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**THE IMPACT OF PREFERENTIAL TREATMENT IN  
ORGANIZATIONS IN THE REPUBLIC OF SERBIA ON  
EMPLOYEES` JOB SATISFACTION**

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***Abstract:** The most widespread forms of preferential treatment of individuals in organizations are nepotism, cronyism and favoritism. It is about unprofessional practices that provide preferential treatment to the relatives or friends in different situations in organizations. If the employees work in such working environment, they usually have the perception of working in an unfair environment. Consequently, such situation may cause many negative consequences, such as: decreasing the organizational commitment, decreasing the performances, job dissatisfaction, etc. For these reasons, nepotism, cronyism and favoritism are the practices that are very harmful for the organizations. Bearing in mind this fact, as well as the fact that this topic has not been sufficiently investigated in the literature, especially in domestic one, the aim of this paper is to analyze previously mentioned forms of preferential treatment as well as to find out whether there are differences in job satisfaction between the employees who work in organizations in which this practice is emphasized and those who work in organization where this is not the case.*

***Keywords:** preferential treatment, job satisfaction, employees, management.*

## **1. Introduction**

Organizations are the systems which are constituted by the employees with different forms of competence and who in different ways contribute to the achievement of organizational goals. However, in addition to the level of competence, the results of the organizations are to a large extent influenced by their behavior as well (Judge, et al, 2001).

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It is, however, conditioned by a set of various internal and external factors (Mathur & Gupta, 2012).

One of the internal factor for which there are evidences that has an impact on the behavior and performance of the employees is the level of their job satisfaction (Gu & Chi, 2009; Latif et al., 2011; Kuzey, 2012). Job satisfaction is very complex phenomenon which is usually the result of influence of different variables (dimensions of work), where some of them come from the workplace, while the others are related to the characteristics of the job itself. In this regard, some authors classify these factors as intrinsic and extrinsic (Kalleberg, 1977, Goetz et al., 2012).

One of the extrinsic factors that could have an impact on employees` job satisfaction and, hence, on their behavior and performances, is the presence of the preferential treatment of certain individuals in organizations. It is a about the practice that usually occurs during the process of recruitment and selection, rewarding or promoting the employees. If the employees work in such an environment, it is very likely that they will have the confidence that they work in an unfair environment. This situation can further causes many negative consequences in the working environment, such as decreased organizational commitment of the employees, reduced individual performances, dissatisfaction with the job, etc. (Büte, 2011). For these reasons, the preferential treatment of individuals in the workplace (mostly manifested as nepotism, favoritism and cronyism) has been criticized as being unprofessional (Abdalla et al., 998). Since this is undoubtedly negative phenomenon in the organizations, in developed countries various preventive and legal measures are taken in order to prevent it. But, in developing countries, such practice is seems to be to at large extent still the part of the daily business life (Araslı et al., 2006).

Having in mind that the preferential treatment of individuals in the working environment is very negative phenomenon, and taking into account the fact that investigations of this topic are still limited, especially in the countries in transition, the purpose of this paper is to investigate the effects of preferential treatment of individuals on job satisfaction of the employees in some organizations in Serbia.

The paper is organized as follows. Firstly, it will give an overview of the literature on job satisfaction, nepotism, favoritism and cronyism as the forms of preferential treatment in the working place. The second part will explain the methodology of the empirical research, obtained results and their discussion. The final part of the paper will present concluding remarks and limitation of the study.

## **2. Literature review**

Job satisfaction is usually seen as emotional state resulting from the appraisal of one`s job or job experiences" (Locke, 1976, p. 1304). Job satisfaction could also be defined as a result of cognitive, affective and evaluative reaction of an individual on various dimensions on job (Judge at al., 2001). Spector (1997), further, states that job satisfaction could be seen as a global feeling about the job or it can be seen as a constellation of the attitudes about various aspects of job (Spector, 1997), such as nature of job, pay, possibilities for promotion, relationship with co-workers and supervisors, working conditions, etc.

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Job satisfaction is the phenomenon that has a very large impact on the behavior of employees and the results which they achieve at work. For example, there are studies that have shown positive and significant relationship between job satisfaction and subjective well-being (Judge & Klinger, 2008). Also, it has been proven that there is a positive and statistically significant relationship between job satisfaction and: attendance at work (Smith, 1997), turnover intentions (Crasten & Spector 1987), organizational citizenship behavior (Farrell, 1983), organizational commitment (Azeem, 2010), etc. There are also a lot of studies that investigated job satisfaction - job performance relationship (Judge et al., 2001).

Besides the fact that there are numerous consequences of job satisfaction, there are also plenty of factors that influence this phenomenon as well. As we earlier said, some authors all factors that influence job satisfaction classify into two groups: intrinsic and extrinsic (Kalleberg, 1977, Goetz et al., 2012)). Within the extrinsic factors the most known are: pay, promotion, job security, etc. Within the intrinsic factors the most important are: work that the person actually performs, the ability to use initiative etc.

When we are speaking of the preferential treatment of the individuals, and considering the existing literature on this theme, it can be concluded that the explanation for this term differ from culture to culture (Büte, 2009). However, this concept could be the most simply described as "deviation from the right and justice in favor of a person or a group" (Erdem & Karatas, 2015). Despite the fact that there are different explanations for the term "preferential treatment", there is an agreement that it has three basic forms (Sadozai et al., 2012), such as:

- a) favoritism,
- b) nepotism and
- c) cronyism.

The favoritism means that individuals are employed or promoted without considering their qualities such as knowledge, skills etc., but only of their friendship relationships with the decision maker (Loewe et al., 2007). Nepotism,<sup>1</sup> on the other hand, refers to the misuse of office in favor of family members (Ford & McLaughlin, 1985). More precisely, nepotism is the situation when a person is appointed/promoted on the basis of family, regardless of the ability, education, skills etc. (Araslı, 2008).<sup>2</sup> Cronyism<sup>3</sup> is also a form of preferential treatment of individuals regardless of their qualifications but usually due to sharing the same political preferences (Araslı & Tümer, 2008). So, when it is about the nepotism, the subject of preferential treatment is *blood relation*, favoritism, on the contrary, involves the latent effect of ties with *close friends*, while cronyism is more *political preference* oriented with the motive of preserving himself or herself or his or her current status.

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<sup>1</sup> The word *nepotism* is from the Latin word 'nepos', meaning "nephew" (Kiechel, 1984: 143).

<sup>2</sup> While nepotism is practice of showing preferential treatment toward one's relatives (by blood or marriage), favoritism is shown towards friends and acquaintances.

<sup>3</sup> Word crony, as a slang meaning close friend (Khatri & Tsang, 2003: 290).

All forms of privileged treatment are harmful practices in organizations. They may reduce the employees' motivation, increase the stress levels and absence ratios, and paves the way for a conflict environment between employees. Further, inequality between the contribution rate and the benefit that certain individuals gain could reduce employees' job satisfaction and achieved performances (Büte, 2011).

Despite the fact that all forms of preferential treatment could be harmful for the organizations there are still limited number of the studies that investigated their effects. Especially there are only a few empirical research which investigated relationship among job satisfaction and forms of privileged treatment. For example, Araslı and Tümer (2008) and Chandler (2012) conducted the study in which they found that all forms of preferential treatment (nepotism, favoritism and cronyism) increase job stress of the employees and decrease their job satisfaction. Also, Büte (2011) showed out that there is significant but opposite relationship between "nepotism" and "cronyism" and confidence to an employer, motivation and job satisfaction.

Having in mind previously text the hypothesis that will be tested is as follows:

Hypothesis: There are statistically significant differences in the job satisfaction of the employees who work in the organizations in which privileged treatment is emphasized comparing to the employees who work in the organizations where this is not the case.

The verification of the validity of this hypothesis will be carried out by using the descriptive statistics method and multivariate analysis of variance.

### **3. Method**

*Sampling method and data collection.* In order to test previously mentioned hypotheses the primary research was conducted. The research was carried out in the period from January to March 2017 by distributing the quesitonares in written form in organizations at the south-east of Serbia. One part of the questionnaire included questions related to general information about the respondents: gender, age, years of service, level of education, and position in the organizational structure. The second part of the questionnaire included questions related to job characteristics which influence their job satisfaction, as well as the questions regarding the presence of preferential treatment in their organizations.

*Sample characteristics.* The study initially included 300 respondents employed in 18 organizations. Out of 300 distributed questionnaires, 213 were usable, while 87 questionnaires were rejected due to inaccurate or incomplete answers. In the structure of the sample, females accounted for 45.2%, while the share of men was 54.8%. Regarding the age structure, the situation was as follows: 15.7% were respondents younger than 30 years, 25.2% are between 31 and 40 years, 35.7% of respondents were between 41 and 50 years, while the share of respondents older than 50 years amounts to 23.48%.

*Research variables and instruments.* Since the job satisfaction could be caused by the intrinsic and extrinsic factors, and since the practice of preferential treatment could be seen as one of the extrinsic factors, we used Kalleberg's model of job satisfaction determinants which include five extrinsic dimensions of job, such as convenience dimension, financial dimension, relationship with co-workers, opportunities for career and

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resource adequacy (Kalleberg, 1977, p. 128). However, in order to access these dimensions we used some of the items formulated by Spector (1985) who create one of the most known instrument for accessing the job satisfaction (1985) and some were formulated by the authors. For accessing the items in questionnaire five-point Likert scale was used, ranging from 1 – strongly disagree, to 5 – strongly agree.

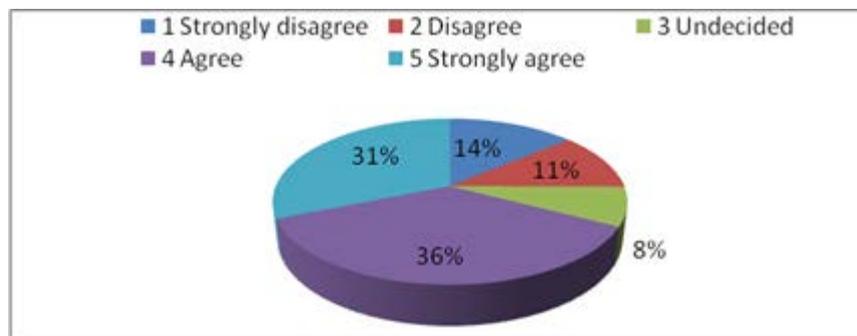
In order to find out what are the perception of the employees in some organizations in Serbia regarding the preferential treatment, four items are used: "There is privilege treatment of the individuals in organization", "There is privileged treatment of the individuals during the employment process", "There is privileged treatment of the individuals when decision of promotion is making", "Privileged treatment affects the earnings of the employees". Each item is accessed by using five-point Likert scale, ranging from 1 – strongly disagrees, to 5 – strongly agree.

*Analyses and procedures.* Data analysis was carried out in several steps. First, we used the appropriate descriptive measures. To check the validity of our hypothesis, we used multivariate analysis of variance. The data were analyzed with the SPSS 17.0 program.

### 4. Results and discussion

In the following text the attitudes of the respondents regarding the preferential treatment of individuals in their organizations are presented.

**Figure 1. The attitude of the respondents regarding the presence of privileged treatment of individuals in their organizations**



*Source:* Research of the authors.

As can be seen from Figure 1, privileged treatment is present in the most of the organizations involved in the research. In our sample, 67% of the respondents agree (31% strongly agree and 36% agree) that some form of preferential treatment exists in their organization. 8% of employees are undecided and only 25% of employees believe that privileged treatment in their organization is not present (11% disagree and 14% strongly disagree).

The next table present the average job satisfaction caused by different extrinsic factors, as well as the standard deviation.

**Table 1. Descriptive measures**

	Mean	Std. Deviation
Financial dimension	4,0140	,88329
Opportunities for career	3,5830	1,14666
Relation with co-workers	3,8939	,87190
Convenience dimension	3,7620	,74790
Resource adequacy	3,8118	1,17769

*Source:* research of the authors.

As Table 1 shows, average job satisfaction of the employees included in the study is not at a high level. The lowest level of job satisfaction is caused by the dimension Opportunities for career (3.58), slightly higher level of job satisfaction is caused by the Convenience dimensions (3.76), Resource adequacy dimension (3.81) and Relation with co-workers dimension (3.89). The highest average job satisfaction is with Financial dimension (4.01).

The following Table shows differences in the level of job satisfaction depending on whether majority of respondents believe that there is a privileged treatment of individuals in their organizations or not.

**Table 2. Multivariate analysis of variance**

	The presence of privileged treatment		F	p-value	Partial Eta Squa.
	Yes	No			
Financial dimension	3,9853	4,0688	1,643	NS	,002
Opportunities for career	3,5760	3,5964	,058	NS	,000
Relation with co-workers	3,0196	4,7604	,372	,002	,010
Convenience dimension	3,5251	3,9989	8,182	,004	,005
Resource adequacy	3,5129	4,1107	,000	,005	,008
Total satisfaction	3,5238	4,1070			
N	143	53			

*Source:* research of the authors.

As can be seen from the Table 2, the average job satisfaction is at higher level in organizations where the practices of preferential treatment is not present or is to a small extent (4,1070) comparing to the organizations where the presence of privileged treatment is very emphasized (3,5238).

Table 2 also shows that there is not statistically significant difference in the impact of two dimensions on job satisfaction of the employees who work in both types of the organizations. These dimensions are Financial dimension and Opportunities for career. When it is about the Financial dimension this result could be explained by the fact that pay is equally important for all the employees in Serbia since the living standard of the most of the people is

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at low level and the unemployment rate is very high. Therefore the ability to earn money (regardless of whether in organization exists privileged treatment or not) is highly valued.

When it comes to the Possibility for promotion, this dimension is almost identically assessed (by the employees in the organizations where privileged treatment exists - 3.57, and where it is not the case - 3.59). This result is somewhat unexpected. But the fact that also deserve to be mentioned is that employees` satisfaction with this dimension is not at a high level in both groups of organizations, in those where privileged treatment of individuals is emphasized and in those where this practice is not present to a large extent.

The research further showed that there are statistically significant differences in the impact of the following dimensions on job satisfaction of the employees who work in the organizations where privileged treatment is and is not emphasized. One of them is Relations with co-workers. At the same time, this is the dimension that causes the greatest variability in job satisfaction of employees in these two groups of organizations, which shows that for job satisfaction of the employees in organizations in Serbia are very important quality interpersonal relations. Similar is the situation with the Resource adequacy dimension. Average job satisfaction with this dimension in organizations where privileged treatment is not emphasized is 4.1107 while in organizations where privileged treatment is emphasized is 3.5129. This can be explained by the fact that the privileged treatment of individual places them in a superior position, which causes dissatisfaction and disappointment among other employees. There are also statistically significant differences in satisfaction with Convenience dimension. In organizations where privileged treatment is not emphasized the average job satisfaction caused by this dimension is 4.11 while the job satisfaction of the employees in organizations where privileged treatment is emphasized is 3.51.

Bearing in mind the above results it may be concluded that starting hypothesis is partially confirmed since there are only three dimensions of job that cause statistically significant differences in the job satisfaction of the employees who work in the organization in which the preferential treatment is present to a large extent, comparing to those who work in the organization where this is not the case.

## **5. Conclusion**

Employees` satisfaction is a very important category that has the reflection on many issues in the working place, such as: turnover intentions of the employees, level of their commitment to the organizations, performances, etc. For these reasons, this is one of the most studied topics in the field of management and industrial psychology. However, this is still an interesting topic since new factors that influence job satisfaction are still being found.

In this paper the authors made an attempt to link the employees' perceptions about the presence of preferential treatment of individuals in their organizations and their job satisfaction. In this regard, job satisfaction and the forms of preferential treatment, such as favoritism, nepotism and cronyism, are firstly theoretically explained.

The second part of the paper analyzes the data obtained by the empirical research. It was found that the employees in the most cases (67% of respondents) believe that in their organizations exists preferential treatment of individuals in some form. The survey also

showed that the average level of job satisfaction in the organizations where preferential treatment is emphasized is lower comparing to the organizations in which preferential treatment is emphasized. It has also been found that there are certain extrinsic dimensions of work that have statistically significant impact on the difference in job satisfaction of employees in organizations where preferential treatment is emphasized and where is not the case (Relation with co-workers, Convenience dimension, Resource adequacy). Therefore, the starting hypothesis is partly confirmed.

This paper, however, is not without limitations. They are primarily reflected in the fact that the research was carried out on a small sample as well as in the fact that only the extrinsic dimensions of the job were taken into account. Further, the questionnaire we used is the mix of two models for accessing the job satisfaction and the results may are not comparable enough with the results from similar studies. However, the authors' primary intention in this paper was to draw attention on the practice of preferential treatment in organizations, as well as to point out that it is harmful practice with many negatively consequences.

Since the phenomenon of preferential treatment is to at largely present in the organizations in Serbia (in our survey 67% of respondents believe that this practice is present in their organization), this research for the authors will serve as a pilot study and be the introduction for more comprehensive investigation of this topic.

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## **UTICAJ PREFERENCIJALNOG TRETMANA U ORGANIZACIJAMA U REPUBLICI SRBIJI NA ZADOVOLJSTVO POSLOM ZAPOSLENIH**

*Apstrakt: Najrasprostranjeniji oblici preferencijalnog tretmana pojedinaca u organizacijama su nepotizam, kronizam i favoritizam. Reč je o neprofesionalnim praksama kojima se obezbeđuje povlašćeni tretman rođacima ili prijateljima u različitim situacijama u organizacijama. Ukoliko zaposleni rade u takvom ambijentu obično imaju percepciju da rade u nepravednom okruženju. Takva situacija može dovesti do mnogih negativnih posledica, kao što su: smanjenje posvećenosti organizaciji, smanjenje performansi, nezadovoljstva poslom itd. Iz tog razloga nepotizam, kronizam i favoritizam predstavljaju prakse koje su vrlo štetne za organizacije. Imajući u vidu ovu činjenicu, kao i činjenicu da ova tema nije dovoljno istraživana u literaturi, naročito domaćoj, cilj ovog rada je da analizira prethodno navedene oblike preferencijalnog tretmana pojedinaca u organizacijama, kao i da utvrdi da li postoje razlike u zadovoljstvu poslom zaposlenih u organizacijama u kojima je ova praksa izražena u odnosu na one gde to nije slučaj.*

*Ključne reči: preferencijalni tretman, zadovoljstvo poslom, zaposleni, menadžment.*