Nepotism

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2   On the Hiring of Kin in Organizations[2]

Although the appointment of family members in politics and business is often frowned upon, it is, in fact, a common occurrence. For example, in 2017, U.S. president Trump appointed his daughter and son-in-law as advisors in his administration, which generated considerable media attention (Merica et al., 2017). The appointment of relatives to advantaged positions is commonly referred to as *nepotism*. Although nepotism may have certain benefits to an organization (Jaskiewicz et al., 2013), it is generally viewed as unfair, unethical, and unprofessional (Darioly & Riggio, 2014). Despite a small but growing body of research on nepotism in organizations, some questions still beg clarification. Specifically, what is it that people actually view as nepotism? Do people regard nepotism as the hiring of incompetent and unqualified family members or does kinship alone is enough for people to infer nepotistic hiring? Examining from a procedural justice perspective, we also set out to address what it is that people find upsetting about the hiring of kin. Finally, we address how the perception of nepotism differs from the perception of cronyism (i.e., the favoring of friends), and how perceived nepotism affects potential job applicants' willingness to join an organization.

Nepotism

Despite its negative connotations, nepotism occurs in many forms— some of which are considered perfectly acceptable or are even highly valued in society. Royal families, for example, often enjoy high popularity even though they are the epitome of a structure in which a

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position of high power is passed on from one family member to another. Family businesses likewise favor family members over non-kin, and often this is considered appropriate. In this sense, nepotism is quite unique: Although the term itself is often associated with incompetence and unfairness, it would appear that various forms of kin-favoritism are acceptable and common practice. This raises important questions about what it is that people view as nepotism, and at what point it becomes unacceptable or unfair.

Nepotism is defined as favoritism based on kinship (Bellow, 2003). From this definition, it is clear that kinship hiring per se does not constitute nepotism as long as it does not involve the favoring of family members over non-family members. However, favoritism can be an elusive concept to be measured in the context of a hiring process, which led some researchers to consider all employment of relatives within an organization as nepotism, regardless of competence and qualification (Allesina, 2011; Arasli et al., 2006; Sundell, 2014). Other researchers concluded that the hiring of kin only constitutes nepotism when it pertains to incompetent or under-qualified relatives (Abramo et al., 2014; Mhatre et al., 2012). Whereas experts and researchers may disagree on what is and what is not nepotism, what people in general consider as nepotism is important to examine because it is the perception of nepotism, rather than scientists' definition of nepotism, that could affect employees' satisfaction and commitment to their organization, as well as their decision to join or leave an organization.

Many organizations have a form of anti-nepotism policy in place, even if it is not labeled as such (Jones & Stout, 2015). For instance, organizations may forbid any form of family employment (Vinton, 1998), prohibiting family members to work within the same department (Gutman, 2012), or restrict romantic relationships at work (Werbel & Hames, 1996). The aim of these policies is to enforce the belief that employees are treated fairly, and rewards are given based on merit, not kinship (Baskerville, 2006). This assumes that people perceive the practice of hiring relatives within an organization as unfair—but is that assumption accurate? For example, would organizational members consider it nepotism if a manager appointed a relative who is competent for the position? Moreover, if people infer nepotism solely based on

kinship, regardless of competence, then what is it that makes them view the hiring of relatives as unfair?

Investigating perceptions of nepotism and fairness is important for organizations that have or plan to introduce anti-nepotism policies. Anti-nepotism policies are assumed to promote fairness (Mulder, 2012), but are also restrictive in the sense they can prevent an organization to hire qualified personnel. For example, in the United States, academic couples comprise 36 percent of the American professoriate (Schiebinger et al., 2008). For these dual-career couples, organizations with a strict anti-nepotism policy may become less attractive as sources of employment.

Perceptions of nepotism and fairness are also important because they can influence an organization's ability to attract and hire highly qualified job applicants (Gilliland, 1993). Potential job applicants could consider nepotistic organizations as unattractive places of employment. For instance, if potential job applicants think that kinship ties within the organization are an important but obscured requirement, those who do not have kinship ties with people in the organization may refrain from applying for a position even when they do view the organization as attractive.

What do people perceive as nepotism?

From an objective standpoint, nepotism requires observers to identify (1) that a target is related by kinship to a prominent person in an organization and (2) a clear indication that the hiring process is biased in favor of the target (Bellow, 2003). However, by considering nepotism as a form of in-group favoritism, we argue in the following that, people can infer nepotism solely based on perceived kinship.

A family is a primary social group characterized by long-term, close, intimate, and direct face-to-face interactions that define the identity of its members (Lee, 1964). Since a family is a social group, nepotism can be viewed as a specific form of in-group favoritism toward family members. Research on in-group favoritism showed that people behave in favor of members of their own group. For example, people allocate more rewards to in-group than to out-group members (Vaughan et al., 1981). In business, an analysis of Fortune 500 companies showed that board members were more likely to choose a CEO they consider as

in-group (Zajac & Westphal, 1996). In-group favoritism is such a robust phenomenon that people tend to automatically expect and believe that members of a group will behave in a manner that benefits their in-group members (Everett et al., 2015). Thus, from this perspective, observers' sole awareness of kinship between, for example, a worker and their manager may be sufficient for them to believe that bias in favor of this worker must have taken place in the hiring process.

There is, however, an important aspect to nepotism that makes it more than "just another form of in-group favoritism." That is, other forms of group-based favoritism usually involve some kind of transaction and reciprocity (e.g., I help my group members so that they would help me out in the future: Gaertner & Insko, 2000; Stroebe et al., 2005). By contrast, according to the "kin-altruism" principle, such reciprocity does not seem to be a defining aspect of nepotism. Kin altruism refers to an organism's (e.g., parent) altruistic tendency toward own kin (e.g., a child) that occurs when the inclusive fitness benefit of the child outweighs the cost for the parent's own fitness (Hamilton, 1964). This means that nepotism is a form of altruism enacted by parents to ensure the well-being of their offspring so that their offspring can in turn ensure the well-being of their own offspring in the future. It should be noted, however, that the notion of kin altruism in our view is not limited to genealogical kinship, but also to what anthropologist called nurture kinship (Holland, 2012). This makes it possible for genealogical unrelated closed-others (e.g., an adopted child, closed-friends) to be considered as family, and thus enjoy the benefits of nepotistic treatment, just like genetically-related family members would. The important point here is that nepotism can occur in the absence of clear and direct reciprocity, which is seen as a core aspect of most other forms of in-group favoritism.

In the organizational context, some researchers argued that it also takes an element of incompetence to regard the hiring of a relative as nepotism (Abramo et al., 2014; Mhatre et al., 2012). Such perspectives focus on the meritocracy aspect in hiring, in which competence or qualification should be the primary determinant of hiring decisions (Castilla & Benard, 2010; Dobos, 2017). From this perspective, people should only ascribe nepotism in cases involving relatives who do not possess the merit for employment—in other words, incompetent kin.

There are studies that have attempted to disentangle perceptions of nepotism and competence (Darioly & Riggio, 2014; Padgett et al., 2015; Padgett & Morris, 2005). However, these studies used manipulations that suggested that the hiring of kin and nepotism are identical. Thus, whether kinship hiring per se is sufficient for people to infer that nepotism is at play is a question that is yet to be answered.

Nepotism and Fairness

The notion that the employment of relatives is considered unfair may have vast implications for organizations. For example, prior research revealed that perceived organizational unfairness is associated with lower organizational commitment and job satisfaction (Lambert et al., 2007). A lack of fairness is also associated with increased absenteeism and turnover intentions (Loi et al., 2006), and reduced physical and psychological well-being (Ybema & van den Bos, 2010).

Despite its prominence as a reason for rejecting the hiring of kin, few empirical studies have examined the causal link between the hiring of kin and fairness perceptions. In a correlational study, Spranger et al. (2012) found that higher kin-density (i.e., the proportion of genetic overlap among people working in the same organization) was associated with higher perceptions of nepotism. High perceptions of nepotism predicted a decrease in the overall perception of organizational justice among employees who did not have relatives in the organization, but not among those who did have such relatives. These findings provide initial evidence for the existence of a relationship between perceived nepotism and fairness. However, considering the correlational nature of the study, we cannot draw strong conclusions about the causal relationships between the hiring of kin, perceived nepotism and fairness perceptions. Moreover, since they did not take the competency and qualification of family members into account, it is still unclear whether the effect of kin-density on perceived nepotism was due to the family members lack of competence and qualification or that the prominence of family ties alone is sufficient to rise employees' perception of nepotism.

Nepotism and Cronyism

Nepotism is often seen as similar to cronyism, which refers to a reciprocal exchange transaction based on a shared social network (e.g., friendships, schools, fraternities; Khatri et al., 2006). However, the two constructs differ in several important ways. First, as explained above, nepotism involves what evolutionary biologists call kin-altruism (Hamilton, 1964), which means that nepotism can even occur in the absence of a perceived transaction or reciprocity, while these are defining aspects of cronyism. Second, nepotism is group-based by nature (i.e., family as a social group), whereas cronyism may work at the group level (e.g., fraternities) or at the interpersonal level (e.g., among two friends). Third, nepotism refers to groups in which memberships is ascribed (e.g., members are born into a family), whereas cronyism involves a group or interpersonal relationship in which membership is achieved through social endeavors (e.g., joining a fraternity, developing and investing in a close friendship). From these distinctions, it is clear that nepotism in organizations can only benefit particular kinship groups, while the scope of cronyism may be larger and can be strategically used by individuals to climb their career ladder, regardless of their kinship.

Overview of the Present Research

We present five studies in which we investigated what people construe as nepotism and the extent to which they see nepotism as unfair. In Studies 1 and 2, participants evaluated nepotism based on a vignette. We conducted Studies 3 and 4 among employees of various organizations in Indonesia where nepotism is common in business and politics. Study 3 focused on how employees evaluate the employment of relatives in their own organization in terms of distributive and procedural fairness. Study 4 compared perceptions and consequences of nepotism to those of cronyism. Study 5 focused on the harder "outcome" of perceived nepotism by examining how the perception of nepotism among potential job seekers impacts their willingness to join an organization.

2.1 Study 1

In this study, we proposed two alternative hypotheses. In line with previous work (Arasli et al., 2006; Sundell, 2014), it could be argued that observers would expect that people prioritize family members over non-family members. As a consequence, observers would view the decision to hire relatives as one based on family interests rather than based on organizational interests. Thus, regardless of competence, a kin relationship between an employee and an influential person within the organization would be sufficient for observers to believe that nepotism is at play (Hypothesis 1a). However, other work stressed that nepotism involves a violation of the meritocracy principle (Darioly & Riggio, 2014). Based on this work, it could be argued that observers would view the employment of family members as nepotism only if it involves incompetent family members (Hypothesis 1b).

We also examined how people perceive nepotistic employment in terms of deservingness. Referring to Feather (1999), deservingness is a central element of fairness perceptions. People deserve a certain outcome (e.g., obtaining a job) if they achieved the intended outcome by their personal efforts and qualities (e.g., competence). In contrast, people are considered undeserving when the outcome is viewed as resulting from external sources (e.g., kinship). If the perception of nepotism involves kinship regardless of competence (Hypothesis 1a), then the employment of relatives would also be seen as less deserving than the employment of non-relatives, regardless of competence (Hypothesis 2a). However, if the perception of nepotism involves an element of incompetence (Hypothesis 1b), then the employment of relatives would be seen as less deserving than the employment of non-relatives, but only when the relatives are considered incompetent (Hypothesis 2b).

Method

Participants

Participants were 101 Indonesian students (19 men, 82 women, $M_{age} = 24.11$, $SD_{age} = 5.00$) who participated on a voluntary basis. Participants were randomly assigned to one of four conditions of a 2 (Kinship: no

kin vs. kin) x 2 (Competence: low vs. high) between-subjects experimental design. The study was an online survey.

Procedure

Whereas an organization's human resources department may have all the accurate information about an employee's competence and qualification for a job, other employees do not. In some cases, people do know exactly which candidates applied for a position (as well as their potential kinship ties to other members in the organization), and who was ultimately offered the position. However, in many cases, especially in large organizations, employees do not know such information. They learn about new employees and may hear rumors about kinship, but often have limited to no information regarding alternative candidates to use as a comparison. As such, employees often rely on limited and generic (e.g., stereotypical) information to judge or evaluate other employees. In line with this, participants in the current study were provided with limited information about a target person. They read a description of a target person (a man named Rahmad) working in the Provincial Tax office. The target's father was an entrepreneur (*no kin*) or head of the tax office (*kin*). The target's mother was the daughter of a professor in the Department of Biology (*no kin*) or Tax and Administration (*kin*) at a local university.[3] The target had earned a bachelor's and master's degree with a grade slightly below average (*low competence*) or cum laude (*high competence*) from a local (*low competence*) or world-class university (*high competence*).

Measures

After reading the description, a brief survey was administered. All answers were provided on 5-points rating scales (1 = *not at all* to 5 = *very much*). Scales were created by averaging the items. To ensure the effectiveness of the competence manipulation, we measured *perceived competence* by asking participants to what extent do they perceived the

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[3] We included this information to simulate a real-life situation in which people tend to 'fill in the blanks' when interpreting social circumstances (Freeman, 1992). Thus, the description of the target's grandfather occupation served to strengthen nepotism perception in the kin condition.

target person as competent, intelligent, confident, competitive, and independent (5 items; α = .71, see Fiske et al., 2002). We measured *perceived nepotism* with 2 items (e.g., "Rahmad's parents uses their connections and social status to get him to his job"; r = .76). We measured *perceived deservingness* using 2 items (e.g., " I think Rahmad deserve his job "; r = .67). Upon finishing, participants were thanked and debriefed.

Results

Unless otherwise indicated, all scales were analyzed in separate ANOVA's, with Kinship and Competence as independent variables. Unless relevant, we reported only significant results. An overview of means and effect sizes is presented in Table 2.1.

Table 2.1. Overview of means and effects in Study 1

	Kinship			Competence		
No kin	Kin	η^2	Low	High	η^2
Perceived nepotism						
2.47	3.03	.059	3.22	2.38	.179
(0.74)	(0.98)		(0.85)	(0.8)	
[2.24, 2.69]	[2.78, 3.29]		[2.98, 3.47]	[2.16, 2.61]	
Perceived competence						
3.53	3.12	.057	2.96	3.62	.233
(0.59)	(0.64)		(0.59)	(0.53)	
[3.35, 3.71]	[2.96, 3.29]		[2.79, 3.12]	[3.47, 3.77]	
Deservingness						
3.65	3.16	.040	2.95	3.77	.177
(0.92)	(0.86)		(0.74)	(0.89)	
[3.37, 3.94]	[2.94, 3.39]		[2.74, 3.16]	[3.52, 4.02]	

Note: Standard deviations in parentheses, 95% confidence intervals in square brackets.

Perceived Competence

Participants in the high competence condition perceived the target as more competent than participants in the low competence condition, $F(1, 97) = 30.80$, $p < .001$, demonstrating that the Competence manipulation was successful. Unexpectedly, Kinship also had a significant effect on perceived competence, $F(1, 97) = 7.85$, $p = .006$. Participants in the kin condition perceived the target as less competent than participants in the no kin condition.

Perceived Nepotism

Supporting Hypothesis 1a, Kinship had a significant effect on perceived nepotism, $F(1, 97) = 7.69$, $p = .007$. Participants in the kin condition

viewed the target's employment as more nepotistic than participants in the no kin condition. In contrast to Hypothesis 1b, Kinship and Competence did not interact, $F(1, 97) = 0.18$, $p = .672$. Unexpectedly, participants in the low competence condition also viewed the target's employment as more nepotistic than participants in the high competence condition, $F(1, 97) = 21.50$, $p < .001$.

Perceived Deservingness

Kinship had a significant effect on perceived deservingness, $F(1, 97) = 4.91$, $p = .029$. Supporting Hypothesis 2a, participants perceived the employment of kin as less deserving than the employment of no kin, regardless of the kin's competence. In contrast to Hypothesis 2b, Kinship and Competence did not interact, $F(1, 97) = 0.01$, $p = .913$. Finally, participants in the high competence condition perceived the employment of the target as more deserving than participants in the low competence condition, $F(1, 97) = 21.49$, $p < .001$.

Discussion

This study showed the unique effects of kinship and competence on perceptions of nepotism and deservingness. If the main concern about nepotism revolves around the lack of competence of kin, the information that kin is competent for a position should ease this concern. However, Study 1 showed that participants construed the employment of kin as nepotism regardless of the kin's competence. Participants also viewed the employment of kin as less deserving than the employment of no kin—again, regardless of competence.

Although the competence manipulation effectively influenced perceptions of the target's competence, participants unexpectedly perceived a target described as kin as less competent than a target described as no kin. They also attributed the hiring of a less competent target to nepotism, even when that person had no family ties to the organization. It is possible that participants attributed the employment success of the less competent person to nepotism (regardless of a lack of kinship) because we did not provide them with alternative options. We examined this possibility in Study 2.

2.2 Study 2

In Study 1, participants viewed the employment of a relative as less deserving than the employment of an unrelated target, regardless of the relative's described competence. This is incongruent with the principle of meritocracy, which is frequently referred to in opposition to nepotism. The meritocracy principle reflects distributive fairness, which revolves around the fairness of outcome distributions (Son Hing et al., 2011). In a distributively fair world, the ratio between a person's input (e.g., competence) and outcome (e.g., employment) should equate the ratio of input and outcome for relevant comparison others (Adams, 1965). Based on this principle of fairness, people should only view the employment of kin as less distributively fair when involving incompetent kin (Hypothesis 3), because competent kin is as deserving as competent people without family ties. However, as shown in Study 1, the fact that people viewed the employment of kin as undeserving regardless of competence suggests that there is more than meritocracy when people evaluate the employment of kin.

From the perspective of the group engagement model of procedural justice (Tyler & Blader, 2003), people would evaluate the employment of kin not only in light of meritocracy but also in terms of the procedure by which such employment decisions are made. Employees need a sense of procedural fairness because it conveys their belongingness to the organization. Belongingness is important because it provides employees with a sense of meaning, connectedness, self-esteem, and certainty (Ashforth & Mael, 1989; Hogg et al., 2008). The extent to which organizational members are treated in a procedurally fair way by their organization reflects the degree to which they are valued by the organization (van den Bos et al., 2001). If employees do not feel being valued by—and belong to—the organization they work for, they are more likely to exhibit counterproductive behaviors as means of protest, they are less willing to engage in extra-role behaviors (e.g., help co-workers), and they are likely to show low job satisfaction and commitment to the organization (Blader & Tyler, 2009; Tidwell, 2005). Such negative consequences make it imperative that we learn more about the impact of nepotism on employees perceived procedural fairness.

The literature on in-group favoritism suggests that people expect and believe that members of a group (including a family) would favor their own members over non-members (Everett et al., 2015). This expectation may lead organizational members to suspect that their authorities who hired kin have misused their power for familial interests (Wated & Sanchez, 2015). Such suspicions are likely to make people view their authorities as untrustworthy and biased, which can have a detrimental impact on organizational members' perceptions of procedural fairness (Tyler, 1989). From this point of view, people would perceive the employment of kin as less procedurally fair than the employment of no kin, irrespective of competence (Hypothesis 4).

Although conceptually distinct, procedural fairness and distributive fairness are clearly linked (Hauenstein et al., 2001). This is because unfair procedures often (but not always) produce unfair outcomes (Tyler, 1987). For example, when people receive a worse outcome than expected, their evaluation of this outcome is affected by the procedure by which the outcome is allocated (van den Bos et al., 1998). Moreover, procedural fairness influences perceptions of distributive fairness if people believe that the application of fair procedures would produce better outcomes (Folger, 1987). As argued in the previous, people may automatically suspect biases in the hiring of kin. This suspicion may lead them to believe that without such biases, their organization might be able to hire more competent individuals than those who seem to have kinship ties. We, therefore, expected that people's perception of distributive fairness concerning nepotism would be affected by their perception of procedural fairness (Hypothesis 5).

To further examine the unexpected main effect of kinship on perceived competence in Study 1, in Study 2 we also measured the likelihood of alternative reasons (besides nepotism) that employment might be attributed to (e.g., luck, racism). If nepotism involves the hiring of family members irrespective of competence (Hypothesis 1a), then people should not attribute the employment of incompetent non-relatives to nepotism when other explanations for this employment are readily available.

Method

Participants

Participants were 200 (110 men, 88 women, 2 other, $M_{age} = 34.75$, SD_{age} =10.9) Americans who were recruited through the online crowdsourcing program Prolific Academic. We placed them randomly into one of eight conditions of a 2 (Kinship: no kin vs. kin) $\times$ 2 (Competence: low vs. high) $\times$ 2 (Organization: private vs. governmental) between-subjects experimental design. They participated for a payment of 2 GBP (approximately 2.7 USD).

Procedure

Study 2 was similar to Study 1, with the following exceptions. The target was described as a White American man named James. James worked at the Internal Revenue Services (IRS: government organization) or at JP Morgan (a private organization).[4] James' father was an entrepreneur (*no kin*) or a person working at a leadership level in the IRS or JP Morgan (*kin*). James's grandfather was a professor in the Department of Biology (*no kin*) or Business School (*kin*) at a local university. James attained his degree either from a vocational school (*low competence*) or an ivy league university (*high competence*).

Measures

Unless otherwise indicated, all answers were assessed on 5-points rating scales (*1 = not at all* to *5 = very much*). Scales were made by averaging the items. The complete items are presented in the supplementary materials. Participants responded to *comprehension check* items to ensure that they understood the description correctly (e.g., "What is the name of the character in the description?", 5 items). The comprehension check items were made in a multiple-choice format, with one correct response. Participants were then asked to rate the likelihood of 11 possible causes that may explain James's employment (see Table 2.2

[4] According to the Edelman Trust Barometer (2017), people across the world are more distrustful toward governmental than toward private business institutions. The private vs. government factor was meant to control for the possibility that type of organization might influence the results of the study. Although type of organization (IRS vs. JP Morgan) did have main effects on several of the dependent measures in Study 2 (see supplementary materials), the effects did not interact with other variables.

for a complete list).[5] *Perceived competence* was measured with the same 5 items as in Study 1 (α = .86). *Perceived nepotism* was also measured with the same items in Study 1, with the addition of two new items (4 items; α = .96). We measured *distributive fairness* using 4 items (e.g., "Considering the qualification, it is not fair that James obtained the job"; α = .87). *Procedural fairness* was assessed with 8 items based on Leventhal's (1980) description of the accuracy, consistency, bias-suppression, and ethical rules of procedural justice (e.g., "In the recruitment process, James was treated favorably compared to other applicants"; α = .87). Upon completion of the study, participants were, thanked, debriefed, and paid.

Results

Unless otherwise indicated, the data were analyzed in separate ANOVA's, with Kinship and Competence as independent variables. Unless relevant, only significant effects are reported. Relevant and significant interactions were explored with simple-effects analyses.

Comprehension Check

Thirty-three participants failed to answer all 5 comprehension check items correctly. These participants were removed from further analyses so that the final sample involved 167 participants (89 Male, 77 Female, 1 Other; M_{age} = 34.60, SD_{age} = 10.87).

Attributions

The relevant means and effect sizes are presented Table 2.2. In line with Hypothesis 1a, compared to participants in the no kin condition, participants in the kin condition were more likely to attribute James's employment to family-ties, $F(1, 163)$ = 91.21, $p < .001$, nepotism, $F(1, 163)$ = 15.46, $p < .001$, and ability $F(1, 163)$ = 9.05, p = .003, irrespective of the information provided regarding James' competence. In addition, participants in the high competence condition were more likely to attribute James' employment to effort, $F(1, 163)$ = 39.18, $p < .001$, and ability, $F(1, 163)$ = 56.25, $p < .001$, than participants in the

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[5] Participants also ranked-ordered the 11 possible causes, which yielded similar results to their ratings (see supplementary materials).
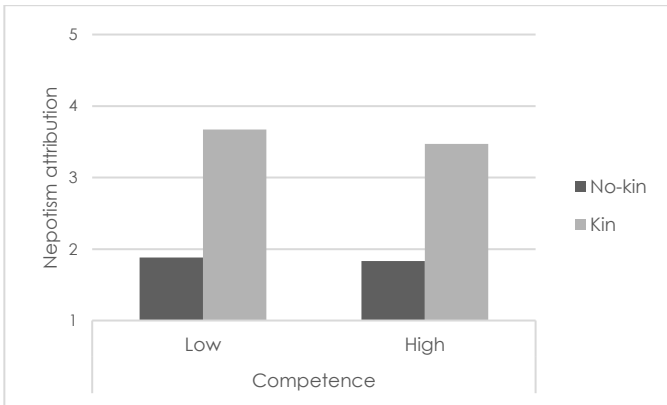
Figure 2.1. Nepotism attribution across condition in Study 2

low competence condition, regardless of James' kinship. All in all, these results provide support for Hypothesis 1a in demonstrating that participants attributed the employment of kin to nepotism, regardless of competence. In contrast to Study 1, but in line with our expectations, when participants were given more options to make their attribution, they ceased to attribute the employment of a low competent non-kin target to nepotism.

Perceived Competence and Nepotism

The means on competence, as a function of condition, are presented in Table 2.3. The effect of Kinship on perceived competence was significant, $F(1, 163) = 12.33$, $p = .001$. James was perceived as less competent in the kin condition than in the no kin condition, regardless of competence. The effect of competence on perceived competence was also significant, $F(1, 163) = 53.05$, $p < .001$. James was perceived as less competent in the low competence condition than in the high competence condition. The interaction of Kinship and Competence was marginally-significant, $F(1, 163) = 3.87$, $p = .051$. The effect of Kinship was significant in the low competence condition ($M_{No\ kin} = 3.37$, $SD_{No\ kin} = 0.75$, $M_{Kin} = 2.79$, $SD_{Kin} = 0.55$), $F(1, 163) = 15.09$, $p < .001$, but not in the high competence condition ($M_{No\ kin} = 3.94$, $SD_{No\ kin} =$

Table 2.2. The effects of Kinship and Competence on the attribution of target's hiring in Study 2

	Kinship			Competence		
	No kin	Kin	η^2	Low	High	η^2
Nepotism						
	1.80	3.58	.360	2.76	2.60	.004
	(1.12)	(1.27)		(1.56)	(1.42)	
	[1.56, 2.04]	[3.3, 3.86]		[2.42, 3.1]	[2.29, 2.91]	
Family ties						
	2.15	3.95	.356	3.15	2.94	.007
	(1.24)	(1.20)		(1.51)	(1.52)	
	[1.89, 2.42]	[3.69, 4.21]		[2.83, 3.48]	[2.61, 3.27]	
Effort						
	3.67	3.07	.071	2.89	3.86	.180
	(1.11)	(1.11)		(1.04)	(1.05)	
	[3.43, 3.91]	[2.83, 3.32]		[2.67, 3.12]	[3.63, 4.08]	
Ability						
	3.52	3.1	.040	2.76	3.87	.246
	(1.16)	(1.05)		(0.98)	(0.98)	
	[3.27, 3.77]	[2.87, 3.33]		[2.55, 2.97]	[3.65, 4.08]	
Luck						
	2.71	2.46	.011	2.71	2.46	.011
	(1.14)	(1.23)		(1.15)	(1.22)	
	[2.47, 2.96]	[2.19, 2.73]		[2.47, 2.96]	[2.19, 2.72]	
Discrimination based on physical disabilities						
	1.42	1.27	.011	1.35	1.34	.000
	(0.76)	(0.66)		(0.74)	(0.7)	
	[1.25, 1.58]	[1.12, 1.41]		[1.19, 1.51]	[1.18, 1.49]	
Discrimination based on age						
	1.46	1.35	.006	1.43	1.39	.001
	(0.7)	(0.74)		(0.76)	(0.68)	
	[1.31, 1.62]	[1.19, 1.51]		[1.26, 1.59]	[1.24, 1.53]	
Racism						
	1.48	1.55	.002	1.55	1.48	.001
	(0.83)	(0.98)			(0.8)	
	[1.3, 1.66]	[1.34, 1.77]		[1.33, 1.76]	[1.31, 1.66]	
Ethnocentrism						
	1.52	1.57	.001	1.56	1.53	.000
	(0.88)	(0.89)			(0.75)	
	[1.33, 1.72]	[1.37, 1.76]		[1.34, 1.78]	[1.37, 1.69]	
Sexism						
	1.62	1.59	.000	1.69	1.52	.007
	(0.99)	(1.01)		(1.14)	(0.83)	
	[1.4, 1.83]	[1.37, 1.81]		[1.44, 1.94]	[1.34, 1.7]	
Sexual prejudice (e.g., homophobic)						
	1.29	1.28	.000	1.30	1.27	.001
	(0.70)	(0.63)		(0.74)	(0.59)	
	[1.13, 1.44]	[1.14, 1.41]		[1.14, 1.46]	[1.14, 1.39]	

Note: Standard deviations in parentheses, 95% confidence intervals in square brackets.

Table 2.3. Means and effects of Kinship and Competence on perceived competence, nepotism, distributive and procedural fairness in Study 2

	Kinship			Competence	
No kin	Kin	η^2	Low	High	η^2
Perceived nepotism					
1.97	3.50	.325	2.99	2.46	.043
(1.13)	(1.1)		(1.41)	(1.24)	
[1.72, 2.22]	[3.26, 3.74]		[2.69, 3.3]	[2.19, 2.74]	
Perceived competence					
3.65	3.29	.053	3.09	3.86	.228
(0.78)	(0.82)		(0.72)	(0.72)	
[3.48, 3.82]	[3.11, 3.47]		[2.93, 3.24]	[3.7, 4.02]	
Distributive fairness					
3.89	3.33	.000	3.14	4.09	.042
(0.90)	(1.07)		(1.01)	(0.79)	
[3.69, 4.08]	[3.1, 3.57]		[2.92, 3.36]	[3.92, 4.26]	
Procedural fairness					
3.56	2.71	.039	2.94	3.34	.006
(0.83)	(0.77)		(0.93)	(0.83)	
[3.38, 3.74]	[2.55, 2.88]		[2.74, 3.14]	[3.16, 3.53]	

Note: Standard deviations in parentheses, 95% confidence intervals in square brackets.

0.70, M_{Kin} = 3.78, SD_{Kin} = 0.74), $F(1, 163)$ = 1.18, p = .278, meaning that James was viewed less competent by participants in the low competence kin condition than participants in the low competence no kin condition.

Consistent with Study 1, the effect of Kinship on perceived nepotism was significant, $F(1, 163)$ = 82.06, $p < .001$. In line with Hypothesis 1a, participants in the kin condition more strongly attributed the hiring of James to nepotism than participants in the no kin condition, regardless of competence (see Table 2.3). The effect of Competence on perceived nepotism was also significant, $F(1, 163)$ = 10.52, p = .001. Participants in the low competence condition more strongly attributed the hiring of James to nepotism than participants in the high competence condition. The interaction between Kinship and Competence was not significant, showing no support for Hypothesis 1b, $F(1, 163)$ = 1.02, p = .314. As in Study 1, these results showed that, without the presence of alternative options, participants attributed the employment of a low competent non-kin person to nepotism.

Distributive and Procedural Fairness

The correlation between distributive and procedural fairness was significant ($r = .61$, $p < .001$). According to (Hauenstein et al., 2001), it is important for research concerning different forms of fairness to recognize the possibility of common variance. We, therefore, included procedural fairness as a covariate when analyzing distributive fairness, and distributive fairness as a covariate when analyzing procedural fairness.

Competence had a significant main effect on distributive fairness, $F(1, 162) = 36.61$, $p < .001$. Participants in the high competence condition perceived James's employment as more distributively fair than participants in the low competence condition (see Table 2.3). The effect of Kinship was also significant, $F(1, 162) = 4.34$, $p = .039$. The interaction of Kinship and Competence was not significant, showing no support for Hypothesis 3, $F(1, 162) = 1.20$, $p = .276$.

Regarding procedural fairness, Kinship had a significant main effect, $F(1, 162) = 6.76$, $p = .010$. In line with Hypothesis 4, participants in the kin condition perceived James's employment as procedurally less fair than participants in the no kin condition (see Table 2.3). The effect of Competence was not significant, $F(1, 162) = 0.05$, $p = .828$ (see Table 2.3).

We tested whether procedural fairness would mediate the effect of Kinship on distributive fairness using PROCESS, model 4 (Hayes, 2013). Kinship was entered as an independent variable, Competence and the interaction term (Kinship x Competence) as covariates, procedural fairness as a mediator, and distributive fairness as the outcome variable. The fact that zero was not included in the 95% confidence interval (boot indirect effect -.39; 95% CI: -0.60, -.22) indicates that procedural fairness mediated the effect of Kinship on distributive fairness. This supports the prediction that participants evaluated James' employment as distributively unfair because they viewed his employment as procedurally unfair (Hypothesis 5).

Discussion

In Study 2, we examined how the employment of kin affects people's perceptions of procedural and distributive fairness as well as their

perception of what constitutes nepotism. In line with Hypothesis 4, participants primarily perceived the employment of kin as procedurally unfair, and in turn also distributively unfair. Thus, the issue of whether the employment of family members is considered fair primarily revolves around concerns about the fairness of the *procedure*, and secondarily about the fairness of the *outcome*.

Study 2 strengthened the support for Hypothesis 1a by showing that participants perceived the employment of kin as nepotism, regardless of competence. It also tackled a limitation of Study 1 by showing that, when participants were presented with alternative causes, they no longer attributed the employment of incompetent non-relatives to nepotism. Additionally, we found that participants were less likely to attribute the employment of kin to effort and ability. These first two studies suggest that nepotism is perceived as the employment of kin, regardless of competence.

2.3   Study 3

The vignette approach used in the previous studies is useful for examining topics that are sensitive and difficult to manipulate. However, it is also criticized for its lack of realism (Aguinis & Bradley, 2014). We, therefore, opted for a more realistic approach for Studies 3 and 4. In both Studies, participants were organizational employees who were asked to judge the employment of a specific person within their own organization.

Both studies were conducted in Indonesia, which is relevant because it has been suggested that although nepotism is universal, its manifestation is to some extent influenced by cultural values (Wated & Sanchez, 2012). Indeed, collectivism among Ecuadorian managers was found to be associated with their tolerance toward the practice of nepotism (Wated & Sanchez, 2015). Thus, given the greater prevalence (and tolerance) of nepotism in collectivistic cultures the current Indonesian studies may be seen as a conservative test of the current hypotheses.

In Indonesia, nepotism became an important public issue during the Indonesian reformation movement in 1998 (Robertson-Snape, 1999). Since then, nepotism is considered a violation of the Indonesian

constitution (Republic of Indonesia Law Number 28 Year 1999). However, whereas the majority of Indonesians view nepotism as undesirable (Melano, 2017), it remains commonplace in Indonesian politics and businesses. For example, the political reign of the Banten province is firmly in the hands of the Atut family (Ratu Atut is a former Governor), where Atut's relatives (e.g., son, mother, sisters, cousins, etc.) occupy various strategic political and business positions (Shatiri, 2013).

The primary aim of Study 3 was to replicate our previous findings in this more realistic context. Guided by the previous studies, we further hypothesized that participants would primarily view the employment of kin (as compared to non-kin) as more unfair in terms of procedural fairness (Hypothesis 4). The low perception of procedural fairness would lead to the perception that the employment of kin is also unfair in terms of distributive fairness (Hypothesis 5).

Method

Participants

Participants were 228 employees (109 men, 119 women, $M_{age} = 27.68$, $SD_{age} = 8.11$) of 10 different organizations in Indonesia. They were assigned to a 2 (Kinship: no kin vs. kin) $\times$ 2 (Competence: low vs. high) between-subjects design. They were given a lunch package as compensation for their participation.

Procedure

In general, we approached participants during their lunch-break in their office restaurant. In some cases, participants requested to make an appointment at a restaurant outside of their office. Participants completed the study individually. We asked participants to think about a real person who worked in their organization. The target person had to be someone who did not have (*no kin*) or did have (*kin*) a relative in an executive or influential position in that same organization. The target should also be someone that they view as incompetent or under-qualified (*low competence*) or as competent and qualified, though not overqualified (*high competence*). To ensure that participants followed our instructions, we asked them to write a brief description of the target

person. Inspection of the descriptions showed that all participants had correctly understood and followed the instructions.

Measures

Unless otherwise indicated, all answers were assessed on 6-point scales (*1 = not at all* to *6 = very much*). Scales were made by averaging the items. We measured *perceived competence* the same way as in Studies 1 and 2, but added 5 items (10 items; e.g., "skillful", "incapable" [R]; α = .91).[6] We assessed *distributive fairness* (α = .83) and *procedural fairness* (α = .83) using the same items as in Study 2. Upon finishing, participants were thanked, debriefed, and given a lunch package.

Results

Unless otherwise indicated, all scales were analyzed in separate ANOVA's with Kinship and Competence as independent variables. Unless relevant, only significant effects are reported. Relevant interactions were explored with simple-effects analyses. An overview of means and effect sizes is presented in Table 2.4.

Table 2.4. Overview of means and effects in Study 3

Kinship			Competence		
No kin	Kin	η^2	Low	High	η^2
Perceived competence					
4.27	4.32	.001	3.61	4.95	.513
(0.99)	(0.89)		(0.76)	(0.54)	
[4.09, 4.46]	[4.15, 4.48]		[3.47, 3.75]	[4.85, 5.05]	
Distributive fairness					
4.18	3.88	.002	3.27	4.76	.187
(1.15)	(1.12)		(0.91)	(0.83)	
[3.96, 4.39]	[3.67, 4.09]		[3.09, 3.44]	[4.61, 4.91]	
Procedural fairness					
4.18	3.80	.026	3.59	4.38	.000
(0.84)	(0.90)		(0.84)	(0.76)	
[4.02, 4.34]	[3.63, 3.96]		[3.43, 3.74]	[4.24, 4.51]	

Note: Standard deviations in parentheses, 95% confidence intervals in square brackets.

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[6] We added the five additional items to assess whether participants in the kin condition were ambivalent in their rating of the target person's competence. Inspection of the data did not suggest any ambivalence.

Perceived Competence

Confirming the effectiveness of the competence manipulation, the target was perceived as more competent in the high competence condition than in the low competence condition, $F(1, 225) = 239.22$, $p < .001$. Kinship did not affect perceived competence, $F(1, 225) = 0.54$, $p = .462$. The interaction was also non-significant, $F(1, 225) = 1.83$, $p = .177$.

Distributive and Procedural Fairness

As in Study 2, distributive and procedural fairness were highly correlated ($r = .62$, $p < .001$). Therefore, we included procedural fairness as a covariate when analyzing distributive fairness, and distributive fairness as a covariate when analyzing procedural fairness. Consistent with Study 2, participants in the high competence condition viewed the target's employment as more distributively fair than participants in the low competence condition, $F(1, 224) = 91.63$, $p < .001$. Kinship did not affect distributive fairness, $F(1, 224) = 0.52$, $p = .469$. The interaction between Kinship and Competence was marginally-significant, $F(1, 224) = 3.61$, $p = .059$. Further examination revealed that the effect of Kinship was not significant in the low competence condition ($M_{No\ kin} = 3.34$, $SD_{No\ kin} = 0.88$, $M_{Kin} = 3.19$, $SD_{Kin} = 0.94$), $F(1, 224) = 0.63$, $p = .430$, and marginally-significant in the high competence condition ($M_{No\ kin} = 4.95$, $SD_{No\ kin} = 0.77$, $M_{Kin} = 4.56$, $SD_{Kin} = 0.84$), $F(1, 224) = 3.56$, $p = .061$. Thus, in line with Study 2, Hypothesis 3 was not supported: participants did not exclusively view the employment of low competence kin as more distributively unfair than the employment of high competence kin.

Consistent with Study 2, and supporting Hypothesis 4, participants in the no kin condition were more likely to view the procedure by which the target person was employed as fair than participants in the kin condition, $F(1, 224) = 7.81$, $p = .006$. The effect of competence on procedural fairness was not significant, $F(1, 224) = 1.40$, $p = .238$. The interaction between Kinship and Competence on procedural fairness was significant, $F(1, 224) = 4.34$, $p = .038$. Further testing revealed that the effect of Kinship was significant in the low competence condition ($M_{No\ kin} = 3.85$, $SD_{No\ kin} = 0.83$, $M_{Kin} = 3.33$, $SD_{Kin} = 0.76$), $F(1, 224) = 11.79$, $p = .001$, but not in the high competence condition ($M_{No\ kin} = 4.49$, $SD_{No\ kin} = 0.73$, $M_{Kin} = 4.26$, $SD_{Kin} = 0.78$), $F(1, 224) = 0.27$, $p = .602$.

This means that the employment of low competence kin was seen as less procedurally fair than that of a low competence no kin, but the employment of high competence kin was seen as equally fair as the employment of high competence no kin.

Finally, we conducted a mediation analysis the same way as in Study 2. The indirect effect of kinship on distributive fairness via procedural fairness was significant (boot indirect effect -.27; 95%CI: -.466, -.122). Consistent with Study 2, and supporting Hypothesis 5, participants evaluated the employment of kin as less distributively fair than the employment of no kin, because the employment of kin was seen as less procedurally fair than the employment of no kin. We also checked whether distributive fairness mediated the effect of condition on procedural fairness. The results indicated that this was not the case (*boot indirect effect* = -0.07, 95%CI: -0.219, 0.081).

Discussion

Using a realistic setting in which organizational employees responded to nepotism in their own organization, the results from this third study are generally consistent with those from the previous studies. Supporting Hypothesis 4, organizational employees evaluated the employment of kin within their organization primarily in terms of procedural fairness. The employment of kin was seen as less procedurally fair than the employment of no kin. The results also provided support for Hypothesis 5, demonstrating that perceptions of procedural fairness seeped through to perceptions of distributive fairness.

2.4   Study 4

Nepotism is often seen as similar to *cronyism*, which refers to a reciprocal exchange transaction based on a shared social network (e.g., friendships, schools, fraternities; (Khatri et al., 2006). Whereas social networks are considered a form of social capital that could enhance individuals' success in their occupation, the use of social contacts to obtain a job is often viewed as undesirable, both in Western and Eastern societies (Ainley et al., 2012; Flap & Boxman, 2017). The aim of the fourth study in this paper was to disentangle perceptions of nepotism from perceptions of cronyism.

Although both nepotism and cronyism involve the use of social capital for personal advancement (Jones & Stout, 2015), successful inclusion in a network of cronies and the resulting social capital is determined by individuals' effort and social competence (Lans et al., 2015). The involvement of effort and social competence may lead people to believe cronyism is more acceptable than nepotism. Moreover, 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 could benefit them. For example, people may perceive a manager's favoring of friends (i.e., cronyism) as a sign that the manager is a good reciprocator worthy of social investment for a future social exchange. We thus expected people would perceive the hiring of a friend as procedurally fairer than the hiring of kin (Hypothesis 4).

Method

Participants

Participants were 204 (97 men, 107 women, $M_{age} = 29.05$, $SD_{age} = 9.47$) employees of 18 different organizations in Indonesia. They were randomly assigned to the six conditions of a 3 (Relationship: kin vs. crony vs. stranger) × 2 (Competence: low vs. high) between-subjects design.

Procedure

The procedure was similar to that of Study 3. To manipulate Relationship, participants in the *kin* condition and those in the *stranger* condition were instructed the same way as those in the kin and no kin conditions of Study 3. Participants in the *crony* condition were instructed to think of a target person in their organization who had a friendship relation with someone in a prominent position, before getting employed in their organization. Competence was manipulated the same way as in Study 3.

Measures

We measured *perceived competence* ($\alpha = .92$), *distributive fairness* ($\alpha = .86$) and *procedural fairness* ($\alpha = .80$) using the same items as in Study 3.

Results

Unless otherwise indicated, all scales were analyzed in separate ANOVA's with Relationship and Competence as independent variables. Unless relevant, we reported only significant effects. Relevant interactions were explored with simple-effects analyses. Relevant means and statistical information are presented in Table 2.5.

Perceived Competence

Confirming the effectiveness of the competence manipulation, participants in the high competence condition perceived the target as

Table 2.5. Overview of means and effects in Study 4

	Relationship				Competence		
Stranger	Friend	Family	η^2		Low	High	η^2
Perceived competence							
4.25	4.26	4.31	.003		3.59	4.86	.046
(0.91)	(0.95)	(1.08)			(0.69)	(0.72)	
[4.02, 4.47]	[4.13, 4.4]	[4.04, 4.58]			[3.45, 3.73]	[4.73, 5]	
Distributive fairness							
3.92	3.99	3.92	.003		3.38	4.54	.051
(1.14)	(1.12)	(1.20)			(0.88)	(1.02)	
[3.64, 4.2]	[3.84, 4.14]	[3.61, 4.22]			[3.2, 3.56]	[4.34, 4.73]	
Procedural fairness							
3.95	3.8	3.44	.024		3.54	4.03	.001
(0.95)	(0.84)	(0.77)			(0.79)	(0.83)	
[3.72, 4.18]	[3.68, 3.91]	[3.24, 3.63]			[3.38, 3.69]	[3.87, 4.19]	

Note: Standard deviations in parentheses, 95% confidence intervals in square brackets.

more competent than participants in the low competence condition, $F(1, 198) = 180.14$, $p < .001$. The effect of Relationship on perceived competence was not significant, $F(2, 198) = 0.85$, $p = .431$. As in Study 2, the interaction between Relationship and Competence was significant, $F(2, 198) = 4.17$, $p = .017$. The effect of Relationship on perceived competence was marginal in the low competence condition ($M_{Stranger} = 3.67$, $SD_{Stranger} = 0.85$, $M_{Crony} = 3.61$, $SD_{Crony} = 0.63$, $M_{Kin} = 3.25$, $SD_{Kin} = 0.71$), $F(2, 198) = 2.80$, $p = .063$, and not significant in the high competence condition ($M_{Stranger} = 4.68$, $SD_{Stranger} = 0.81$, $M_{Crony} = 4.95$, $SD_{Crony} = 0.61$, $M_{Kin} = 5.00$, $SD_{Kin} = 0.69$), $F(2, 198) = 2.07$, $p = .129$.

Distributive and Procedural Fairness

As in the previous studies, distributive and procedural fairness were correlated ($r = .66$, $p < .001$). We included procedural fairness as a covariate when analyzing distributive fairness, and distributive fairness as a covariate when analyzing procedural fairness. A graphical representation of procedural fairness is presented in Figure 2.2, and distributive fairness in Figure 2.3.

Competence had a significant effect on perceptions of distributive fairness, $F(1, 196) = 51.75$, $p < .001$. Participants in the low competence condition perceived the employment of the target as less distributively fair than participants in the high competence condition. The effect of Relationship was marginally significant, $F(2, 196) = 3.04$, $p = .050$.
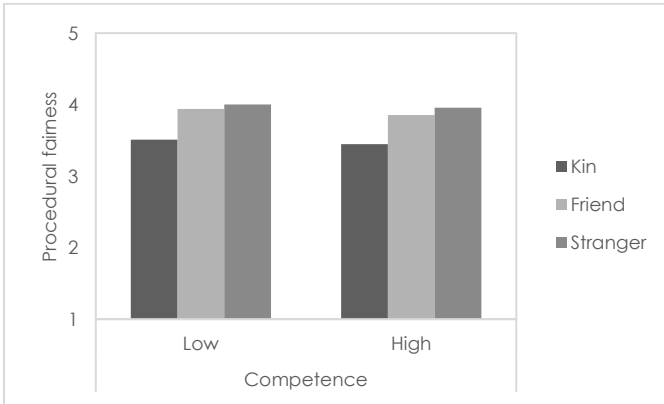

Figure 2.2. Procedural fairness across conditions in Study 4

Multiple comparisons using Sidak posthoc tests showed that the evaluation of distributive fairness did not differ between the kin and crony conditions ($p = .923$), and the crony and stranger conditions ($p = .166$). The difference between participants in the kin and stranger conditions was marginal ($p = .067$). The employment of a stranger was seen as somewhat more unfair than the employment of kin. The

interaction between Relationship and Competence was not significant, again, indicating no support for Hypothesis 3, $F(2, 196) = 1.55$, p = .215.

Supporting Hypothesis 4, Relationship had a significant main effect on procedural fairness, $F(2, 196) = 12.26, p < .001$. Multiple comparison using Sidak showed that participants in the kin condition evaluated the employment of the target person as less procedurally fair than participants in the crony ($p < .001$) and stranger ($p < .001$) conditions. Participants in the crony and stranger conditions did not differ in their evaluation of procedural fairness ($p = .793$). Competence did not affect procedural fairness, $F(1, 196) = 0.45$, $p = .502$. Relationship and Competence did not interact, $F(2, 196) = 0.01$, $p = .985$.
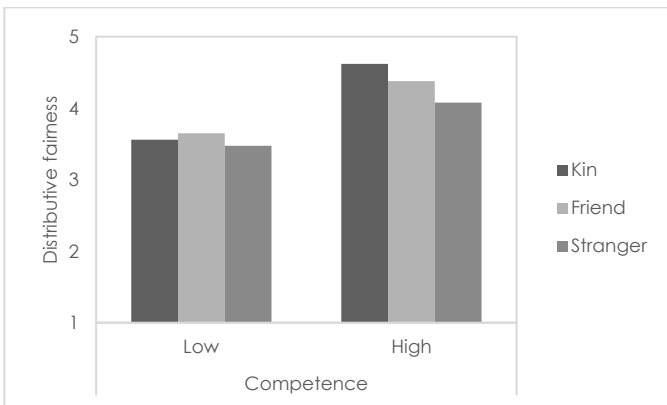

Figure 2.3. Distributive fairness across conditions in Study 4

We tested whether procedural fairness mediated the effect of Relationship on distributive fairness. Since Relationship comprised three categories, we created dummies for the kin and crony conditions, with the stranger condition treated as a point of reference. We then created the interaction terms (Kin × Competence, Crony × Competence). We subsequently conducted the mediation analysis the same way as in the previous studies but adding Crony and the interaction terms as covariates. Supporting Hypothesis 5, participants evaluated the

employment of kin as less distributively fair than the employment of no kin, because the employment of kin was seen as less procedurally fair than the employment of no kin, boot indirect effect -.55, 95%CI = -.910 to -.254. We also tested the indirect effect of Crony on distributive fairness via procedural fairness, substituting 'Kin' with 'Crony' in the previous analysis. The boot indirect effect of Crony to distributive fairness via procedural fairness was not significant, boot indirect effect .03, 95%CI = -.286 to .335. Finally, we tested whether distributive fairness mediated the effect of kinship on procedural fairness. The results showed that this was not the case (*boot indirect effect* -0.03, 95%CI: -0.203, 0.143).

Discussion

In line with Hypothesis 4, participants evaluated nepotism as procedurally more unfair than cronyism and the employment of strangers. Interestingly, whereas cronyism is generally thought of as equally unfair as nepotism, the current results indicate that the employment of cronies was seen as less procedurally unfair than the employment of kin, and equally fair to the employment of strangers. We also found further support for Hypothesis 5 by showing that the reason participants perceived the employment of kin as distributively unfair was because they perceived it as procedurally unfair. All in all, Study 4 demonstrated the unique effect of nepotism on employees' perceptions of fairness.

2.5   Study 5

The aim of the fifth study was to examine the impact of perceived nepotism on a behavioral outcome, namely potential job seekers' preference to join an organization perceived as nepotistic. The study was conducted among master's students from three reputable universities in the same region in the Republic of Indonesia. We refer to these as university A, B, and C. In this region, the general qualification for a teaching position at a university is a master's degree. Since participants (university students) were potential candidates to apply for such positions in the future, we asked them about their preference to apply for teaching positions at university A, B, and C. University A is known as the most prestigious in the region, but it is also regarded as the most

nepotistic compared to the other two universities. Considering (Gilliland, 1993) model of perceived fairness of selection system, perceived nepotism among job applicants may reduce an organization's access to the job seekers pool. This means that participants would have a greater preference to apply for a position at universities B and C compared to university A, despite university A's higher prestige (Hypothesis 6).

We also included additional measures to explore the relationship between perceived nepotism and trust in the organization, as well as perceived organizational citizenship behaviors and counterproductive behaviors. The previous studies already showed that perceived nepotism is detrimental because people assume that the organization violates important principles of procedural fairness, which could negatively impact feelings of trust and perceptions of organizational climate (Wong et al., 2006).

Method

Participants

Participants were 176 master's students from three universities in Medan, North Sumatera, Indonesia. As 13 participants had too many missing or unanswered responses, their data were not included in further analyses. The final sample comprised 163 master's students (112 women, 48 men, 3 did not indicate their gender, $M_{Age} = 27.27$, $SD_{Age} = 6.58$). They participated in exchange for a small package containing a pen, notebook, snack, and soft-drink worth appr. 2 Euros. Some participants were approached in their classroom, and some were approached privately by appointments. They all completed the study individually.

Procedure

After obtaining their consent, participants examined three job announcements from three different universities. The three universities are existing universities and each participant was enrolled in one of them. We will refer to the universities as university A, university B, and university C. The job announcements differed in their layout and specific wording to ensure a realistic appearance, but all advertised a teaching position that was open to candidates with a (soon to be

obtained) master's degree, irrespective of their specific subject or area of expertise (a type of advertising common in the region). The link between a specific advertisement and a specific university was randomized. University A is generally considered to be the more nepotistic university, compared to the other two universities.

Measures

After reading the three job-announcements, participants were asked to complete a questionnaire. The degree of *perceived nepotism* of each of the three universities was assessed using five items (e.g., "Family members of prominent officials are top priorities for hire in this university"; $\alpha_{university\ A}$ = .91, $\alpha_{university\ B}$ = .87, $\alpha_{university\ C}$ = .85; 1 = *not at all agree* - 5 = *very much agree*). Participants' expectation of the three universities degree of *secretiveness* was assessed using 5 items taken from Rawlins (2008: e.g., "Provides information that is intentionally written in a way to make it difficult to understand"; $\alpha_{university\ A}$ = .75, $\alpha_{university\ B}$ = .75, $\alpha_{university\ C}$ = .77; 1 = *not at all agree* - 5 = *very much agree*). Participants' expected *organizational citizenship behaviors* among employees of the three universities was assessed using 10 items taken from Spector et al. (2010: e.g., "Take time to advise, coach, or mentor a co-worker"; $\alpha_{university\ A}$ = .86, $\alpha_{university\ B}$ = .86, $\alpha_{university\ C}$ = .88; 1 = *never* - 5 = *everyday*). Participants' expected *counterproductive behaviors* among employees of the three universities were assessed using 10 items taken from Spector et al. (2010: e.g., "Purposely wasted your employer's materials/supplies"; $\alpha_{university\ A}$ = .92, $\alpha_{university\ B}$ = .90, $\alpha_{university\ C}$ = .87; 1 = *never* - 5 = *everyday*). Participants' *trust* in the three universities was assessed using four items adapted from Nyhan and Marlowe (1997: e.g., "My level of confidence that this organization will treat me fairly is..."; $\alpha_{university\ A}$ = .81, $\alpha_{university\ B}$ = .77, $\alpha_{university\ C}$ = .81; 1 = ; *nearly 0* - 5 = *near 100%*). How participants rated their *own competence* to apply for a job at each university was assessed with 3 items (e.g., "Competent for the position?", "Qualified for the position?"; $\alpha_{university\ A}$ = .90, $\alpha_{university\ B}$ = .90, $\alpha_{university\ C}$ = .91; 1 = *not at all* - 5 = *very much*).

Subsequently, participants rank-ordered the three universities in terms of nepotism (*Nepotism ranking*: 1 = *highest importance of kinship*, 2 = *middle importance of kinship*, 3 = *lowest importance of kinship*) and reputation (*Reputation ranking*: 1 = *highest reputation*, 2 =

middle reputation, 3 = *lowest reputation*). Finally, participants' *job-application preference* was assessed with one item ("If these three universities all announce a job opening at the same time and you can only apply for one of them, which organization will you apply for?"; "*university A*", "*university B*", or "*university C*"). On completion, participants were thanked, debriefed, and given their compensation.

Results

Nepotism and Reputation Ranking

In terms of nepotism, Friedman's test showed that participants ranked the three universities in a unique pattern, $\chi^2(2) = 31.67$, $p < .001$. A Wilcoxon signed-rank test showed that participants ranked university A as more nepotistic than both university B ($Z = -3.62$, $p < .001$) and university C ($Z = -5.10$, $p < .001$), and they ranked university B as more nepotistic than university C ($Z = -2.16$, $p = .031$). The median ranking was 1 for university A, 2 for university B, and 3 for university C. These results showed that, in line with general perceptions in the region, participants viewed university A as the most nepotistic university compared to the other two universities.

The next analysis was about whether participants considered university A as the highest in terms of reputation compared to the other two universities. A Friedman test showed that participants ranked the three universities in a unique pattern, $\chi^2(2) = 135.99$, $p < .001$. A Wilcoxon signed-rank test showed that university A was ranked as more prestigious than both university B ($Z = -5.78$, $p < .001$) and that university C ($Z = -7.67$, $p < .001$), and university B was ranked as more prestigious than university C ($Z = -5.45$, $p < .001$). The median ranking was 1 for university A, 2 for university B, and 3 for university C. These results showed that participants considered university A as the most prestigious university compared to the other two universities.

Perceptions and Expectations of the Three Universities

In addition to ranking the universities in terms of nepotism we next analyzed the items assessing in a more continuous manner how nepotistic a university was perceived to be. A repeated-measures ANOVA showed that participants perceived university A as more nepotistic ($M = 3.00$, $SD = 1.01$) than university B ($M = 2.93$, $SD = 0.95$)
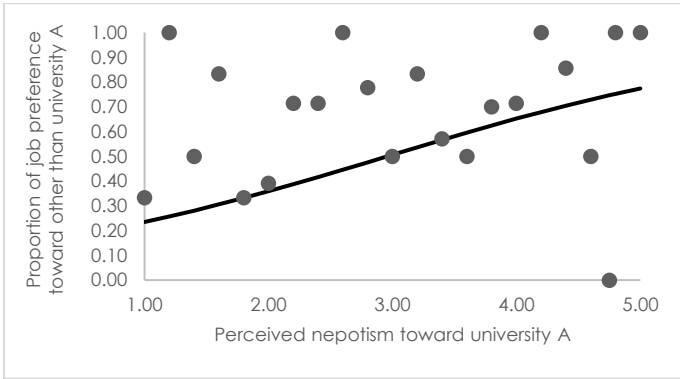
Figure 2.4. Job preference for a university other than university A as a function of perceived nepotism at university A

and university C ($M = 2.88$, $SD = 0.87$), although the difference was just marginally significant, $F(1.59, 251.52) = 2.46$, $p = .097$. This means that, although university A was ranked as the most nepotistic university, participants' perceived nepotism at this university was only slightly higher than the other two universities. Participants' expected organizational citizenship behaviors, counterproductive behaviors, trust, and perceived own competence to apply for a job at the three universities were all not significantly different across the three universities (see supplementary materials).

Preference to Apply for a Position at University A

Participants' preference to apply for a job at university A was analyzed through multinomial regression analysis in which perceived nepotism at university A was entered as predictor and preference for applying at university A was treated as the point of reference, while controlling for participants' perceived own competence for a position at university A as well as their current university affiliation (University A as reference point). The final model fitted the data well, *-2 Log likelihood* = 241.36, χ^2 (8) = 79.78, $p < .001$. The effect of perceived nepotism at University A on participants' preference to apply for a job to this university was significant, *-2 log likelihood of reduced model* = 250.39, χ^2 (2) = 9.03,

$p = .011$. Specifically, higher perceived nepotism at university A was associated with a higher likelihood for participants to prefer applying for a job at university B compared university A, $B = 0.55$, $SE = 2.53$, $Wald = 4.77$, $exp(B) = 1.64$, $p = .029$. Perceived nepotism at university A was also associated with a higher preference to apply for a job at university C than university A, $B = 0.64$, $SE = 0.24$, $Wald = 7.40$, $exp(B) = 1.90$, $p = .007$. A graphical representation of participants' preference for university A is presented in Figure 2.4.

The effect of participants' current university affiliation was also significant, *-2 log likelihood of reduced model* $= 307. 61$, $\chi^2 (4) = 66.25$, $p < .001$. Specifically, relative to master's students from university A, master's students from university B, $B = 4.29$, $SE = 0.72$, $Wald = 35.27$, $exp(B) = 73.00$, $p < .001$, and master's students from university C, $B = 2.10$, $SE = 0.59$, $exp(B) = 8.20$, $p < .001$, were more likely to apply for a job at university B than university A. Relative to master's students from university A, master's students from university B, $B = 1.50$, $SE = 0.75$, $Wald = 3.97$, $exp(B) = 4.48$, $p = .046$, and master's students form university C, $B = 1.27$, $SE = 0.49$, $Wald = 6.92$, $exp(B) = 3.62$, $p = .009$, were also more likely to apply for a job at university C than university A. The effect of perceived own competence to apply for a job at university A was not significant, -2 log likelihood of reduced model = 245.57, $\chi2 (2) = 4.20$, $p = .123$.

All in all, although participants ranked university A as the most prestigious university, perceived nepotism at university A reduced their preference to apply for a job at this university. This effect was significant while controlling for participants' tendency to favor the university they were currently affiliated with, as well as their perceived own qualification for a job at university A.

Preference to Apply for a Job at University B

We repeated the previous analysis, substituting perceived nepotism and perceived own competence with those regarding university B. The final model fitted the data well, *-2 log likelihood* $= 235.64$, $\chi^2 (8) = 79.62$, $p < .001$. The effect of participants' current university affiliation, *-2 log likelihood of reduced model* $= 292.84$, $\chi^2(4) = 57.83$, $p < .001$, and perceived own competence to apply for a job at university B, *-2 log likelihood of reduced model* $= 247.98$, $\chi^2 (2) = 12.34$, $p = .002$, were

Table 2.6. Within-university correlations in Study 6

	University A					University B					University C				
	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
1 Perceived nepotism															
2 Secretive	.35**					.24**					.25**				
3 Organizational citizenship behaviors	-.19*	-.12				-.16*	-.16*				-.17	-.26**			
4 Counterproductive work behaviors	.24**	.27**	-.07			.26**	.20*	-.03			.30**	0.13	.024		
5 Trust toward organization	-.44**	-.09	.27**	-.29**		-.37**	-.16	.25**	-.36**		-.19*	-.18*	.22**	-.37**	
6 Perceived own-competence	-.25**	-.15	.22**	-.13	.44**	-.31**	-.12	.12	-.09	.42**	-.13	-.02	.18*	-.11	.47**

significant. However, the effect of perceived nepotism at university B was not significant, *-2 log likelihood of reduced model* = 239.96, χ^2 (2) = 4.32, p = .115.

Preference to Apply for a Job at University C

We repeated the previous analysis for university C. The final model fitted the data well, *-2 log likelihood* = 248.29, χ^2 (8) = 67.42, $p < .001$. However, only the effect of participants' current university affiliation was significant, *-2 log likelihood of reduced model* = 313.70, $\chi^2(4)$ = 65.41, $p < .001$. The effects of perceived nepotism at university C, *-2 log likelihood of reduced model* = 251.36, $\chi^2(2)$ = 3.07, p = .216, and perceived own competence to apply for a job at university C, *-2 log likelihood of reduced model* = 249.15, $\chi^2(2)$ = 0.85, p = .653, were not significant.

Within-University Correlations

As shown in Table 2.6, for each university, there was a consistent pattern showing that the more participants perceived the university to be nepotistic, the more they evaluated that university as secretive, and as having lower levels of organizational citizenship behaviors and higher levels of counterproductive work behaviors among its employees. Higher levels of perceived nepotism at each university was also associated with lower trust in that university.

Discussion

This study showed that the management of perceived nepotism is not only important among current employees of an organization but also among potential job seekers. Specifically, we showed that even though participants considered university A as the most prestigious compared to two other universities, their perception of nepotism at university A made them more inclined to apply for a job at either university B or C. The effect of perceived nepotism at university A on participants' preference for university B or C was significant regardless of their tendency to favor their current university, or their perceived own competence or qualification to be admitted to university A. This means that, although participants considered themselves as qualified at any of the universities and viewed university A as the most prestigious one, participants' perception of nepotism at university A steered their preference to one of the other two universities.

This study also showed that high perceived nepotism was associated with a more negative perception of the organization's climate—specifically the belief that members of the university display low levels of organizational citizenship behaviors and high levels of counterproductive behaviors. Perceived nepotism was also associated with a decrease in trust in the organization, and an increased perception that the organization was secretive. All in all, the findings from this study send a strong signal that perceptions of nepotism at an organization can have detrimental consequences for that organization's ability to attract qualified and motivated personnel.

2.6 General Discussion

Although the employment of family members within an organization is generally viewed as unfair, unethical, and unprofessional, such employment practices are commonplace (Bellow, 2003). The current research addressed what lay people see as nepotism, as well as what it is about nepotism that they consider unfair. Opposition to nepotism is often made based on the meritocracy ideal that a job position should be occupied by the most competent or qualified individual. However, using both WEIRD and non-WEIRD samples (Henrich et al., 2010), different methods and different settings, we consistently observed that, regardless

of competence, participants construed the employment of kin as nepotism. Importantly, nepotism was perceived primarily as *procedurally* unfair, with distributive unfairness as a *consequence* of the unfair procedure. We also found that nepotism was perceived as fundamentally more unfair than cronyism. Finally, we provided clear evidence that perceived nepotism at an organization can impede the organization in attracting highly qualified job applicants.

By assuming that employment procedures are made to ensure that job positions are filled by the most qualified candidates, people may directly suspect that the employment of incompetent kin is a violation of employment procedures. On the surface, it would appear that such suspicions could be put at ease by clearly communicating the kin's relevant qualifications, suggesting that organizations can safely maintain nepotism in their policies as long as the beneficiaries are (seen to be) qualified. However, decision-makers' neutrality and bias suppression are crucial in shaping organizational members' perception of procedural fairness (Leventhal, 1980). In line with the in-group favoritism literature (Everett et al., 2015), participants may remain suspicious even about the employment of competent kin because they believe that the family members of this competent kin were still acting discriminatory way towards other candidates without family ties in the organization.

The fact that our participants viewed nepotism as a procedurally unfair practice of employment has certain implications. Previous correlational research showed that employees who perceived high nepotism at their organization were less likely to be satisfied with their job, less committed to their organization, more likely to quit their job, and more likely to tell negative stories about their organization to outsiders (Arasli et al., 2006). Since these elements of organizational ineffectiveness are all affected by procedural fairness (Lambert et al., 2007; Loi et al., 2006), the present studies provide an explanation about why the perception of nepotism could be harmful to organizations and their members. That is, the employment of kin raises employees' perception that they are being treated in procedurally unfair ways by the authorities of their organizations.

Nepotism is often considered comparable to cronyism (Khatri et al., 2006), but the results of the present research suggest that participants

evaluated the two forms of employment very differently. Study 4 showed that participants viewed the employment of kin as procedurally more unfair than the employment of cronies and strangers, whereas the employment of cronies was rated similar to the employment of strangers. The difference between nepotism and cronyism may appear because the social capital required for cronyism is attained through effort and social competence, whereas in the case of nepotism the social capital is attained by birth. The involvement of social competence in cronyism means that cronyism contains a stronger element of meritocracy than nepotism.

Previous research using hypothetical situations showed that people tend to automatically stigmatize beneficiaries of nepotism as less competent (Darioly & Riggio, 2014; Padgett & Morris, 2005). Although we replicate this effect again here in the case of hypothetical situations (Studies 1 and 2) we did not find it when participants drew from real cases (Studies 3 and 4). A reason for why kin information overshadowed competence information in the hypothetical situations is that in these situations people have limited information about the targets, and may have to come to a judgement on the basis of a heuristic or the value-connotations attached to kin hiring. That is, based on that kin hiring is often seen as nepotism, something that has negative value connotations, this may had led to an overall negative judgement of the target person, including a negative judgement about his or her competence. In real life, however, people can draw from real experiences providing a stronger foundation for a more accurate assessment the competence of workers with relatives in their organization, relatively independent of the stereotypes about nepotism more generally. The fact that kinship primarily influenced participants' perceptions of procedural fairness (but not perceived competence) in Studies 3 and 4 is in line with the idea that people regard the hiring of kin as upsetting not because the relatives would be incompetent, but because of biases in favor of the relatives in the recruitment process.

Limitations and Suggestions for Future Research

The current studies are not without limitations. First, studies 1 and 2 assumed that people perceive a generally highly competent individual (e.g., measured with items such as "competitive", "independent") as more qualified for a job than a low competent person. It should be noted

however, that a person who is generally competent does not necessarily qualify for *all* kinds of jobs (e.g., specific skills or qualifications might still be required). We dealt with this limitation in Studies 3 and 4 by asking participants to think about the target's qualification for the job as part of the manipulation. This allowed them to focus on what *they* believed to be relevant characteristics that make a person competent for a job or not. However, it might be fruitful for further research to ensure that the relationship between competence and qualification is clear - for example, by assessing perceived qualification in addition to perceived competence.

Secondly, Studies 1 and 2 involved hypothetical situations which allowed optimal experimental control but may have somewhat gone at the expense of realism. Therefore, in Studies 3 and 4, we asked participants to recall real situations about real coworkers to manipulate competence and kinship. Although more realistic, this may have somewhat gone at the expense of full experimental control, as it implies the possibility that the individuals recalled by participants may represent a potentially biased pool of targets. Thus, the best way to view the results of the present research is by considering them as a package, where the limitation of a certain study in terms of realism or full experimental control is compensated for by another study, and vice versa. Combining the results from both hypothetical and realistic approaches enables us to focus on consistent findings across different settings and approaches. Importantly, the main findings regarding the influence of perceived nepotism on fairness judgements are consistent across the different paradigms.

Thirdly, the present research so far focused only on the negative side of nepotism. Some authors have reasoned that nepotism can provide some benefit for organizations. As pointed out by (Jaskiewicz et al., 2013), generalized social exchange, trust, and reciprocity are key ingredients of successful organizations that tends to be pre-established among family members. Family working hand in hand in organizations may also expedite intergenerational transmission regarding their organizations' long-term view and continuity (Nicholson, 2008). Future empirical research may focus on such positive aspects of nepotism to further find the point in which organizations can reap the benefit of nepotism while keeping its negative effects at bay.

Practical Implications

The present studies highlight the danger of perceived nepotism in organizations. The emphasis on *perceived* nepotism means that, whereas an organization may not actually be nepotistic, it is still prone to the problem associated with nepotism if members of the organizations perceive it in such a way. It is thus imperative for organizations to manage their employees' perception of nepotism. A blunt way to achieve this aim is to fully dismiss the practice of hiring family members. However, such strict policies may end up discriminating people based on their family membership (Jones & Stout, 2015). For example, men are generally expected to be the primary earner for their family (Tinsley et al., 2015). For this reason, generalized anti-nepotism policies have been shown to affect women (spouses of male employees) more often than men (Gutman, 2012), because they are often the ones to leave their job so that their spouses can retain theirs. Dismissing any practice of hiring family members may also limit the organization's access to qualified and motivated personnel.

The present research illustrates the centrality of procedural concerns in refuting hiring of family members within an organization. For this reason, we support the notion that perceived nepotism may be managed by implementing employment procedures that warrant that decisions are free from bias (Riggio & Saggi, 2015). For example, organizations can enforce a clear policy against family members taking any part in—or otherwise influencing—the hiring decisions concerning their relatives. Another approach is by implementing anonymous hiring procedures (Åslund & Skans, 2012). This approach let recruiters make their decisions by focusing on candidates' qualification while being blind to any relevant relationships between the candidates and the organization. Finally, it may also be fruitful to increase the transparency of recruitment processes. A transparent organization provides interested employees with the information needed to understand what is being decided, why, and where (Drew et al., 2004). With such information, interested employees are given the basis to question (or confirm) the legitimacy of hiring decisions. Indeed, organizations that publicize their criteria for hiring and promotions are seen as more transparent, which can result in stronger perceptions of procedural fairness among their employees (García-Izquierdo et al., 2012).