

EFFECTS OF NEPOTISM ON THE ETHICAL COMPETENCE AND PERFORMANCE OF PUBLIC INSTITUTIONS IN NIGERIA

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Abstract

Nepotism in the public sector has dire consequences for the effective management of public institutions and trickling down to poor service delivery to the populace, such as public water supply, public health services, and infrastructural development. This study examined the effects of nepotism on the ethical competence and performance of public institutions in Nigeria. This study adopted survey research design. Sample respondents to the survey were drawn from two public sector organisations in Lagos, Nigeria. A total of one hundred and eighty respondents participated in the survey, through purposive sampling technique. The data was analysed using Pearson's correlation analysis. The study empirically established that nepotism has effect on the ethical competence and performance of public institutions. It is suggested that in other for the Government to curb nepotism as an ethical or moral problem in Nigeria, a law should be added or passed to the labour laws to deal with nepotism in the workplace that defines the issues, and the penalty or punishment for the offender. The study has implications for institutional reforms, public policy management and human resource practices in the public sector, towards institutional and economic development of Nigeria.

Keywords: Nepotism; Ethical Competence; Performance; Public Sector; Nigeria

Introduction

The public sector in most countries is saddled with the responsibility of delivering essential public services to the populace through public institutions that are managed by departments, agencies, and ministries of government. The competence and performance of the public institutions are therefore critical to the well-being of societies and the overall human resources development of government agencies as a major employer of labour (Alabi & Sakariyau, 2013; Kinyua, 2012).

In the management of public institutions, which differs from private sector ownership and management in many countries (e.g., Nigeria), human resource practices can be easily compromised to accommodate nepotism in the process of recruitment, promotion, and training (Nyukorong, 2014). Nepotism has

been identified as a phenomenon in human resource practices (Elbaz, Haddoud, & Shehawy, 2018), taking its roots in the religious, cultural and tribal diversity and strong family networks (Firfiray, Cruz, Neacsu, & Gomez-Mejia, 2018).

Nepotism exists throughout the world and occurs in many organisations, not restricted to the public sector (Gjinovci, 2016). In Nigeria, the Federal Character Principle is a framework that provides for inclusion and diversity, but it has been abused to breed nepotistic tendencies, especially in the public sector (George, Yusuff, & Cornelius, 2017). Nepotism is also quite rampant in family-owned businesses where the owners employ family members, kinsmen and people from their communities to work in their businesses, without recourse to merit, competence and ability to perform (Uhlenbruch, Balkin & Reay, 2013; Firfiray, *et al.*, 2018). From this perspective, nepotism is a tool for perpetuating family connections at the expense of competence and performance of personnel hired to work in business organisations.

Statement of the Problem

Nepotism has become part of the unwanted culture that is being displaced every day, especially in present-day Nigeria's dispensing of political patronage. Nepotism has been classified as a type of corruption, which is the granting of special favours to relatives of the owners or managers of an institution. This is the bane of public bureaucracy (Gjinovci, 2016; Kayabase, 2005). It has been argued that due to weak institutional governance, the public sector has become a bed of nepotism, where spouses, uncles, cousins, and brothers of the top management staff are recruited to fill important positions whether they are qualified for them or not (Ziogani, 2012). To build sustainable development in the management of publicly owned institutions, the structure and governance of these institutions require that sharp human resource practices that contravene the principle of fairness, justice and equity should be checked (James, 2018; Hope, 2016). For example, over the years in Nigeria, instead of improvement in performances of the public institutions, they seemed to have declined and many have become moribund and liquidated, such as Nigerian Railways and Nigerian Telecommunications Limited (NITEL), Nigerian Airways and Nigerian Ports Authority to mention but a few.

Thus, the argument is that if nepotistic practices in public institutions goes unchecked, there will be dire consequences for the effective management of the commonwealth of the people, which will trickle down to poor public services for the populace, e.g., public water supply, public health services, infrastructural development, to mention but a few. As Africa strives for sustainable development, reduction in poverty and development of human resources, an investigation into the issue of nepotism and its effects on the

performance of public institutions is justified, with a view to challenging the status quo and improving the capacity development of public institutions. Whilst there is increasing research attention on the issues of corruption, godfatherism, and nepotism in firm management, there are existing gaps in the literature on the effects of nepotism on the effective functioning of public institutions, especially in the aspect of ethical competence and organisational performance.

Objective of the Study

On this basis, the objective of this study is to examine the effects of nepotism on ethical competence and performance of public institutions in Nigeria.

Research question: What is the effect of nepotism on the ethical competence and performance of public institutions in Nigeria?

Literature review

The term nepotism originates from the Greek word “Nepot” which means “Nephew” and from the Italian word “Nepote” which means “Son”, signifying the practice of granting employment opportunity or favours to one’s nephew or son, often without the standard employment qualification or when they do not deserve the job, and in the same organisation (Abdalla, Maghrabi, & Raggad, 1998; Gjinovci, 2016). Nepotism is a form of preferential treatment that falls flat on the face of the principle of equity and justice, which is the perceived norm in public policy administration (Büte, 2011; DeHart-Davis, 2017).

Nepotism can be deemed as an unethical practice when viewed from the perspective of having personal interest overriding the organisational interest, where the best man should get the job, based on principles of merit, competence and ability to deliver on the task (Elbaz, *et al.*, 2018; Shah, & Alotaibi, 2017). There are arguments in the literature that emphasize the advantages of nepotism. For example, Dailey and Reuschling (1980) argued that nepotism is good for family businesses, to extend the business opportunity to family members, thereby fostering positive family relationship and considering potential employees from a small pool of family members rather than a large pool of random people in the society. However, this argument cannot be sustained in public administration and the brother human resource management practices where diversity and inclusion are practiced.

In the administration of public institutions, the management board manages the day to day operations of the institution in trust for the public. Therefore, there is a need for equity, transparency, fairness, and accountability (Sarker, Bingxin, Sultana, & Prodhan, 2017). Nepotism breeds incompetence and unethical practices because the tendency is that the employed persons are not

qualified and falls short of the performance-based requirements for quality service delivery. Similarly, when the employees contravene institutional norms, they are not likely to be punished because of their close family relationship with the management. This tendency can accumulate until it becomes an impediment to the effective functioning of the institution (Okpala, 2016; Bature, & Joseph, 2018).

Ideally, when recruiting into an organisation, emphases should be given to giving the right job to the right man, based on the required qualifications, training, competence and experience garnered (McCauley & Wakefield, 2006). Where the candidate employed through the recruitment process has a relationship with the recruitment team or management team, and consideration is given to such a relationship, the recruitment process and choice of such candidate loses its objectivity and becomes an unethical issue (Nabi, Wei, & Shabbir, 2015). Within a merit-based system, nepotism may be regarded as counterproductive work behaviour when the practice runs against organisational procedures (Briggs, 2012). Scholars suggest that conflict may arise when the two worlds (business, and family) having conflicting goals collide. In this instance, while the goal of the family is to protect the interest of the business through family members, the goal of the family is to make a profit and this may be jeopardized when the family members are incompetent to deliver the business goal (Whetten, Foreman, & Dyer, 2014). Perhaps, standing against nepotistic tendencies, many organisations in the private sector have a policy that couples should not work in the same organisations or a policy that prohibits employees from being supervised by a relative working with them interdependently.

Theoretical framework

This study is anchored on Weber's theory (1947) of Bureaucracy which explains the natural tendency of man to be controlled and lacking in discipline. Weber (1947) inferred that man inherently dislikes work but wants an economic reward, suggesting the use of coercive authority to enhance performance and regulation by a set of rules, which is the basis of the Bureaucratic system of administration. By this system, large-scale administrative tasks are coordinated by a large number of persons in a systematic manner, typically seen in the public service (Salawu 2010).

Weber (1947) argued that the effectiveness of an organisation should be based on a system of legal-rational rules that are impersonal. This is consistent with the position of Arowolo (2012) that Bureaucratic ethics should be designed to regulate the behaviour of employees in institutions, devoid of people pursuing their economic gain selfishly and in an unfair manner, that nepotism typifies.

The implication of this theory is that human being due to their lazy and selfish

dispositions are likely to extend their personal empires and protect their personal interest by employing their relatives and family members into publicly owned institutions, without them possessing the right qualifications and skill-set for the jobs. By this unethical practice, inefficiency in the institutions will become widespread. This is quite rampant in the Nigerian public service, as seen from the practical evidence of the maladministration of many institutions and agencies of government.

Empirical literature

There are some studies that have examined nepotism as a phenomenon, from various perspectives. For example, Ford and McLaughlin (1986) conducted a comprehensive study on nepotism and surveyed human resource managers on their attitude towards the impact of nepotism on their jobs and their perceptions of the effectiveness of organisations allowing nepotism. The study found that over three-quarters of the responding managers agreed that nepotism complicates their jobs. The study by de Vries (1993) concluded that nepotism allows inept family members to become managers, encouraging inequitable reward systems and makes the attraction of professional managers who are knowledgeable about the job difficult.

Abdalla, *et al* (1998) assessed the perceptions of human resource managers toward nepotism through a cross-cultural study of USA and Jordan. Using quantitative research methodology, one thousand human resource managers were sampled. The results of the study showed a strong reservation against the practice of nepotism. The responses of the managers showed that the nepotism breeds lack of competence on the job and this causes damage to their firms. Okafor, Smith, and Ujah (2014) investigated the subject of kleptocracy, nepotism, kakistocracy and their impacts on corruption in Sub-Saharan African countries. The findings of the study revealed that nepotism has a negative relationship with the quality of government accounting framework and economic development of sub-African countries. Similarly, Elbaz, Haddoud, and Shehawy (2018) researched on Nepotism, employees' competencies and firm performance in the tourism sector. The findings revealed that nepotism has a direct negative influence on the competencies of employees, to execute their task.

Research Methods

This study adopted the survey research design through the use of a structured questionnaire. The population of the study involves male and female employees of the Lagos State Civil Service and the National Orthopedic Hospital, Lagos. The selection of both public institutions was informed by proximity and access to a high proportion of respondents for the generation of relevant data for the study. Two hundred employees were sampled for this

study; one hundred employees were drawn equally from the two institutions. The sampling technique for the study was purposive sampling technique, to cover middle and top-level staff, which have knowledge about the subject matter and could give an informed opinion about the practice of nepotism and its effects on employees in the public sector.

The method of data collection was a questionnaire. The questionnaire consists of Likert-scaled questions of strongly agree to strongly disagree on nepotism, employee competence, and performance. Statements on nepotism were drawn from Büte (2011); statements on ethical competence were adopted from Hellreiegel and Slocum (2011), while performance statements were drawn from Elbaz and Haddoud (2017) organisational performance scale. The Cronbach's alpha test of reliability was carried out, with a coefficient of 0.85 which showed a strong internal consistency of the measuring instrument. The data were analysed using Pearson's correlation analysis distribution at 5% level of significance, with the aid of statistical package for social sciences 23.0.

Findings and Discussions

A total of one hundred and eighty respondents participated in the study, representing 81% response rate. The demographic characteristics revealed that 58% of the respondents were males while 42% were females. In age distribution, 66% were below 31 and 50 years of age, 24.7% were below 30 years of age while 9.3% made up 9.3%. In educational attainment, 60.5% of the respondents have Higher National Diploma or First-degree certificates, 27.8% have Masters degree, 9.3% have either Ordinary National Diploma or National Certificate of Education (NCE), while 2.5% possess SSCE or GCE.

H₀₁: Nepotism has no effect on the ethical competence of public institutions.

Correlations

		Nepotism	Ethical competence
Nepotism	Pearson Correlation	1	-.412
	Sig. (2-tailed)		.001
	N	180	180
Ethical competence	Pearson Correlation	-.412	1
	Sig. (2-tailed)	.001	
	N	180	180

The result from the test of the Pearson's correlation analysis of hypothesis one is significant. The Pearson's correlation coefficient is -0.412, N=180, P=0.001 < 0.05. Since the P-value is less than 0.05, the null hypothesis is rejected. A conclusion is made in favour of the alternative hypothesis. Therefore, nepotism has effects on the ethical competence of public institutions, but a

negative relationship.

H₀₂: Nepotism has no effect on the performance of public institutions.

Correlations

		Nepotism	Organisational performance
Nepotism	Pearson Correlation	1	-.487
	Sig. (2-tailed)		.000
	N	180	180
Organisational performance	Pearson Correlation	-.487	1
	Sig. (2-tailed)	.000	
	N	180	180

The result from the test of the Pearson's correlation analysis of hypothesis two is significant. The Pearson's correlation coefficient is -0.487 , $N=100$, $P=0.000 < 0.05$. Since the P-value is less than 0.05 , the null hypothesis is rejected. A conclusion is made in favour of the alternative hypothesis. Therefore, nepotism has effects on the performance of public institutions, but a negative relationship.

The results of the hypothesis one showed a significant result. This finding is in agreement with the findings in the study carried out by Elbaz, et al (2018) on nepotism, and employees' competencies that nepotism negatively affects employees' competence to deliver on their jobs. The second hypothesis showed a significant result. The confirmation of the second hypothesis aligns with the finding of several authors such as Cruz, Larraza-Kintana, Garcés-Galdeano, and Berrone, 2014; Naldi, Cennamo, Corbetta, and Gomez-Mejia (2013), that nepotistic practices affect the financial performance and financial viability of small business firms.

Conclusion and Recommendations

Nepotism is an unethical problem where it is condoned and allowed to thrive in the overall human resource management practices, including but not limited to recruitment, promotion, training and development, and succession planning. It has been shown that the practice nepotism has the inherent capacity to destroy organisational harmony, motivation and the principle of fairness, equity, and justice in an organisation, thus breeding incompetence, inefficiency and reduced dedication to work.

Nepotism poses a great challenge to building institutions, promoting competence and productivity in public owned institutions. Whilst the inherent tendency of people to protect their interest and see to the employment of their friends, family members or relatives are here with us in a multi-religious, ethnic and social environment, there must be checks, balance, and

accountability to the letters and intent of code of conduct of public institutions. Employing relatives and friends of top management officials into sensitive positions without the appropriate skills, knowledge, abilities, and competencies and against the principles of Federal Character is a great disservice to the nation in terms of national cohesion, institutional building, and public policy management.

The findings of the study have implications for building institutions in the public sector and the economic prosperity of the nation. For example, the public sector through agencies, ministries, parastatals, and institutions are the channels through which the wealth of a nation in terms of budgets and projects are executed. Where nepotism is entrenched in the public service, unqualified candidates are favoured for employments, important or sensitive tasks are assigned to family and close friends irrespective of the person's qualification. This serves as conduit pipe for the resources of the nation to be filtered away and reduces the potential revenue of the country through the incompetence of public servants and the associated low productivity. Therefore, it is recommended that enactment of policies and laws against nepotism in public institutions should be made. A standard practice where relatives of any employed members of the institution are barred from the recruitment process, as practiced in many private organisations should be adopted and implemented across all public institutions. This policy recommendation will serve to immediately guard against nepotism and ethical incompetence associated with nepotistic practices in the public institutions in Nigeria.

Limitations of the study

The study has certain limitations. The methodology adopted for the study limited the scope of the study because the non-probability sampling technique was adopted and some respondents were sceptical about participating in the study. This suggested that some of the respondents may be product of the phenomenon investigated in the study. Consequently, the opinion of the respondents may be subjective and may not represent the opinion of all employees in the surveyed institutions.

Suggestions for further studies

For further studies, it is suggested to extend the investigation on nepotism to private organisations to ascertain the extent (if any) to which nepotism is practiced and its effects on the disciplinary procedures of an employee in private sector organisations. For further research, other factors likely to shape the relationship between nepotism and organisational outcomes, such as supervisor trust, motivation and coaching should be examined.

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