

THE RELATIONSHIP BETWEEN NEPOTISM AND EMPLOYEE PERFORMANCE**Cemile ŞEKER,**

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Abstract

The aim of the study is to examine the effects of nepotism on employee performance in depth. The rationale of the study is that although nepotism is a common practice in many organizations, the effects of this issue on employee performance have not been adequately investigated. In this context, the study also aims to raise awareness of the problems that nepotism can create for managers and leaders and to guide them by explaining the long-term effects of such practices on organizational performance. The results of the study will make important contributions to the literature in terms of developing strategies to cope with nepotism, creating fairer management policies in organizations and improving the performance of organizations. The method of the research is literature review. For the research, first of all, the definitions of the variables of the study were mentioned. Then, a theoretical Deconstruction explaining the relationships between the variables was created. Later, the study and the results of these variables were carefully examined and hypotheses were formed. Finally, recommendations were made to organizations based on the research results. Indexes such as Google Scholar, ScienceDirect, and Web of Science have been searched for literature review purposes. According to the research result; the relationship between nepotism and employee performance is negative.

Keywords: Organizational performance, Nepotism, Qualitative Research.

Introduction

In the context of continuous change in today's conditions, it can be argued that sustainable success and productivity are largely related to employees' performance, motivation, and organizational commitment. Therefore, organizational behavior, which examines the attitudes and behaviors of individuals and groups in the workplace, holds significant importance in the literature of social sciences. Understanding the functioning of organizations may be related to interpreting the effects of interactions among individuals within organizations, organizational culture, and management policies on employees. However, nepotism, which is considered a widespread problem in many organizations, is seen as a critical factor that negatively affects the healthy operation of these processes. This factor, considered to adversely impact organizational behavior, can pose a serious threat to the performance of organizations. The presence of nepotism in the workplace initially negatively impacts individuals and later adversely affects the economic success of the organization (Akar, 2020: 249). All these negative aspects may have a detrimental effect on employee performance.

Nepotism is a concept that refers to the consideration of family ties and closeness in recruitment and placement decisions within an organization (Akar, 2020: 241). It is often observed in family businesses or small-scale institutions. However, over time, it has found application in larger and more professional organizations in various areas. The existence of such practices can lead to a sense of inequality among employees in organizations and can also have significant negative effects on job performance and motivation. This situation can disrupt the overall functioning of the organization, as well as undermine organizational trust and employees' sense of belonging. Nepotism also has adverse effects on non-family employees in small businesses. As nepotistic practices increase, employees experience higher levels of job

stress, while job satisfaction, trust in the employer, and belief in fairness decrease. This leads to a decline in individual employee performance and an increased tendency to leave the organization (Büte - Tekarslan, 2010: 2).

Understanding the impact of nepotism on organizational behavior can contribute to making organizations more effective and efficient. Moreover, this understanding has become an increasingly important phenomenon in management science. Studies indicate that nepotism leads to a sense of injustice among employees in the organization, and this perception results in problems such as job dissatisfaction, demotivation, and, consequently, poor performance (Altıntaş, 2020; Baş, 2019). All these outcomes, including the exclusion of talented and merit-based employees due to nepotism, can lead to conflicts within the organization and a loss of productivity. Losing key personnel can harm the long-term sustainable success of the organization. In conclusion, the inability to ensure organizational justice within a company can negatively affect employee job satisfaction and commitment over time, leading to turnover and a loss of productivity. All these factors can adversely affect employee performance.

The aim of this study is to examine in-depth the effects of nepotism on employee performance. Specifically, by investigating the impact of nepotism on employee motivation, commitment, and thus performance, this study seeks to understand the potential outcomes of nepotism in organizations. Although nepotism is a commonly encountered practice in many organizations, the effects of this issue on employee performance have not been sufficiently explored. The study also aims to raise awareness among managers and leaders about the problems that nepotism may create and to provide guidance by explaining the long-term effects of such practices on organizational performance. Additionally, the study seeks to contribute to the limited number of studies that address the relationship between nepotism and employee performance. The results of the study will provide significant contributions to the literature on developing strategies for coping with nepotism, creating fairer management policies within organizations, and improving organizational performance. In this context, both theoretical and practical insights will be presented, laying a foundation for future research. The research method employed is a literature review. First, the definitions of the study's variables are provided. Then, a theoretical framework explaining the relationships between the variables is established. Subsequently, studies related to these variables and their results are meticulously examined, and hypotheses are formed. Based on the findings of the research, the hypotheses will be either accepted or rejected. Finally, recommendations for organizations will be provided based on the research results. The literature review includes databases such as Google Scholar, ScienceDirect, and Web of Science.

1. Conceptual Framework

Employee performance refers to the extent to which employees fulfill their assigned tasks and responsibilities, and the impact they have on their work and overall organizational outcomes (Bulut, 2024). Relying solely on work results to measure performance can be misleading. Performance can also be evaluated through factors such as effort demonstrated in work processes, problem-solving abilities, teamwork participation, leadership, and workplace behaviors. Additionally, employee performance may be closely related to various factors such as job satisfaction, motivation, leadership style, and organizational justice (Tekin, 2023; Aktuğ, 2016; Güngören, 2017).

Nepotism refers to the practice of promoting or hiring family members or those with close personal relationships based on connections rather than merit. Employee performance is negatively impacted by such practices. Moreover, these practices can undermine employees' sense of justice, thereby decreasing their motivation. Employees who believe their achievements will go unrecognized may exert less effort at work, as they perceive that relationships will be rewarded rather than merit. In an environment where there is a lack of

justice, employee motivation is adversely affected. The presence of nepotism fosters a sense of distrust when individuals' performances are overlooked, which weakens their commitment to the organization. As employees' commitment is negatively affected, their job performance declines. When promotions and appointments are based on personal relationships, it disrupts the social dynamics within the organization, negatively impacting team spirit and collaboration. When an employee has to work with someone who has been promoted due to family ties, their motivation decreases, directly affecting job outcomes. Practices such as nepotism can undermine the perception of organizational justice, thus negatively affecting performance processes (Aras, 2020). One of the negative impacts of nepotism on employees is social comparison. When employees observe less competent individuals being promoted or rewarded, it can reduce their organizational commitment (Festinger, 1954). Nepotism also negatively affects processes such as communication, learning, and leadership. In organizations where favoritism exists, leaders' ability to communicate effectively and motivate employees may decrease. This, in turn, negatively impacts knowledge sharing within the organization, hindering innovation processes. The effects of nepotism can lead to low job satisfaction, high turnover, and poor performance (Kaya, 2021).

Reducing the negative effects of nepotism may also be closely related to leadership styles within organizations. Leaders who adopt fair and transparent management policies can play a critical role in mitigating the adverse effects of nepotism. In this context, leadership styles that focus on employee development can minimize the negative impacts of nepotism and strengthen the perception of justice within the organization.

2. Method of the Research

The methodology of the study is based on a comprehensive literature review. Reputable databases such as Google Scholar, ScienceDirect, and Web of Science were systematically searched. During this process, keywords were carefully selected (e.g., nepotism and employee performance), inclusion and exclusion criteria were applied, and the findings were analyzed to establish a solid theoretical foundation. The steps followed and the criteria used in the literature review process, focusing on employee performance and nepotism, will be detailed in the methodology section to enhance the study's transparency and replicability.

3. Theoretical Framework

The relationship between nepotism and employee performance can be explored within the framework of various organizational behavior theories. These theories help to explain the effects of nepotism on employees, their perceptions of organizational justice, motivation levels, leadership relationships, and the social dynamics within the organization. All these factors influence employee performance. In this context, the relationship between employee performance and favoritism can be explained through the following theories.

3.1. Organizational Justice Theory

Organizational justice refers to individuals' perceptions of how decisions are made within organizations, how resources are distributed, and how they are treated by management. Practices such as nepotism can negatively affect the dimensions of organizational justice, including distributive justice (the fair distribution of outcomes), procedural justice (the fairness of decision-making processes), and interactional justice (respectful and fair treatment of employees) (Greenberg, 1987). Nepotistic practices lead employees to perceive that their performance, rather than their familial or personal ties, determines promotions, rewards, or career opportunities. As a result, employees may not take care in their work, which negatively

impacts their performance. Additionally, nepotism causes perceptions of injustice, which in turn adversely affect employee performance. Furthermore, nepotism can negatively impact employees' organizational commitment.

3.2. Social Comparison Theory

Social comparison theory refers to the process by which individuals assess their own abilities and achievements by comparing them to others (Festinger, 1954). When individuals make negative comparisons with others, this generally has a negative impact on their performance. The presence of favoritism can lead individuals to make negative conclusions in their comparisons with others. Employees who observe others being promoted based on family ties rather than merit or performance may form the perception that internal competition is unfair, leading to a diminished sense of organizational justice. Nepotism negatively affects job satisfaction, motivation, and performance. Additionally, favoritism may lead employees to devalue their own performance and lose confidence in their abilities.

3.3. Social Exchange Theory

Social exchange theory posits that relationships between individuals are based on the principle of reciprocity (Blau, 1964). The fairness and equality of management behavior within organizations may be closely related to employees' commitment to the organization. The only way to build mutual trust is through fair and equal practices. Nepotism can harm the reciprocal relationships between employees and the organization by undermining trust and loyalty. When employees perceive that management prioritizes family relationships over objective decision-making, their trust in the organization decreases. This weakened trust can lead to a decline in employees' social bonds with the organization and result in lower performance.

3.4. Transformational and Transactional Leadership Theories

Transformational leadership theory views the transformational leader as the driver of change within an organization. A transformational leader promotes organizational change by sharing a vision and motivating employees (Bass, 1985). However, nepotism can negatively affect transformational leadership by damaging employees' perceptions of fairness. If employees do not believe their leaders are acting justly, they may lose trust in them, which undermines the transformational leadership approach. On the other hand, a management approach based on a reward and punishment system is described as transactional leadership (Burns, 1978). The existence of nepotism can lead employees to perceive that reward and punishment systems are applied unfairly due to favoritism. This perception can disrupt the atmosphere of trust within the organization, leading to a decline in employee performance.

4. Relationships Between Variables

Nepotism in the workplace refers to the hiring or promotion of individuals based on familial or friendship relationships rather than on their qualifications. This phenomenon can affect employee performance by influencing various organizational variables both among employees and across the entire organization. One of the most prominent effects of nepotism is its negative impact on employee motivation. Nepotistic practices may create a sense of injustice in recruitment and promotion processes. When employees see capable colleagues being excluded due to nepotism, their motivation may decrease. Research has highlighted the negative effects of nepotism on both individual and group motivation. Job satisfaction is another important variable that can be influenced by nepotism. A sense of injustice in the workplace may reduce employees' job satisfaction. In organizations where nepotism is practiced, employees may feel that their career development is unfairly hindered. Given that job satisfaction has a significant impact on overall job performance, this issue becomes even more critical (Karaca-Aksoy,

2022). Employee commitment is also a key element that can be affected by nepotism. Hiring based on family or friendship ties may lead to feelings of alienation and exclusion among other employees. This situation can decrease employees' commitment to the organization, thus negatively impacting their performance. Literature suggests that high employee commitment is often associated with high performance, but nepotism may undermine this relationship (Büte, 2015; Cankurtaran & Tengilimoğlu, 2022).

The indirect effects of nepotism on employee performance are also noteworthy. Nepotism does not directly affect employee performance but influences it through mediators such as job satisfaction and organizational commitment (Yıldırım-Tokgöz, 2020). When employees have high job satisfaction and organizational commitment, their performance is expected to improve. Therefore, creating a positive atmosphere in the workplace is seen as key to enhancing employee performance (Demirel-Savaş, 2017).

Additionally, team dynamics can be negatively affected by nepotism. Nepotism can lead to negative emotions such as distrust and jealousy within teams, which may reduce group performance. Team cohesion is a critical factor in overall performance, and nepotism can disrupt this cohesion, leading to serious consequences (Bolat et al., 2017).

Finally, nepotism can also affect communication among employees. Information sharing and collaboration are essential factors that enhance employee performance. However, nepotism may lead to a loss of trust, as employees who perceive favoritism may feel disconnected from their colleagues. This situation can hinder the creation of an effective communication and collaboration environment within the organization.

Nepotism interacts with many dynamics in the workplace and shapes various factors that influence employee performance, both directly and indirectly. The variables explained above can help to better understand this relationship and provide a foundation for research that could contribute to the creation of fairer and more efficient working environments. To fully understand the impact of nepotism on organizations, it is essential to examine and test these variables.

4.1. The Relationship Between Nepotism and Employee Performance

Nepotism in the workplace refers to the preferential treatment given to family members or close friends in hiring, promotions, and other opportunities. The effects of nepotism in organizations can be both positive and negative. On the positive side, nepotism may lead to stronger trust and loyalty between family members, which can foster more effective communication and improve teamwork. Additionally, family members or close friends may adapt to the organizational culture and tasks more quickly, potentially enhancing their performance (Karakavuz-Çini, 2023).

However, the negative aspects of nepotism are quite evident. The perception of injustice may lead to feelings of jealousy and distrust among other employees. When capable and experienced employees feel that their chances of promotion have been reduced due to nepotism, their job satisfaction may decrease, and their likelihood of leaving the organization may increase. In environments where nepotism is prevalent, competition among employees may decrease, which can negatively impact work productivity. Furthermore, increased work stress due to perceived unfairness may also harm performance (Özmen-Kahraman, 2020; Baş, 2019).

In workplaces where nepotism is widespread, employee commitment may also be affected. Studies conducted on both public and private sector employees suggest that nepotism can negatively affect job satisfaction and organizational commitment. However, it may increase a normative commitment driven by necessity (Baş, 2019). As a result, nepotism can undermine fairness in the workplace and significantly impact employee performance and commitment.

The impact of nepotism on employee performance varies depending on the management style of the organization and the individual motivations of employees. While it may foster trust and

solidarity among family members, nepotism can also create tension by undermining perceptions of fairness. One of the positive effects of nepotism is the creation of higher trust and loyalty among family members or close friends. This can increase job satisfaction and foster strong collaboration within the organization. On the other hand, it can also lead to the exclusion of other employees or the sidelining of more qualified candidates, which may have negative consequences (Büte, 2011; İşlek, 2019).

The negative effects of nepotism generally reduce employee motivation and job satisfaction. The disruption of fairness perceptions leads to jealousy and tension among employees. In particular, favoring family members in promotion and reward processes can decrease the performance of other employees. In the long run, this can negatively affect the overall performance of the company (Kaba-Aktaş, 2018). The lack of fair and transparent performance evaluation processes reinforces these negative effects. The reduction in competition and the increase in internal conflicts may also reduce workforce productivity (Firiray et al., 2018).

To minimize the negative effects of nepotism, organizations should establish transparent hiring processes and implement fair performance evaluation systems. Providing equal opportunities for training and development allows all employees to enhance their skills. Additionally, open communication channels should be created, and employee feedback should be considered. These strategies can reduce the sense of injustice created by nepotism, improve employee performance, and create a more productive work environment (Demir, 2010; Çalık-Naktiyok, 2018). According to the results of the quantitative study conducted by Öztürk (2023), the relationship between perceived favoritism and employee performance is negative and significant. Employees with a high perception of favoritism tend to have lower performance. In workplaces where the perception of favoritism is high, motivation, commitment, and performance are negatively affected. Additionally, the mediating role of organizational justice, trust, and support is identified as a preventive factor. When the direct effect of favoritism on performance was examined, it showed a low but positive effect, which becomes negative through the mediating variables. Therefore, when the likelihood of being favored is high, there is an increase in performance; however, when someone else is favored, perceptions of trust and support are negatively affected, and this in turn negatively influences overall employee performance.

Conclusion

Nepotism in the workplace is a multifaceted phenomenon with complex effects on employee performance. While nepotism may have positive effects in certain areas, such as fostering stronger bonds and trust between family members or close friends, it also has significant negative effects. Nepotism can undermine organizational culture, employee motivation, job satisfaction, commitment, and workforce dynamics. For example, trust and solidarity among family members or close friends can increase employee job satisfaction, but this may create feelings of injustice and reduce motivation for other employees. Especially when qualified and suitable candidates are overlooked in promotion and reward processes, nepotism can lead to negative emotions such as jealousy and distrust among employees (Döner-Uyar, 2021; Elçi-Şener, 2020).

The effects of nepotism on job satisfaction and overall performance are complex. It is crucial for organizations to establish transparent and fair management processes to mitigate the negative effects of nepotism. Strong bonds and trust within family units can enhance collaboration, but excluding other employees from these processes can lead to decreased performance (Çetin, 2022). Strategies for managing nepotism should include training programs that support employee skill development and the creation of fair performance evaluation systems. In doing so, employee motivation can be increased, and the sense of fairness within the company can be strengthened.

The tensions created by nepotism in the workplace can damage the sense of justice among employees, leading to a decrease in organizational trust and an increase in turnover rates. Ensuring transparency and fairness in the workplace can positively impact employee motivation and job satisfaction (Akar, 2023; Turgut, 2022).

In conclusion, to reduce the effects of nepotism in the workplace, organizations must adopt a strong ethical understanding and implement transparent management policies. This not only enhances employee satisfaction but also positively impacts the company's long-term success and competitiveness. Avoiding the negative effects of nepotism is critical for organizations to achieve sustainable success and high employee performance. Therefore, organizations should adopt the following recommendations:

- Apply objective criteria in recruitment processes and ensure transparency to increase trust among employees.
- Define clear competency criteria in hiring and ensure that decisions are based on performance.
- Promotion, reward, and recognition processes should be based on performance and skills, not personal relationships.
- Offer training programs to raise awareness of discrimination and the consequences of nepotism.
- Provide leadership training for managers to enhance objective management skills.
- Create feedback and communication channels where employees can express concerns and defend themselves in cases of perceived injustice.
- Ensure that the human resources department works independently and impartially.
- Promote values of equality, justice, and merit in the organizational culture, as this can positively influence employee performance.

By emphasizing a fair and merit-based approach, employee performance can be positively influenced, as employees will feel they are working in an environment where they are rewarded based on their capabilities. Encouraging senior management to adopt an impartial and inclusive leadership style is crucial. Managers should be trained to make decisions independent of family or close relationships.

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