

# Preferential Treatment: An Empirical Study in Education Sector of Pakistan

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## Abstract

This paper aims to investigate impact of preferential treatment (Nepotism and favoritism) on job satisfaction and turnover intentions of employees. Using convenient sampling technique, data was collected from 200 academic staff of various private universities through self-administered questionnaire. Correlation and Regression analysis has been employed to analyze hypotheses. Results revealed that there is negative impact of nepotism over job satisfaction and turnover intentions of employees. It has been also concluded that with increase in favoritism, there is upward trend in job satisfaction and employee's turnover intentions. Preferential treatment is generally accepted in Pakistani society so less variance has been observed in job satisfaction and turnover intentions of employees in presence of preferential treatment.

**Keywords:** Preferential treatment, Job satisfaction, turnover intentions, Education Sector, Private Universities.

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## Introduction

Personal likings and preferences have very critical impact over the induction process in developing countries. Earlier, this dilemma was observed in public sectors but with the passage of time it has penetrated into private sector as well. In developed countries, performance of public organizations is high as compared to those in developing countries because of their induction on merit.

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Public sectors institutes are not only generating low profits but also some are running in loss. Public sector institutes are providing jobs along with long term benefits with consistent pressure for creation of job in future. But during process of hiring there is favoritism and interference by providing quota to elected public representative in these departments. There is open door for corruption by ignoring merit practices and professionalism.

Higher management of any organization has been found making use of nepotism and cronyism. Favoritism exists at every level in organizations. When, on the basis of personal biasness someone is given favor it is called favoritism. Nepotism gives raise of conflict of interest. It is a behavior which provides unearned income to a relative or somebody from family connections in a corrupt way Nepotism was first time defined as nepotism in Italian history. This word was used for the popes who conferred privilege to their relatives. Family is united through cultural logic but emotions and material factors cannot be separated from it. It has practical profit. There is a clear line between management and workforce in large organizations but this line takes shape with profits in family run businesses.

Job satisfaction is dependent upon response about various parameters relevant to job like salary, management and responsibilities. There may be optimistic response for one parameter but pessimistic against other parameter of job. Employees play very critical role in the success of any organization. Performance of an organization is dependent upon efficiency of its employees. When an organization is operating at its optimum level it means there is high level of job satisfaction among its workers. Thus, job satisfaction not only affects performance of employees but also has negative impact on progress of organization.

## **Literature Review**

### *Preferential Treatment*

Preferential treatment is a form of corruption that appears in the political decision making. When an opportunity is granted to some individuals in an organization, it is not for direct financial interest. Non-pecuniary factors like blood relation have high probability to influence decision making process. All such non-financial, personal-interest based practices come in the domain of preferential treatment. Preferential treatment is given upon fulfillment of certain conditions like college or university fellow, worked in same organization etc. substituting universal standard of management (Kayabaşı, 2005).

Preferential treatment is dependent on the relationship between organization and individual who gives honored treatment or who gets privileged treatment. On the basis of relationship, it has been categorized into three type i.e. favoritism, nepotism and cronyism.

Nepotism refers to abuse of office in support of family members. While in presence of favoritism, favor is given to friends and acquaintances in the domain of career, employment and decision about staff. Cronyism refers to the preferential treatment of

friends who are inclined towards same political ideas rather than shared skills, competencies or success (Arasli & Tumer, 2008; Khatri & Tsang, 2003).

### *Nepotism and Favoritism*

Favoritism is very common and reduces cost of induction process in organization. It is not taken as illegal activity so people are often seen making use without any consideration. Favoritism has three types-nepotism, cronyism and patronage. Favoritism, nepotism and cronyism result in conflict of interest and leads to the disappointment among employees (Kwon, 2005; D. Özler & Buyukarslan, 2011).

Nepotism is about giving preference to relatives who may or may not have blood relations, on the basis of competency, knowledge, talent and capacity. Nepotism is not only harmful to the performance of employees but it also affects organization indirectly. It has almost equal role in both hiring and firing of employees in any organization.

There are two main reasons for existence of nepotism in any organization-cost of induction process and management control. Organizations in developing countries follow nepotism in order to decrease their cost of hiring process. Founders of the organizations keep control in their hands by providing training to their children to manage their family business and by appointing people on the basis of nepotism and cronyism. Lack of confidence is also a cause of nepotism. There is a fear that strangers might disclose business secrets and family issue outside. Employees of organizations do not perform at optimum level because they are disappointed owing to presence of nepotism. In order to get maximum output, management must ensure induction on the basis of merit, knowledge and talent (Altındağ, 2016; Kiechel, 1984).

Nepotism also provides advantage in market when there is high competition. Large families have more chances for success in competitive markets. The origin of nepotism is natural instinct, which is known as elected behavior at social ecology. Nepotism has been created from Latin word "Nepos". In English, nepo means nephew (Altındağ, 2016; Ford & McLaughlin, 1985; Jaskiewicz, Uhlenbruck, Balkin, & Reay, 2013; Kiechel, 1984).

When nepotism brings conflict of interest, homogeneity and legal complications it is treated as inefficient otherwise efficient nepotism. It has been categorized as classic and modern nepotism. Classic nepotism occurs when people find jobs for their relatives but their relatives do not have required expertise and qualification. Classic nepotism promotes hereditary values than merit. Modern nepotism is concerned with the style of doing job. Modern nepotism is concerned with selection of a competent person among relatives. Prominent and distinguished people in their organizations are well qualified and known expertise in their field. These people have trend of modern nepotism. Thus, they always select person who are capable to perform at certain position. If their selected candidate does not perform well it will bring shame for them. Hence, education and expertise level are also cause of nepotism. Optional nepotism occurs when an individual decides to accept a job in the organization although he/she strongly believes that it is a personal choice and desired career path. On the Other hand, mandatory nepotism occurs when an individual accepts a job that is forced to accept it based on the kinship ties or nepotism.

This kind of nepotism largely reflects the classic nepotism (Bellow, 2004; Conway, 2004; Fishwick, 2004; Stout, 2006).

### *Job Satisfaction*

Job satisfaction is an emotional state which comes from the judgment of one's job or experiences. It is defined as an extent to which one is satisfied with his/her job. Spector's job satisfaction model is based on parameters like appreciation, communication, coworkers, fringe benefits, job conditions, nature of work, organization itself, organizational policies and procedures, personal growth, promotion opportunities, and supervision (Locke, Fitzpatrick, & White, 1983; Spector, 1997).

There are two types of factors which have strong impact over job satisfaction i.e. intrinsic factors and extrinsic factors. Intrinsic factors constitutes of recognition, career growth and appreciation. Extrinsic factors cover working environment, salary and job security. There is research evidences about significant influence of personality and organizational involvement over job satisfaction. Employees are always interested in decision making and shows special concern for induction process. Communication has been observed as strong predictor of job satisfaction (Scott, Swortzel, & Taylor, 2005; Wesolowski & Mossholder, 1997; Yousef, 2000).

Job satisfaction is considered as positive and negative attitudes of employees towards their job and working environment. Negative association between job satisfaction and turnover rate has been investigated. But no strong and consistent research evidences are available about relationship of job satisfaction and organizational commitment (Ketchand & Strawser, 2001; Pool, 1997; Testa, 2001; Yousef, 2000).

### *Employee's Turnover*

This paper has investigated turnover intention as turnover rate of employees in education department. Turnover rate is equal to the rate at which employees are losing their jobs in organization. Turnover intention covers the questions "how many years did an employee spend with organization". Turnover is considered detrimental and fruitless. There are research evidences about negative impact of nepotism over job satisfaction and turnover intentions of employees. Researchers also conclude that there is inverse relationship between job satisfaction and turnover intention (Arasli & Tumer, 2008; DeConinck & Stilwell, 2004; Hayajenh, Maghrabi, & Al-Dabbagh, 1994).

There are also evidences about positive association of nepotism with turnover intentions. Various factors such as job satisfaction, organizational commitment, and poor organizational environment have been observed contributing to the turnover intentions of employees. Organizational corruptions like nepotism, favoritism and cronyism have also negative influence over the level of turnover intentions of employees Research exhibit that when nepotism is deeply embedded in an organization, it has adverse effect on turnover intention. Organizations are bearing high cost associated with turnover rate of employees (Arasli & Tumer, 2008; Masdek, Rozana, Abdul Aziz, & Awang, 2011; Shamsuzzoha & Shumon, 2007).

Favoritism is very common in Pakistani culture. Under current economic scenario, market is not favorable for investment so market is very congested from perspective of both public and private sector. Thus, favorite people are selected during recruitment and for promotion. Qualified and skilled workers remain deprived from getting suitable job which results in low motivation among employees and low performance at organization level. There are research evidences about presence of nepotism in small organizations of developing countries. Nepotism is a strategy used to expel and force employees to leave organization. Nepotism has negative impact over the turnover rate of employees. Nepotism in an organization realizes its presence in the form of horizontal and vertical nepotism. Horizontal nepotism is found between business counterparts, friends and peers while vertical nepotism is present between superior and subordinates. Vertical nepotism is dependent upon sub-ordinate-superior loyalty (Arasli & Tumer, 2008; AYDOGAN, 2012; Farahmand, 2013; Keles, Özkan, & Bezirci, 2011; Khatri & Tsang, 2003; D. Özler & Buyukarslan, 2011).

Favoritism, nepotism and cronyism constitute of preferential treatment in some way. These preferential treatments eat away rights of talented workers. In presence of preferential treatment there is no criteria for appointment. During induction process, organizations must validate compatibility of candidates to the nature of job considering his/her educational background, skills and experience. Organizations will lose its objectivity if it inducts employees in absence of certain criteria. There is very disturbing environments when employees work under incompetent person who joined under preferential treatment. Presence of difference between contribution and profit rate repels employees to think about quitting. These circumstances create lack of trust which results in negative influence over job satisfaction, organizational commitment and individual output. Human resource department of any organization is unable to perform its duties independently under such conditions (Farahmand, 2013; Hayajenh et al., 1994).

Employees have very less chances for promotion in the presence of a privileged worker. Thus, nepotism and cronyism give rise of unfair competition, which lowers job satisfaction and initiates turnover intentions. This organizational evil spirit results in conflicts between generations and reduces organizational commitment and increases turnover of high qualified professionals and experts. From the perspective of promotion, nepotism and favoritism have negative impact over job satisfaction and turnover intention. (Arasli, Bavik, & Ekiz, 2006; Asunakutlu & Avcı, 2009; H. Özler, Özler, & Gümüştekin, 2007).

### **Gap Analysis**

After extensive literature review, it was concluded that a lot of research work has been conducted to analyze influence of favoritism, nepotism and cronyism over job satisfaction and turnover intentions in banking, family business and hotel industry but no evidence is available from the perspective of the higher education's institutes in developing countries like Pakistan. This study has investigated role of preferential treatment from two dimensions i.e. nepotism and favoritism.

## Research Questions

1. Whether preferential treatment affects job satisfaction and turnover intentions or not?
2. Have favoritism and nepotism significant influence over job satisfaction and turnover intentions or not?

## Hypotheses Development

*H<sub>1</sub>: Nepotism causes significant reduction in job satisfaction.*

*H<sub>2</sub>: Favoritism causes significant reduction in job satisfaction.*

*H<sub>3</sub>: Nepotism enhances turnover intentions of employees.*

*H<sub>4</sub>: Favoritism enhances turnover intentions of employees.*

## Research Methodology

### *Research Design*

Pearson's Correlations and Regressions analysis has been employed to test the hypothesis in this study.

### *Instrument Development*

Scale already employed in various research papers have been employed to measure preferential treatment, job satisfaction and turnover intentions of employees. A pilot study was conducted to check the reliability analysis of these scales through Cronbach's Alpha value.

### Preferential treatment (Nepotism and Favoritism)

Preferential treatment (Nepotism and Favoritism) has been measured by employing 10-item scale of Abdalla, Maghrabi, and Raggad (1998). Cronbach's Alpha of 05-items scale of nepotism is 0.801. Cronbach's Alpha for 05-items scale of Favoritism is .646

### Turnover Intentions

Turnover intentions of employees was measured by 04-items scale developed by Mobley, Horner, and Hollingsworth (1978) on five degree assessments. 04-items scale of turnover Intentions has 0.924 as Cronbach's Alpha value

### Job Satisfaction

Job satisfaction has been measured using 09 items scale developed by Weiss, Davis, England, and Lofquist (1967). Cronbach's Alpha value of job satisfaction is 0.601.

### *Population and Sampling*

Populations of this study are employees of all private sector universities. These universities are located in the territory of Punjab. Only Academic staff of private sector universities has been taken into consideration for research purpose. Self-administered questionnaire has been floated at the email address of 483 employees. Google Docs has been employed to create an online link of survey form.

### *Sampling Technique*

Convenient sampling technique has been engaged in order to collect data. Academic staff of Comsat Institute of Information Technology Attock Campus, Bahria University Islamabad Campus, IQRA University Karachi Campus and Foundation University Rawalpindi has been contacted through their email addresses. Response rate in this study is 73%.

## **Data Analysis**

### *Correlation Analysis*

Table 1 Pearson Correlations

	Nepotism	Favoritism	Job Satisfaction	Turnover Intention
Nepotism	1	.10	-.245**	0.275**
Favoritism		1	-.149*	0.253**
Job Satisfaction			1	-0.001
Turnover Intention				1
**. Correlation is significant at the 0.01 level (2-tailed).				
*. Correlation is significant at the 0.05 level (2-tailed).				

Table 1 correlations analysis shows that there is inverse relationship between nepotism and job satisfaction but positive relationship is present between nepotism and turnover intentions of employees in education sector of Pakistan. Favoritism has negative influence over job satisfaction but direct impact over turnover intentions.

## Regression Analysis

Table 2 Regression Analysis

Relationship	R Square	B	Stand. Error	T	Sign.
Nepotism> Job Satisfaction	0.060	0.193	0.05	-3.51	0.000
Favoritism> Job Satisfaction	0.022	-0.213	-0.14	-2.21	0.035
Nepotism>Turnover Intentions	0.075	0.322	0.08	4.02	0.000
Favoritism>Turnover Intentions	0.064	0.537	0.14	3.67	0.000

From table 2 regression analysis, it is clear that presence of nepotism has negative impact over job satisfaction of employees with  $\beta = -0.193$ ,  $R\ Square = 0.060$ ,  $p - value = 0.00 < 0.05$ . Hence, 1H1 is accepted. There is evidence about negative influence of favoritism over job satisfaction with  $\beta = -0.213$ ,  $R - square = 0.022$ ,  $p - value = 0.035 < 0.05$ . Thus, 2H1 is accepted. There is explicit indication that preferential treatment has significant influence over job satisfaction.

Referring to table 2, Regression analysis, Research findings exhibits direct impact of preferential treatment over turnover intentions of employees in education department although a strong stimulus is not seen. It is concluded that nepotism has significant impact over job satisfaction of employees with results  $\beta = 0.322$ ,  $R\ square = 0.075$ , and  $p - value < 0.05$ . Therefore, 3H1 is accepted. 4H1 is also accepted with results  $\beta = 0.537$ ,  $R\ square = 0.064$  and  $p - value < 0.00$ . It is concluded that with increase of favoritism, there is increase in turnover intentions of employees.

## Discussions

This study presents empirical evidence about increasing trend of turnover intentions and decrease in job satisfaction of employees owing to presence of preferential treatment in education sector of Pakistan. When employees perceive working environment to be unfair, it increases dissatisfaction and hindrance. Under such circumstances, level of loyalty and job involvement goes down. It results in absenteeism and turnover of employees. Results of this study are similar to research conducted by Arasli et al. (2006) and Arasli and Tumer (2008).

In Pakistani society, preferential treatment is generally accepted and not considered as moral or professional problem. There is general perception in mind of people that you cannot get job without using power of your family and friends. After graduation, people look to their relatives and friends for job hunting. Therefore, departments are found full of kin ties and large involvement of nepotism and favoritism is observed. That might be the reason behind small variance in job satisfaction and turnover intentions of employees in education department. Ultimately, performance level of public sector organizations has been spoiled badly and these organizations are no more generating profit.



## **Conclusions, Future Directions**

### *Conclusions*

Norms, ethics, culture, practice and law does not allow or control the presence of relatives within faculty of same universities. Presence of high competition among universities itself works as antidote to preferential treatment (Nepotism and Favoritism).low level of competition among universities leads to the greater presence of preferential treatment which will ultimately challenge legislative and regulatory authority. Thus preferential treatment results in discrimination and biased to the freedom of individuals.

Higher productivity of employees is always not concerned with dedication and capability but also connected to the preferential treatment. Individuals get advantage when they are being told about certain openings, being asked to take part in specific activities and have access to inside information. Under the umbrella of nepotism, equal or greater output by relatives has been observed in organizations. Preferential treatment in area out of the domain of promotion decisions and induction process has been found increasing efficiency of employees.

When loyalty and kinship to higher management is considered characteristic for a potential candidate how will institution come out of the patrimonial state? There is no “one size fits all” solution to all factors associated with preferential treatment in any institutes. Different approaches are needed to bring reforms under so called meritocracy in higher institutes of educations in Pakistan. Reformers must adapt themselves to the social settings of each institute but vigilantly observe dynamic forces against their agenda and put forward some incentives to convince higher management.

### *Future Directions*

This study has only analyzed two dimensions of preferential treatment i.e. nepotism and favoritism. Future research can be steered to take into account Cronyism along with other two. A comparative analysis of different countries can be directed to investigate role of culture and ethical values from the vista of preferential treatment. A research study may be conducted to investigate gain of preferential treatments from the perspective of business owners.

Current research has been conducted only in private sector universities of Pakistan. With more time and funds, it can be extended to both public and private sector universities of Pakistan in order to get richer picture and cover generalization problem.

Future research may be conducted to present more reliable and strong results with larger sample size and in different sectors like banks, telecom and health. Personality and other individual parameters like job stress, organizational trust and internal motivation can be considered to investigate relationship with preferential treatment.

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