

A STUDY ON EXAMINING THE RELATIONSHIP AMONG CRONYISM, SELF-REPORTED JOB PERFORMANCE, AND ORGANIZATIONAL TRUST

Dr. Ayse Cingoz

Nevsehir Hacı Bektas Veli University
Faculty of Economics and Administrative Sciences
Department of Business Administration
Nevsehir, Turkey

Dr. H. Serkan Akilli

Nevsehir Hacı Bektas Veli University
Faculty of Economics and Administrative Sciences
Department of Public Administration
Nevsehir, Turkey

Abstract

In this study, we examine the relationship among cronyism, job performance, and organizational trust. Data were collected from local government personnel who are employed at the Municipality of Nevsehir, Turkey. 130 questionnaire forms were collected with convenience sampling. Correlation and regression analysis show that cronyism may not always lead to lower performance and cronyism may not be related to organizational trust. However, both cronyism and organizational trust is related to job performance. We believe these findings may be of interest for those who study the role of cronyism and organizational trust in public sector organizations.

Key Words: Cronyism, organizational trust, job performance

Introduction

Cronyism is a broad social phenomenon of today's business world. The concept can be defined as a general tendency to favor one person or group over others (Loewe, et al., 2007, p. 19). Perceived cronyism may adversely affect some organizational and personal outcomes when non-performance criteria are employed when employees are hired or promoted in organization. Cronyism may increase job stress and turnover intention (Erdem, Ceribas, & Karatas, 2013, p. 52). Cronyism may lead to decrease in the perception of organizational justice, organizational commitment, employee motivation, job satisfaction, job performance and may create a distrustful workplace environment (Khatri & Tsang, 2003, p. 289) (Bute, 2011, p. 138) (Turhan, 2014, p. 295). Job performance can be defined as actions specified and required by an employee's job description (Janssen & Van Yperen, 2004, p. 369). Trust refers to the level of confidence that an individual has in another individual or group (leader, co-workers, or organization as a whole in terms of organizational studies) to act in a fair, ethical, and predictable manner (Nyhan & Marlowe, 1997, p. 165). Trust has important consequences on crucial dimensions of organizational life. The purpose of this study is to examine the relationship among cronyism, job performance, and organizational trust.

Theoretical Background

Although cronyism is frequently used in the political science literature, cronyism may also occur in organizations (Turhan, 2014, p. 296). Cronyism comes from the word *crony* that originated as a piece of Cambridge University slang around the seventeenth century. *Crony* was used to refer to meaning "friend of long-standing" (Khatri & Tsang, 2003, p. 290) (Bute, 2011, p. 137). Cronyism is a kind of corruption that doesn't usually include a direct exchange of material favors. In this regard, it is different from other types of corruption (Ozler & Buyukarslan, 2011, p. 275).

Cronyism can be defined as favoritism which is shown by the superiors to their subordinate based on relationships rather than subordinates' capability or qualifications (Khatri & Tsang, 2003, p. 289). The concept expresses that unprofessional practices giving preferential treatment to friends in employment (Arasli & Tumer, 2008, p. 1237). Cronyism is more common where there are in-group and out-group bias (Ozler & Buyukarslan, 2011, p. 276). Therefore, the concept can be defined as a general tendency to favor one person or group over others based on non-performance-related factors and using the power to their advantage (Loewe, et al., 2007, p. 19) (Turhan, 2014, p. 296). Cronyism is important because of being extensive in practice (Khatri & Tsang, 2003, p. 290). Cronyism adversely affects some organizational and personal outcomes. Perception of cronyism is harmful for business climate because non-performance criteria are based on when employees are hired or promoted in organization. Cronyism lowers morale of employees (Abdalla, Maghrabi, & Raggad, 1998, p. 557) and increases job stress and turnover intention (Erdem, Ceribas, & Karatas, 2013, p. 52).

Also cronyism may lead to decrease in the perception of organizational justice, organizational commitment, job satisfaction, job performance and may create a distrustful workplace environment (Khatri & Tsang, 2003, p. 289) (Bute, 2011, p. 138) (Turhan, 2014, p. 295).

Our second variable in the study is job performance. Job performance refers to duties and tasks that differentiate one job from another (Jawahar & Carr, 2007, p. 330). Job performance can be defined as actions specified and required by an employee's job description. These sets of rules and procedures make work behavior predictable (Janssen & Van Yperen, 2004, pp. 369-370). Job performance includes behaviors that contribute to the core transformation and maintenance activities (Befort & Hattrup, 2003, p. 17). In the literature, there are findings which suggest that cronyism has a negative effect on job performance (Khatri & Tsang, 2003, p. 289) (Turhan, 2014, p. 295). When employees perceive cronyism in their organization, their performance decreases.

Third variable of this study is organizational trust. Trust is a widely studied phenomenon in multiple disciplines (such as psychology, sociology, economics, politics, or organizational studies) on multiple levels (individual, group, institutional), and about multiple focal objects (inter-personal relations, trust in leader, trust within and between organizations) (Rousseau, Sitkin, Burt, & Camerer, 1998). Accordingly, there are varying definitions and conceptualizations of trust across disciplines and within organizational studies. For example, in an effort to develop a multidisciplinary view of trust, Rousseau et al. (1998, p. 395) defines trust as "a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another". Carnevale & Wechsler (1992, p. 473) proposes a generic meaning of trust which involves "faith or confidence in the intentions or actions of a person or group, the expectation of ethical, fair, and nonthreatening behavior, and concern for the rights of others in exchange relationships". Cummings & Bromiley states that trust is "an individual's belief or a common belief among a group of individuals that another individual or group (a) makes good-faith efforts to behave in accordance with any commitments both explicit or implicit, (b) is honest in whatever negotiations preceded such commitments, and (c) does not take excessive advantage of another even when the opportunity is available". Zaheer et al. (1998, p. 143) constructs their definition on three components including reliability, predictability, and fairness and define trust as "the expectation that an actor can be relied on to fulfill obligations, will behave in a predictable manner, and will act and negotiate fairly when the possibility for opportunism is present". In a similar way, Nyhan & Marlowe (1997, p. 615) define trust as "the level of confidence that one individual has in another to act in a fair, ethical, and predictable manner". In this paper, we used Nyhan & Marlowe's (1997) definition which enables us to make a distinction between personal trust in supervisor and trust in organization as a whole. Although there is no fixed definition of trust, there is no doubt about its crucial role in organizations. From early studies (ie. Argyris, Likert, and McGregor) to recent analysis of organizational networks, direct and mediating effects of trust on important organizational outcomes and attitudes have been well documented. In relation to our study, for instance, Gould-Williams (2003, pp. 43,48) has found that systems trust was a strong predictor of self-reported performance (effort) and that interpersonal trust had a significant effect on organizational performance.

In the light of these explanations, research hypotheses are as follows:

- H1: Cronyism has a significant effect on job performance.
- H2: Organizational trust has a significant effect on job performance.
- H3: Cronyism and organizational trust has a significant effect on job performance.

Data & Methodology

The data which were used in this analysis were acquired in a survey among local government personnel who are employed in the Municipality of Nevsehir. Pre-interview was conducted and questionnaires were distributed to employees. We asked participants to fill in a questionnaire form which included a cronyism scale (16 items) which was derived from literature and tested by Erdem et.al. (2013), Nyhan & Marlowe's (1997) widely used Organizational Trust Inventory to measure the trust in leaders and systems trust, and a five-item scale borrowed from Podsakoff and MacKenzie's (1989) OCB scale to measure self-reported task performance. The items of the scales were arranged as five point Likert style items anchored on the ends by "strongly disagree" and "strongly agree". 130 usable questionnaires were returned and analyzed.

Table 1 presents descriptive statistics and correlation analysis based on the research variables. Cronbach's alpha scores for each scale exceeded 0.70 (cronyism is .963, organizational trust is .913, job performance is .905) which is an acceptable level of reliability. The mean score for employees' perception of cronyism is 3.50, which means employees perceive cronyism in their organization.

Table 1 Descriptive statistics and correlation analysis results

Variable	α	\bar{X}	SD	1	2
1. Cronyism	.963	3.50	.913		
2. Organizational Trust	.913	3.73	.672	-.162	
3. Job Performance	.905	4.10	.769	.192*	.355**

* $p < .05$, ** $p < .01$ **Findings**

According to the correlation analysis results in Table 1, there was a positive and significant relationship between organizational trust and job performance ($r = .355$, $p < 0.01$). In this respect, employees indicated higher job performance when they perceived higher trust in the organization. There was a positive relationship between cronyism and job performance. Namely, job performance of employees increases when cronyism increases ($r = -.192$, $p < 0.05$). The reason of this relation may be the fear of being fired since employees who work on contract basis has to compete with those who are favored. As a result, they may opt to perform better for protecting their jobs. On the other hand, no significant relationship was found between cronyism and organizational trust.

Table 2 Regression analysis results showing the effect of cronyism on job performance

Independent Variable	Dependent Variable Job Performance						
	B	Std. Error	Beta	t	sig.	R ²	Adjusted R ²
Cronyism	.162	.073	.192	2.219	.029	.037	.029

$F = 4.883$; * $p < .05$

In accordance with the results of the regression analysis in Table 2, the effect of cronyism on job performance is significant ($R^2 = 0.162$; $F_{(1,128)} = 4.4883$; $p < 0.05$). The value of R^2 was 0.037. This result exhibited that 3.7% of the variance in the job performance was explained by the cronyism. Hypothesis 1 was supported.

Table 3 Regression analysis results showing the effect of organizational trust on job performance

Independent Variable	Dependent Variable Job Performance						
	B	Std. Error	Beta	t	sig.	R ²	Adjusted R ²
Organizational Trust	.406	.095	.355	4.291	.000	.126	.119

$F = 18.410$; * $p < .05$

According to the results of our analysis, the relationship between the organizational trust (independent variable) and job performance (dependent variable) is statistically significant ($R^2 = .126$). Organizational trust can explain the changes on job performance on %12.6. Therefore, Hypothesis 2 indicating “Organizational trust has a significant effect on job performance” is supported. People who trust their organization have higher job performance levels. Similarly, using non-self-reported measures of job performance, Dirks & Ferrin (2002, p. 618) have found that trust in leader had a significant relationship with job performance. In a more recent study, exploiting data from the 2004 and 2011 British Workplace and Employee Relations Surveys, Brown et.al. (2014) reports a positive relationship between employee trust and workplace performance.

Table 4 Regression analysis results showing the effect of cronyism and organizational trust on job performance

Independent Variables	Dependent Variable Innovative Behavior						
	B	Std. Error	Beta	t	sig.	Tolerance Value	VIF
(Constant)	1.657	.455		3.642	.000		
1. Cronyism	.216*	.068	.256	3.160	.002	.974	1.027
2. Organizational Trust	.454*	.093	.396	4.892	.000	.974	1.027
$R^2 = 0.189$ Adjusted $R^2 = 0.177$ Durbin Watson=1.012 $F = 14.844$; * $p < .05$							

In accordance with the results of the regression analysis in Table 4, the model as a whole which attempts to explain the effect of cronyism and organizational trust on job performance is significant ($R^2 = 0.189$; $F_{(2,127)} = 14.844$; $p < 0.05$). The value of R^2 was 0.189 ($F_{(2,127)} = 14.844$). This result exhibited that 18.9% of the variance in the job performance was explained by the cronyism and organizational trust. Hypothesis 3 was supported. Between the two independent variables, organizational trust had higher level to account for the change in the job performance. The beta value of organizational trust was higher and significant when compared to cronyism ($\beta=0.454$; $p < 0.05$).

Discussion & Conclusion

In this study we examined the relationship among cronyism, job performance, and organizational trust in the context of local government personnel. Although not suitable for generalizations, the findings of the research showed that there was a significant relationship among cronyism, organizational trust and job performance. Cronyism may not always lead to lower performance as it is generally suggested in the literature. The employees may feel forced to perform better than those whom they perceive that they are being favored to protect their jobs. There does not seem to be a relationship between perceived level of cronyism and organizational trust, too. This may signify a difference between the objects (referents) of cronyism and organizational trust. However, in line with the literature, we found that both cronyism and organizational trust had significant effect on job performance. We believe these findings may be of interest for those who study the role of cronyism and organizational trust in public sector organizations.

About the authors

Ayşe CİNGÖZ has Ph.D of Management and Organization at Erciyes University, Kayseri, Turkey. She is Assistant Professor in Management and Organization at Nevşehir Hacı Bektaş Veli University. Her research areas are strategic human resource management, strategic management, organizational downsizing, and innovation management.

H. Serkan Akilli works at the Department of Public Administration at the Nevşehir Hacı Bektaş Veli University, Nevşehir, Turkey. He holds a PhD in Public Administration. His latest research interests include public policy and management, public service motivation, organizational trust in public sector organizations, and e-government policies.

References

- Abdalla, H. F., Maghrabi, A. S., & Raggad, B. G. (1998). Assessing the perceptions of human resource managers toward nepotism: A cross-cultural study. *International Journal of Manpower*, 19(8), pp. 554-570.
- Arasli, H., & Tumer, M. (2008). Nepotism, favoritism, and cronyism: A study of their effects on job stress and job satisfaction in the banking industry of North Cyprus. *Social Behavior and Personality*, 36(9), pp. 1237-1250.
- Befort, N., & Hatrup, K. (2003). Valuing task and contextual performance: Experience, job roles, and ratings of the importance of job behaviors. *Applied HRM Research*, 8(1), pp. 17-32.
- Brown, S., Gray, D., McHardy, J., & Taylor, K. (2014). *Employee trust and workplace performance*. Bonn: IZA.

- Bute, M. (2011). Effect of favouritism on employee behavior and human resources management practises: A study in Turkish public banks. *Amme İdaresi Dergisi*, 44(1), pp. 135-153.
- Carnevale, D. G., & Wechsler, B. (1992). Trust in the public sector. *Administration & Society*, 23(4), pp. 471-494.
- Dirks, K. T., & Ferrin, D. L. (2002). Trust in leadership: Meta-analytic findings and implications for research and practice. *Journal of Applied Psychology*, 87(4), pp. 611-628.
- Erdem, B., Ceribas, S., & Karatas, A. (2013). Perceived cronyism among hotel employees: A study in one, two, and three star hotels in Istanbul. *Cukurova Universitesi Journal of Faculty of Economics and Administrative Sciences*, 17(1), pp. 51-69.
- Erdem, B., Ceribas, S., & Karatas, A. (2013). The perceptions of hotel employees toward cronyism: The case of one, two, and three star hotels in Istanbul. *Cukurova University Journal of Faculty of Economics and Administrative Sciences*, 17(1), pp. 51-69.
- Gould-Williams, J. (2003). The importance of HR practices and work place trust in achieving superior performance: a study of public-sector organizations. *International Journal of Human Resource Management*, 14(1), pp. 28-54.
- Janssen, O., & Van Yperen, N. W. (2004). Employees' goal orientations, the quality of leader-member exchange, and the outcomes of job performance and job satisfaction. *Academy of Management Journal*, 47(3), pp. 368-384.
- Jawahar, I., & Carr, D. (2007). Conscientiousness and contextual performance: The compensatory effects of perceived organizational support and leader-member exchange. *Journal of Managerial Psychology*, 22(4), pp. 330-349.
- Khatri, N., & Tsang, E. W. (2003). Antecedents and consequences of cronyism in organizations. *Journal of Business Ethics*(43), pp. 289-303.
- Loewe, M., Blume, J., Schönleber, V., Seibert, S., Speer, J., & Voss, C. (2007). *The impact of favouritism on the business climate: A study on wasta in Jordan*. Bonn: Deutsches Institut für Entwicklungspolitik.
- Moorman, R. H., & Blakely, G. L. (1995). Individualism-collectivism as an individual difference predictor of organizational citizenship behavior. *Journal of Organizational Behavior*, 16, pp. 127-142.
- Nyhan, R. C., & Marlowe, H. A. (1997). Development and psychometric properties of the organizational trust inventory. *Evaluation Review*, 21(5), pp. 614-635.
- Ozler, N. D., & Buyukarslan, B. A. (2011). The overall outlook of favoritism in organizations: A literature review. *International Journal of Business and Management Studies*, 3(1), pp. 275-285.
- Rousseau, D. M., Sitkin, S. B., Burt, R. S., & Camerer, C. (1998). Not so different after all: a cross discipline view of trust. *Academy of Management Review*, 23(3), pp. 393-404.
- Turhan, M. (2014). Organizational cronyism: A scale development and validation from the perspective of teachers. *Journal of Business Ethics*(123), pp. 295-308.
- Zaheer, A., McEvily, B., & Perrone, V. (1998). Does trust matter? Exploring the effects of interorganizational and interpersonal trust on performance. *Organization Studies*, 9(2), pp. 141-159.