevant for the present thesis: Leventhal's (1980) fairness model and the procedural fairness model proposed by Lind and Tyler and their colleagues (Lind & Tyler, 1988; Tyler, 1989; van den Bos et al., 2001). These two perspectives will be discussed in the following.

Leventhal (1980) proposed seven structural components that people can use to judge the fairness of an allocation process: Selection of agents, setting ground rules, gathering information, decision structure, appeals, safeguard, and change mechanism. These structures are evaluated based on six rules of procedural fairness: Consistency, bias-suppression, accuracy, correctability, representativeness, and ethicality

rule. I will use these structural components, together with the rules, to describe how people can come to conclude that the hiring, promotion, or appointment of kin is procedurally unfair.

In terms of the *selection of agents*, if a decision to hire an offspring of a powerful person in an organization involves the powerful person, people may suspect the decision as violating the *bias suppression rule* of procedural fairness because, as suggested in the in-group favoritism literature (e.g., Everett, Faber, & Crockett, 2015), people usually assume group members (e.g., a family) to be biased in favor of their group. Suppose the offspring indeed turned out to be the most qualified candidate, people can focus their attention to the *setting ground* rules structure, in which they may suspect that the requirement for hire is deliberately set-up to meet the qualification of the offspring—a potential violation of the *consistency* and *ethicality rule* of procedural fairness. In case of the hiring of an unqualified offspring, people in turn focus on information that the selection committee may have neglected during information gathering, which refers to the *accuracy rule* of procedural fairness. In the case that an unqualified child is hired by pure luck (e.g., through blind hiring), the inexistence of a mechanism for appeal and making changes may also lead people to perceive the hiring of the offspring as unfair—a violation of the *correctability rule* of procedural fairness. In short, the procedural fairness perspective provides an explanation about how the hiring of both qualified and unqualified family members may be seen as unfair, whereas the meritocracy perspective can only explain why people perceive nepotism as unfair in the case of unqualified family members.

Moreover, while Leventhal (1980) fairness model explains well why and how people can find nepotism unfair, the model is less informative about how this in turn impacts on the further motivation and behavior of people affected by nepotism. This issue is however well-covered by the group-value perspective (Blader & Tyler, 2009; Lind, 2001; Lind & Tyler, 1988; Tyler, 1989; van den Bos et al., 2001).¹ From this perspective, whether the context is organization-based (e.g., employee of a bank) or society-based (e.g., citizen of a nation), group

¹ We use the term “group-value perspective” entailing the group-value model of procedural justice (Lind & Tyler, 1988; Tyler, 1989), the relational model of authority (Tyler & Lind, 1992), fairness heuristics theory (Lind, 2001; van den Bos et al., 1997), and the group engagement model of procedural justice (Tyler & Blader, 2003; Blader & Tyler, 2009).

membership is important and people have a need to feel that they belong to groups because it is psychologically rewarding. For instance, group membership and belongingness may provide people with a sense of meaning, connectedness, self-esteem, and certainty (Ashforth & Mael, 1989; Heine et al., 2006; Hogg et al., 2008). The extent to which people are being treated in a procedurally-fair (or unfair) way by their group conveys a verification (or a threat) of their belongingness to the group (van den Bos et al., 1997). For example, a group's authorities that provide a neutral or 'leveled playing field' to all the group members conveys the message that they care about each of the members' interests (Tyler, 1989). Such neutrality provides a sense of inclusion among group members, regardless of their status within the group.

An important prediction that can be derived from the group-value perspective is that undermined feelings of belongingness to a group as the result of being treated in a procedurally unfair way, will in turn lead to deleterious behaviors to the group. For instance, when organizational members feel that they are being treated in procedurally unfair ways by their authorities, they are more likely to exhibit counterproductive behaviors as means of protest, are less willing to engage in extra-role behaviors, show increased absenteeism and turnover intentions, reduced physical and psychological well-being, and have low job satisfaction and commitment to their organization (Blader & Tyler, 2009; Elovainio et al., 2004; Lambert et al., 2007; Loi et al., 2006; Tidwell, 2005; Ybema & van den Bos, 2010). From this, we can predict that people's perception of nepotism in their organizations can produce all of these deleterious outcomes (Arasli et al., 2006; Arasli & Tumer, 2008; Büte, 2011; Keles et al., 2011; Pelit et al., 2015). One of the goals of the present analysis is thus to provide empirical ground for the centrality of procedural fairness as a reason for people to reject the practice of nepotism in organizations and politics.

1.4 The Merit of Nepotism

So far, I have mainly discussed the dark side of nepotism, but some have argued that nepotism may not always be negative and that there are also positive sides to nepotism. For instance, nepotism is thought to be a form of human capital transfer through which parents pass down the skills, knowledge, and values regarding their occupation to their

children (Jones & Stout, 2015). As a consequence, it has been suggested that hiring kin results in a shorter learning curve for new employees to adapt to their organization compared to non-kin (Vinton, 1998). Such human capital transfer is also assumed to ensure the continuity of an organization's long-term view and goals (Nicholson, 2008). Nepotism can also be beneficial because some of the key factors for successful organizations, such as generalized social exchange, trust, and reciprocity, are often pre-built among family members (Jaskiewicz et al., 2013). Hiring kin may further facilitate social capital transfer when children inherit their parents' business relations with other organizations (e.g., client or contractor organizations; Popczyk, 2017).

In essence, the potential benefits of nepotism are the result of intergenerational transmission of human (e.g., skills, knowledge) and social (e.g., social network) capital passed down from senior members of a family to their juniors. Whether people are aware of such intergenerational transmission and whether they see this as a reason to support nepotism in leadership is also a theme in the present thesis. As described at the beginning of this chapter, there are many exemplary cases in which politicians in democratic societies around the world are bound by kinship to one and another. Such contemporary prominence of family ties in democratic societies suggest that there may be enough positive elements of nepotism that could make people support it.

In the current thesis I analyze why people sometimes support nepotism, using the leadership transference theory by Ritter and Lord (2007). Whether in business, politics, or non-profit organizations, people want to have a leader who can ensure the prosperity of their institutions as well as their well-being as members. From the leader's transference point of view, an intuitive way for people to assess the quality of a particular leadership candidate is by comparing the candidate to a known previous leader. If a candidate is similar to the known previous leader, people could regard the characteristics, traits, behaviors, and other relevant qualities of the previous leader as if they were the qualities of the candidate. For a leadership candidate (e.g., a child) with kinship ties to a previously known effective leader (e.g., a parent), this can be advantageous because people will see similarities between the child and the parent. As such, people may come to believe and expect the child to become someone who can lead them as effective

as the parent did in the past, which may well provide them with a degree of certainty about the behaviors of their future leader.

1.5 Overview of the Present Thesis

The studies presented in this thesis are aimed at investigating three general questions. The first general question is, “What is nepotism in the eyes of lay-people?” I provide answer to this question by examining three sub-questions: (a) Do people see nepotism as the hiring of kin per se, or specific to the employment of incompetent kin? (b) what type of unfairness do people attach to nepotism? (c) and do people perceive nepotism differently to cronyism? The second general question is, “What are the consequences of perceive nepotism?” I provide the answer to this question by examining how people responded to nepotism in their own group or organization. For the third general question, “Why nepotism remains a common practice despite its negative connotation?” I provide the answer to this question by examining the circumstance in which people would support nepotism in leadership. Eleven studies aimed at answering the three general questions are described in three empirical chapters, Chapters 2, 3, and 4. Chapter 5 provides a summary of the results and general discussion of the theoretical implications of this project.

In Chapter 2, entitled “On the hiring of kin in organizations,” five studies are described. The first two studies investigate what it is that people view as nepotism and what it is about nepotism that people find unfair. Moreover, the basic idea of whether people primarily view nepotism in terms of procedural fairness is tested in three studies described in this chapter. The third study investigates nepotism in a real-life setting, in which members of real organizations evaluated a co-worker whom they perceive to be a beneficiary of nepotism (or not). The fourth study also involves real life settings to clarify that people perceive hiring kin (i.e., nepotism) as something different than hiring close friends (i.e., cronyism). The final study investigates the behavioral consequences of perceived nepotism, that is, how perceived nepotism reduces job seekers preferences to apply for a job at a presumably nepotistic organization.

In chapter 3, entitled “On the prominence of family ties in politics,” four studies are described, investigating how the prominence of family

ties in politics can render people to believe that nepotism is at play. By using the group-value perspective of procedural fairness, I outline the consequences of perceived nepotism in terms of that: (1) it renders people to become politically cynical, (2) it may lead to perceive that their political authorities are treating them in unfair ways, and (3) it may ultimately reduce their preference to participate in politics, but increase their inclination to engage in political protest.

In chapter 4, entitled “Like father like son,” I present two studies examining how people may come to support nepotism in leadership. By using the leader’s transference theory, I outline how people can use family memberships as a basis to infer the quality of their future leader. I also introduce the “belief in the merit of nepotism” as an individual-difference construct that reflects whether a person would be more or less likely to support nepotism in leadership. The first study focuses on whether people could mistakenly regard the effective quality of a previously known effective leader as if it is also something possessed by the leader’s child compared to a stranger to the leader and a friend of the leader. The second study focuses on the interplay of leader’s effectiveness (effective leader vs. ineffective leader) and belief in the merit of nepotism in determining people’s expectations about the effectiveness of the leader’s offspring. These studies may provide insight into when and why people sometimes appear to support nepotism in leadership.

The final chapter will be the general discussion in which important results are summarized, general conclusions will be drawn, and directions for further research will be suggested. It should be noted that each of these chapters was written as an independent research report, so that each can be read independently without any prior knowledge concerning the rest of the chapters. This also means that there may be some overlap between the present introductory chapter and the theoretical aspects of the empirical chapters.