

NEPOTISM, FAVOURITISM, CRONYISM, ORGANIZATIONAL TRUST AND ORGANIZATIONAL COMMITMENT IN PRIVATE BANK EMPLOYEES

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ABSTRACT

The study was conducted to find out the determinants of organizational trust and organizational commitment among male employees of private sector banks. Correlational research was used to study the impact of nepotism-favouritism and cronyism. A sample of 155 male employees was taken from the private sector banks. A scale on Nepotism-favouritism and Cronyism, Organizational Commitment and Organizational Trust (Demaj, 2012) was used. It was hypothesized that there would be significant negative relationship among nepotism-favouritism, cronyism, organizational trust and organizational commitment. Data were analysed using Pearson product moment correlation and regression. Results of study revealed that nepotism-favouritism was positively correlated with organizational commitment ($r = .28^{**}$, $p < .01$). Linear regression showed 8% variance in organizational commitment accounted by predictor variables; nepotism-favouritism. Results of the study are contradictory with previous literature and implications are discussed in detail.

Keywords: nepotism, favouritism, cronyism, organizational trust, organizational commitment, private bank employees.

INTRODUCTION

Unethical and unprofessional practices have caused inexplicable damage to global economy by mainly effecting service sectors. What was considered illegal or misconduct earlier has now become a legal phenomenon. Unethical and unprofessional practices are present in Pakistan like any other part of the world and it is damaging public and private sectors every-day. Unfortunately, Pakistani society is not taking any action against it but instead accepting and approving misconduct. In Pakistan, banking industry is growing day by day and is considered as one of the most important service department in the country as it has a critical role in the economy of the country. It also plays a critical role in providing financial assistance to various industries of Pakistan ("Consequences of Nepotism", 2014). According to an article, published in dawn newspaper, Pakistan has changed the

standard idea of nepotism into a prominent and productive business. A few specialists depict standard nepotism as an organic impulse (Khan, 2012).

Nepotism is derived from a Latin word Nepos which means nephew. While nepotism is blood relation, cousin or relative (Keles, Ozkan & Bezirci 2011; Wated & Sanchez, 2015). The term cronyism is broader as compared to nepotism. Cronyism is comprised of relationships that are dynamic and can have many reasons e.g. friendship, political views, citizenship, personal loyalty, ethnic groups or self-interests (Jones & Stout, 2015). If an employer takes his decision on the basis of that somebody have same religion, or somebody worked in same organization or someone is relative, or belong to same political party can cultivate nepotism, favoritism and

cronyism in an organization. Similarly root causes like social comparisons and biasness over appearance also plays an important role in cultivating these malpractices (Asunakutlu & Avcı, 2010; Aydogan 2008; Aydogan, 2009; Choi, 2011; Gyimah-Boadi, 2000; Harrington & Lee, 2015; Hoy & Tarter, 2004).

According to Harvard Business Review (2013), organizational trust and organizational commitment have number of enemies and the second top enemy is Inconsistent standards. By inconsistent standards they mean, when a manager or company plays favorites, or when an employee is given more benefits than others or when a manager is ready to bend the rules for a friend but not for other employees.

Lack of confidence that appears in such negative environment decreases job satisfaction and organizational trust. It causes tension and immense stress for employees that makes them believe that they are no longer valued in their own organization which results in low level of commitment and trust. Therefore, it is important to study these variables.

If favors are given to relatives or friends then there will be high level of commitment and high level of performance. Many researches indicated that there is a positive relationship between committed employees and employee performance which guarantees organization's success in future. In addition, employees that show high level of commitment are those who are willing to stay with organization advancing its goals and they are not willing to quit. Hence, employee retention is seen to be highest with all forms of commitment. Therefore, this shows that strong connections have positive impact on commitment and negative effect on turnover in an organization. Similarly, organizational commitment focuses on employee's association with to his or her organization (Nehmeh, 2009).

To analyze the relationship between nepotism, favoritism and cronyism with organizational commitment, a study was conducted by Sadozai, Zaman, Marri and Ramay in (2012) in Pakistan. Their targeted population was Public sectors of Pakistan (PIA, Railways and Steel Mill etc.). After analyzing the data through SPSS, they highlighted that nepotism, favoritism and cronyism were positively associated with job satisfaction which includes Better pay structure, high level of commitment, organizational trust, High volume of leaves, Flexible working days/hours, Low work

load and High perks and privileges in public sector organizations of Pakistan. They justified their results by giving an explanation, according to which, Pakistani society accepts and approves of the favoritism and nepotism.

On the contrary, Researches indicated that nepotism has a negative impact on organizational commitment that increases turnover rate (Hayajenh, 1994). Some empirical researches reported a negative and significant association between organizational commitment and turnover intentions (Shore & Martin, 1989).

In line with above mentioned studies, recently another research was conducted on the impact of nepotism, favoritism and cronyism on job satisfaction by Nadeem, Ahmad, Ahmad, Batool and Shafique (2015) in Pakistan. After analyzing the data through SPSS, they highlighted that nepotism, favoritism and cronyism were negatively associated with job satisfaction and it had negative impact on the worker's competence, morale, productivity, performance, trust and loyalty etc. not only in public sector organizations but also in the private sector organizations.

Trust can be effected by Manager's actions and believes. Therefore, it's important for managers to act fairly while making decisions for employees. Many researchers agree that for employees' well-being and organizational stability, it's necessary to maintain a trust level between employees-employees, employee-managers and employees-organization (Creed & Miles, 1996). Meanwhile, a study conducted by demaj (2012) indicated that Perceived nepotism- favoritism have a negative effect on organizational trust which highlights the significance of applying fair policies rather than malpractices. While, perceived cronyism has a moderate negative effect on organizational trust. In addition, organizational trust has considerable direct positive effect on organizational commitment.

Literature gaps

Gjinovci (2016) conducted a research to investigate the effect of nepotism and corruption on the economy and Human resource. The research was based on mixed method (quantitative and qualitative research designs). They used questionnaires and conduct interviews. The sample was based on following criteria; publications and literature on nepotism in Kosovo and publications and literature on corruption in

Kosovo. After the analysis, results indicated that almost entire public sector of Kosovo was victim of nepotism. Society did not show any resistant. Researcher could call public sectors as “camp of uncle and aunties, brother and sisters”. The consequences of such practice were severe. It caused unemployment, corruption, unfair system and malpractices. There was negative relationship between nepotism and general employee’s performance in firm owned by uncles and aunties which resulted in lack of confidence, lower trust level, lack of commitment, poor performance, high level of absenteeism and high level of counterproductive behavior. On the other hand, there was a positive relationship between nepotism and performance of family members which indicated high level of trust, loyalty, high level of efficiency and high level of employee satisfaction. Shabbir and Siddique (2017) conducted a research based on the effect of elements of preferential treatment on organizational performance with a strong moderator of religiosity. The main aim of the research was to explore the effect of Nepotism, Cronyism, and favoritism on organizational performance with the moderating role of religiosity. A sample consisted of 164 employees was selected from education sectors like, LUMS Islamabad Abbottabad University Sargodha etc, development sectors like, Muhammad Ali Jinnah University Karachi and banking sector like Habib Bank , Sonehri bank etc. Purposive sampling was used as a particular criteria was followed; employees who were full time involved in their jobs and who were facing such negative practices. Questionnaire technique was used to collect the data. Data was analyzed through SPSS by using different tests such as regression and correlation etc. The results showed that nepotism, cronyism and favoritism negatively effects organizational performance (damps down their skills) and decreases employee’s productivity (results in dissatisfaction, lower morale, low commitment, increases the intention to leave the job) and increases the counterproductive behaviors. While religiosity as a moderator tried to weakens the negative effect on organizational performance and boost up the productivity.

Altidang (2014) conducted a research to study the effect of nepotism on employee performance. It was a pilot study. A sample consisted of (47 managers and employees in total) was selected from telecommunication sector or logistic sectors.

Researcher chose service sector as a target population mainly because, nepotism is common in service sector. Questionnaires of 7 likert type were filled and later analyzed by SPSS software Package. Results revealed that nepotism is not directly associated with employee performance. Moreover, it was concluded that self-devotion factor/ faithfulness, loyalty or commitment, when it was measured independently from nepotism, has an effect on the employee performance in a direct and positive way.

Taşdemir, Çayırağası and Güven (2017) conducted a study based on the impact of nepotism in family business. Researchers have studied previous literature and articles based on problems caused by nepotism, family enterprises and unfair management. It will be evaluated in a conceptual and holistic framework. After analysis they found that the phenomenon” family business” is popular and very common all around the world. Family business largely dominates country’s economy. Further it revealed that, nepotism and family business cause some major issues such as; non-institutionalization, high rate of turnover, lower level of organizational commitment, lower level of efficiency and reduce life span of company. On the other hand, nepotism in family business generates huge profits and produce massive empires.

Safina (2015) conducted a research based on causes and effects of nepotism and cronyism in an organization. The study was proposed to investigate the effects and causes of nepotism and favoritism in organizations because over the last years, nepotism and favoritism have brought some serious troubles for organizations and country’s economy. Reasons behind nepotism and favoritism in organization is social, economic and political environment of Russia. Since nepotism and favoritism have strong influence on today’s organizations, Confidence level, trust level, motivation level, self-esteem level, feeling of need in an organization, feeling of empathy and the level of interpersonal credibility has gown down. In addition, it has raised the level of corruption. The researcher concluded their study by stating that nepotism and favoritism has put Russia’s economy and social development at hazard.

Rationale

Pakistan being a developing country, is facing a major problem due to preferential treatment (nepotism-favoritism and cronyism) resulting in

down fall of the economy (Hussain, 2016). Earlier, it was assumed that public sectors of Pakistan practice nepotism-favoritism but now research-based evidence is present to back this claim, suggesting that various vacancies are filled on the basis of personal liking and preferences as nepotism-favoritism and cronyism were seen to be common practices in public organizations. These practices are not only limited to public sectors but as they are also present in private organizations resulting in low performance of these organizations (Nadeem, Ahmad, Ahmad, Batool & Shafique, 2015). Therefore, this study aims to explore how these practices (preferential treatment; nepotism-favoritism and cronyism) are effecting organizational commitment and organizational trust of employees in the private sector.

Banking industry plays a vital role in supporting Pakistan's economy as it deals with all kinds of financial investment of the country. Growth of the country's economy is closely related to the safety of its banking industry. However, due to the presence of preferential treatment, banking industry is facing problems in keeping itself profound and intact in a competitive world. Due to above mentioned reasons, we selected private sector banks to analyze the impact of preferential treatment (nepotism-favoritism and cronyism) on employee's attitudes (trust) and behavior (commitment). Studying these two variables have become very important as business success is relied upon positive relationships among employees, employers and organization.

organizational commitment is important in shaping employee's intention to stay or leave the firm. Similarly, According to Harvard Business Review (2013), organizational trust and organizational commitment have number of enemies and the second top enemy is Inconsistent standards. Fair treatment helps in building high level of commitment and trust resulting in successful business. Therefore, this study aims to explore these variables with reference to preferential treatment in male employees of private sector banks in Pakistan.

As per researcher's best knowledge, there is a dearth of researches in this area in Pakistan. Previous studies have neither analyzed these variables together nor has this type of study been conducted earlier in private banks. In addition, researcher would be studying not just attitude of employees but employees' behavior too. Prior

researches were mainly related to nepotism-favoritism and its impact on job satisfaction in telecommunication (nadeem, Ahmad, Ahmad, Batool & Shafique, 2015). However, organizational trust and organizational commitment were not studied. Findings from the current study will facilitate both public and private managers in understanding what strengthens or weakens the employee's trust and commitment. This will be an important contribution in the fields of employee management and industrial and organizational psychology. Furthermore, current study extends research on the impact of nepotism-favoritism and cronyism into a new national and cultural perspective by providing with literature comprising of essential tests of generalizability of western findings into the context of a developing country.

Objectives

- To investigate the relationships among nepotism-favoritism, cronyism, organizational commitment and Organizational trust.
- To investigate the relationships of demographic variables (age, years of experience, level of education, job position, how did you get your job) with organizational commitment and organizational trust.
- To investigate the predictive strength of demographic variables (age, years of experience, level of education, job position, how did you get your job) and nepotism-favoritism, cronyism in organizational trust.
- To investigate the predictive strength of demographic variables (age, years of experience, level of education, job position, how did you get your job) and nepotism-favoritism, cronyism in organizational commitment.

Hypotheses

H1: Nepotism- favoritism, cronyism significantly negatively correlate with organizational trust and Organizational commitment.

H2: Demographic variables (age, years of experience, level of education, job position, how did you get your job) significantly correlate with organizational trust and organizational commitment.

H3: Demographic variables (age, years of experience, level of education, job position, how did you get your job), nepotism-favoritism and cronyism significantly predict organizational trust.

H4: Demographic variables (age, years of experience, level of education, job position, how did you get your job), nepotism-favoritism and cronyism significantly predict organizational commitment.

METHODOLOGY

Research Design

Correlational research design was employed to find relationships among nepotism- favoritism, cronyism, organizational trust, and organizational commitment in private bank employees.

Sample

The sample of present study comprised of 155, male bankers (N=155), the age range of the sample was between 21-45 years. A purposive sampling strategy was used to collect data. It is a type of non-

probability sampling technique in which sample is selected based on a certain criteria chosen by the researcher. Because of the working conditions and tight schedule, researcher approached the conveniently available participants to collect data (Harter, 2013).

Inclusion Criteria/ Exclusion Criteria

- Employees working only in private sector banks were included.
- Employees having minimum experience of two years within the organization were included.
- Only male employees were included.
- Employees who did not give consent were not included.

Table 1: Demographic Characteristics of the Participants (N=155)

Variables	Categories	f (%)
Age	21-25	11(7.1)
	26-30	54(34.8)
	31-35	45(29.0)
	35-40	25(16.1)
	41-45	20(12.9)
Education	Bachelor	54(34.8)
	Master degree	92(59.4)
	PHD	7(4.5)
	Other	2(1.3)
Job-Position	Subordinate	10(6.5)
	Specialist	37(23.9)
	Supervisor	41(26.5)
	Branch manager	55(35.5)
	Top management	12(7.7)
Experience with job	1-3years	46(29.7)
	4-6years	48(31.0)
	7-10years	36(23.2)
	11-15years	24(15.5)
	More than 15years	1(.6)
How did you get this job?	By experience	57(36.8)
	By education	68(43.9)
	By personal connection	30(19.4)

Note. f=frequency; %=percentage
 Variables

In this research independent variables are nepotism-favoritism and cronyism and dependent variables are organizational trust and organizational commitment.

Instruments

Following are the assessment tools used to collect data for this research. English versions of all scales were used for this research.

Demographic sheet. The demographic sheet comprised of 5 questions related to the background information of participants and the organizations they have work in was used. To be more specific, these questions were related to age, educational background, job position in current organization, duration of present job. In addition, there was a question related to how did they get that job. This question was put in the sheet so that participants could understand the nature of the entire questionnaire (See Appendix D).

Nepotism-Favoritism and Cronyism Scale. Demaj (2012) adopted 16 items from the scale originally developed by the studies of Abdalla et al. (1998) and Babin and Boles (1998) to measure the impact of nepotism-favoritism and cronyism on organizational trust and organizational commitment. Cronbach alpha reliability coefficient ($\alpha = .77$) was found which was reliable.

This scale used a 5-point Likert type ranging from 1 = strongly disagree to 5 = strongly agree. Scores were computed by summing responses across items and no reverse coding was used. A total score was the sum of responses to all items (See Appendix E).

The Organizational Commitment Scale. To measure the organizational commitment, Demaj adopted 7 items from 15 items. The scale was originally developed by Mowday, Steers, and Porter (1979). Original study showed Cronbach alpha reliability coefficient ($\alpha = .89$) for this scale. In DEMAJ study, Cronbach alpha reliability coefficient ($\alpha = .7$) was found which was reliable.

This scale used a 5-point Likert type ranging from 1 = strongly disagree to 5 = strongly agree. Scores were computed by summing responses across items and no reverse coding was used. A total score was the sum of responses to all items (See Appendix F).

Trust Inventory Survey. Organizational trust items were adopted from the Trust Inventory Survey (TIS) from the study of Daboval, Comish, and Swindle (1994). They showed Cronbach alpha reliability coefficient ($\alpha = .08$). In Demaj study, Cronbach alpha reliability coefficient ($\alpha = .85$) was found which was reliable. He adopted 6 items from the original scale in order to analyze the organizational trust. Likert-type scale was used in the questionnaire with 5 options from Strongly Disagree to Strongly Agree. No reverse coding was

used and a total score was sum of responses of all items (See Appendix G).

Ethical Considerations

- Prior permission was taken from concerned authorities to collect the data.
- Before taking consents from participants they were briefed about the important features of the research.
- Permission was sought from authors of tools. A copy of electronic conversation was attached in appendices.
- Participants were assured that confidentiality will not be breached in any case.
- The results were reported correctly.

Procedure

After the approval of topic from the Board of Studies (BOS) of the Department of Psychology, GC University Lahore, permission was taken from the authors of the scale to be used in current study and meanwhile, permission was taken from the management of private banks. The sample was collected from Private Banks in Lahore. Due to confidentiality issue researcher could not reveal the identity of these banks. NON-DISCLOSURE STATEMENT was issued to Bank "A" keeping in mind the confidentiality clause. An official email was sent by HR officer from Bank "B" to the researcher about keeping the confidentiality. 50 questionnaires were sent to Bank "A" and 43 questionnaires were retrieved with a response rate of 86%. Fifty

(50) questionnaires were sent to Bank "B" and 46 questionnaires were retrieved with a response rate of 92%. Twenty-five (25) questionnaires were sent to Bank "C" and 23 questionnaires were retrieved with a response rate of 92%. Twenty-five (25) questionnaires were sent to Bank "D" and 23 questionnaires were retrieved with a response rate of 92%. Twenty-five (25) questionnaires were sent to Bank "E" and 23 questionnaires were retrieved with a response rate of 92%. The participants were informed about the purpose of study beforehand, furthermore, participants was assured about confidentiality and was given the choice to either participate or refuse. Consent form was filled by participants (See Appendix C). 200 Participants were asked to fill questionnaire and 155 questionnaires were retrieved. The test was administered in 20-40 minutes and the scores was interpreted accordingly.

RESULTS

Inferential statistics such as Pearson Product-moment correlation was used to find out strength and direction of relationship and its significance among nepotism-favoritism, cronyism on

organizational trust and organizational commitment. Linear Regression Analysis was applied to find out the predictors of organizational commitment and organizational trust.

Table 2

Scale	k	M(SD)	α	Range		Skew	Kurtosis
				Potential	Actual		
Nepotism-Favoritism	9	27.97(5.41)	.78	9-45	9-45	.41	2.00
Cronyism	7	19.10(5.05)	.78	7-35	8-35	.45	.29
Organizational Commitment	7	25.19(5.86)	.88	7-35	7-35	-.29	.25
Organizational Trust	6	20.46(4.58)	.84	6-30	7-30	-.14	-.06

Table 2 shows reliability of Nepotism-Favoritism and Cronyism Scale, Organizational Commitment Scale and Organizational Trust Scale. Cronbach's alpha for organizational trust and organizational

commitment were very good. Cronbach's alpha for nepotism-favoritism and cronyism were good. The reliability values of the scales were good to carry out further analysis.

Table 3
Correlation Matrices for Nepotism and Favoritism, Cronyism, Organization Commitment and Organization Trust (N=155)

Variables	1	2	3	4
1.Nepotism-Favoritism	-	.46**	.28**	.02
2.Cronyism	-	-	.07	-.09
3.Organizational Commitment	-	-	-	.72**
4.Organizational Trust	-	-	-	-

Results in table 3 shows that nepotism-favoritism has a significant positive correlation with organization commitment and suggests that as nepotism-favoritism increases the organizational commitment is also likely to increase. However,

nepotism- favoritism does not correlate with organizational trust. Results also indicate that cronyism has no relationship with organization commitment and organizational trust.

Table 4
Correlation Matrices for Demographic Variables, Organization Commitment and Organization Trust (N=155)

Variables	1	2	3	4	5	6	7
1.Age	-	.26**	.32**	.42**	-.04	.14	.11
2.Education	-	-	.-	.33**	.13	.07	-.06
3.Job position	-	-	-	.16*	.03	-.00	-.04
4.Experience with in job	-	-	-	-	.05	.02	.06
5.how did you get this job	-	-	-	-	-	.00	-.09
6.Organizational commitment	-	-	-	-	-	.72**	
7.Organizational trust	-	-	-	-	-	-	

Note: * = .05, ** = .01.

Bivariate correlation analysis is computed using Pearson's product moment correlation to explore the relationship between demographic variables (age, educational background, job position in current organization, duration of present job and how did you get the job), organizational commitment and organizational trust (See Table 4).

Results in table 4 shows that demographic variables (age, educational background, job position in current organization, duration of present job and how did you get the job) have no relationship with organizational commitment and organizational trust.

Table 5

Linear Regression Analysis to Assess the Predictive Strength of Nepotism-Favoritism on Organizational Commitment (N =155)

Predictor Variable	B	SE	β	t	p
Nepotism-favoritism	.28	.08	.30	3.64	.00

Note: SE=standard error; β = standardized Beta; $p < .001$.

Linear regression analysis is conducted to predict the strength of nepotism-favoritism on organizational commitment (See Table 5).

Results of linear regression in table 5 indicates that nepotism-favoritism is significantly related with Organizational commitment, $F(1, 153) = 3.64$, $p < .05$. The value of R^2 (.08) indicates that 8 % of variance in organizational commitment is due to or accounted by nepotism- favoritism. The direction of β is positive which means increase score in nepotism-favoritism will predict increase score in organizational commitment.

DISCUSSION

The current study was conducted to investigate the relationship and predictive strength of nepotism-favoritism, cronyism with organizational commitment and organizational trust in private sector banks, Lahore, Pakistan.

Prior literature suggested negative relationship between nepotism-favoritism and organizational commitment but the results of current study indicates significant positive relationship between nepotism-favoritism and organizational commitment which illustrates that nepotism-favoritism is related to high level of commitment among employees (see Table 3).

Moreover, nepotism-favoritism also appeared to be a significant predictor of organizational commitment (See Table 5). The prominent reason behind such results can be Pakistani Culture. According to ("Pakistani Culture - Core Concepts," n.d.), Pakistan has a collectivist culture to an extent that people are deeply codependent and loyal to those who are part of inside circle. Social networks are key to daily life, as people have often had to count on themselves rather than their government for financial assistance and opportunities.

Relationships play a crucial role in performing professional, personal and social tasks. This can be explained through the idea of *wasta* (having relationship or building connection). *Wasta* can be defined as when, an individual turns to his father or friend for help rather than government institution. Such supportive system gives Pakistanis a sense of community. This is the most common support network which can be observed in Pakistani business culture. Hence, it's proved that nepotism-favoritism is positively related with organizational commitment on the basis of cultural differences.

Another important reason for the manifestation of this phenomenon in this manner can be explained by unemployment in Pakistan. According to Harvard Business Reviews (1973), low turnover does not mean that employees are satisfied with their jobs rather it could be because of tight job market/ unemployment. According to Flower and Hughes (1973), employees who are not satisfied with their jobs and supervisors but still stay at firm, have financial and family responsibilities. Furthermore, there is tight job market in the country. People are finding it difficult to get a job on merit basis due to common practice of preferential treatment in Pakistan these days (Hadzic, 2017).

Another significant reason that is influencing this phenomenon can be emotional bonding. Meyer and Herscovitch (2001), after extensive review of the previous literature hypothesized that affective commitment is developed mainly by an individual's desire to stay at firm. To be specific, they emphasized that a person becomes intrinsically motivated that is developed through an identification, association, and attachment with the larger organization's values and objectives. Similarly Hadzic (2017), explained that most of the time people make emotional decisions. For example, XYZ's friends are working in the same organization.

Furthermore, results indicated non-significant relation among cronyism, organizational commitment and organizational trust (see Table 3). In line with above mentioned results, Shabir (2017) indicated a non-significant relationship between cronyism and organizational commitment. Moreover, prior literature suggested negative relation between cronyism and organizational trust which is inconsistent with the results of current research. Researcher may

conclude that due to difference in banking sector, our data did not support the relationship between nepotism-favoritism and organizational trust.

Moreover, results indicated non-significant relation among demographic variables ("age, educational background, job position in current organization, duration of present job and how did they get the job"), organizational commitment and organizational trust which can be explained as demographic variables ("age, educational background, job position in current organization, duration of present job and how did they get the job"), have no impact on organizational commitment and organizational trust (See table 4). These results are consistent with findings of a study conducted by Bute (2011).

Among other responses participants have considered these reasons noteworthy of causing preferential treatment (nepotism-favoritism and cronyism) in banking sectors in Lahore; 59% Cultural background, 18 % corruption, 7 % political affinities, 9% lack of legal system and 16 % lack of state control. "When asked whether they have tried to apply for a job and lost it because they didn't have personal connections", 34% of participants answered Yes and 65% answered NO. When asked "whether they have ever noticed a situation in your office where a superior acted on personal preferences toward subordinates and favored one employee over another", 70% said yes and 29% said they didn't notice. Interestingly "when asked whether any of their friends got his/her job by personal connections", 67% of the respondents admitted it and only 32% said No. However, researcher may conclude that preferential treatment such as nepotism-favoritism and cronyism does exist in banking sectors of Lahore but people when it comes to them personally they don't confess being involved in such phenomena.

Conclusion

The goal of current study was to determine the impact of nepotism-favoritism and cronyism on organizational trust and organizational commitment. Pakistani Culture of a collectivistic nature might be playing an important role in such contradictory results. Social networks are being utilized to gain support whether it is personal or financial. Meanwhile, the current study has highlighted the significance of applying nepotism-favoritism in appropriate situations that might be

fruitful for both the managers and employees. The study has also highlighted that hiring employees who are kin or friend at small –family organizations are considered to be more accountable and tend to deliver more striking performances. However, this study can be very helpful for private business or small organizations in understanding the right use of nepotism-favoritism. Hence, researcher concludes that nepotism-favoritism is good for increasing employees' morale and it is the easiest way to attract and sustain devoted, dedicated and economical workforce in private business.

Limitations and suggestions

Sample comprised of only 155 male employees was taken from few private banks of Lahore therefore it is important for future researchers to increase the number of observations and to use larger sample group in order to receive more generalizable outcomes. Due to a controversial topic, employees were reluctant to fill out the questionnaire because of the anxiety they felt while responding to the questions related to preferential treatment (nepotism-favoritism and cronyism). This situation might have affected the possibility of objective and correct answers in a negative way. Current study was mainly based on quantitative research method thus employing qualitative research method can provide future researches with more reliable and dynamic results. Such results are only applicable in collectivistic culture but cannot be applied in individualistic culture. However, in future researcher may create wider perspective about different organizational culture and its' outcomes by choosing organizations with individualistic culture and family-business oriented organizations. The focus of the current study was employees' point of view thus future researcher should conduct a study from organizational perspective as well. Lastly, the concept of nepotism-favoritism and cronyism is measured as a general concept however in future researches, more specific tool should be used to examine these variables.

Implications

Despite above mentioned limitations of current study, the findings have few implications as well. Firstly, these practices can work as either motivational booster or organizational stressor and it all depends on how managers use nepotism-favoritism. Therefore, it is suggested that by applying nepotism-favoritism practices

appropriately could result in retaining and sustaining devoted and dedicated employees. Secondly, HR managers must realize that nepotism-favoritism is an organizational strategy which increases the employee performance, morale, commitment and trust on one condition that recruited person should be expert of related field. By this the researcher means, special hiring criteria can be established for the family members and friends so that other employees have feeling of equality thus resulting in high level of commitment and trust.

Data Availability statement

“Data available on request due to Privacy/ ethical Restrictions”

The data that supports the finding of this study is available on request from the corresponding author (A.A). the data is not publicly shared due to (the restrictions and non-disclosure statement signed by the authors). Data will only be available after the permission from third party

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