Assessing the Relationship between Favouritism and Job Performance in Family-Owned Business

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Abstract—Favouritism has strong connotation with family-owned businesses. This study aims to investigate the relationship between components of favouritism and employee job performance in family-owned business. Data was gathered through questionnaire involving 350 employees. The findings revealed that the level of employee job performance with the existence of favouritism on gender and social ties was at moderate level. Findings obtained also indicated that there was a negative relationship between favouritism on gender and social ties with job performance.

Keywords— Favouritism, Job Performance, Family-owned Business, Gender, Social Ties

I. INTRODUCTION

As a social interface mechanism, the practise of favouritism is broadly current especially in political and social world and can be seen as natural phenomenon that occurs universally (Ozler & Buyukarslan, 2011). The conventional of the scholars concluded that the tendency of the favouritism is consider higher in the large companies compared to small companies (Araslı and Tümer, 2008). According to Ponzo and Scoppa (2011), favouritism claimed as a common thing happen in teams, and it helps to minimize or remove the cost of an organization on searching for a new employee. Besides, favouritism depicts that a candidate is given a special treatment based on the several elements or factors that indirectly relay to a person's ability in performing a job. It can be based on the family connections, philosophy of personal beliefs on gender or even social ties and background (Woods, 2011). A study by Brandts and Sola (2010) found out that employers favour employees they personally know and having relationship with and these employees favour the employer in their decisions. Commonly, favouritism promotes bias and discrimination to some groups of people especially the minority group (Woods, 2011).

Furthermore there is a high incidence of favouritism in family-owned business, according to Ponzo et al., (2010), the authors stated that favouritism on social ties can be considered as a common practices in the family-owned business. It was found that family businesses are typically smaller and that this could be the main reason for why nepotism is more frequent used in the businesses rather than non-family businesses (Gustafsson & Norgen, 2014). Besides, in the Chinese family-owned business, they also favoured men more than female because the male successor will carry on the family name (Amran & Ahmad, 2010).

According to Kapadia (2013), there are about 80% of employees have reported that their respect for their supervisor are reduced due to favouritism as well as reduce in their work performance. More than 70% employees posit that favouritism make the relationship between colleagues become strained and promote hatred towards the recipients of favouritism. It also said that favouritism can harm the overall performance of the employees (Kapadia, 2013). Thus, the aim of study is to investigate the relationship between favouritism on gender and favouritism on social ties and its effect towards the job performance of employees working at family-owned business in Shah Alam.

II. LITERATURE REVIEW

Overview Family-owned Business

The family-owned business in Malaysia had proven strong because more than half of these people recorded growth in the business sales (PwC Group, 2016). Although there are many challenges faced by the family business including the concerns of external factors surrounding like government regulations, market conditions, exchange rates and also internal factors particularly staff recruitment, family business now more focus on strengthening their professionalism by bringing professionals in the business to run the business and to prepare the next generation to be an effective owners. The PwC Group (2016) reported that, there are over 64% of Malaysian family businesses recorded growth in their sales and 66% anticipates stable growth over the next five years. Respectively, 60% and 58% staff recruitment seems to be the key challenge in family business and almost 46% which is half of them sees the need to maintain professionalise in the business.

Favouritism

Favouritism is a natural incidence that exists universally (Ozler & Buyukarslan, 2011). Favouritism can be defined as a form of mistreatment but it can be distinguished from other practises of corruption such as bribery because it does not typically involve a direct give-and-take of favours in material manner. Besides, to compare the practice of favouritism to bribery, favouritism creates a hidden, deeper, indirect, and vague return of obligation by the doers (Loewe et al., 2008). Leaders who practice favouritism in the organization have no chance to build or create a culture of trust (Whipple, 2012). Favouritism also can be defined as those employees who compete with a privileged individual but their chances of being promoted or rewarded are low.

Favouritism on Gender

According to Wallen (2015), favouritism on gender can lead to gender bias, a form of prejudice and discrimination. The positional bias is part of the favouritism on gender because most of the organization would prefer women to fit in the secretary or receptionist position and this kind of gender bias is very rampant in most organization. Favouritism on gender occur depend on how strong the similarity it is among the gender of the candidates and the label of gender as requested of the new job. Therefore, very high concerns have raised regarding on women's opportunity to find employments by using informal network or social ties (Marsden & Gorman, 2001). Since 2012, women in Sweden age 15 to 74, contributed to 63 % women while 68% men has been employed (Naringsliv, 2012).

Favouritism on Social Ties

Besides, based on several results from various studies has revealed that one of the most important unconventional ways to find an employment are by using social networks and personal relations as the mechanism to get selected for employment (Behtoui 2008; Mouw 2003; Meliciani & Radicchia 2010; Pellizzari, 2010). According to Bramoullé and Goyal (2016), they came out with one constructed model where favouritism plays a role as the factor of trading favours such as agreements or employment between the members that have the same mutual interest. Those people who practice favouritism will benefit the people of their social group but eventually suffer burden by hiring less skilful employees that produce low productivity.

Job Performance

The early definition of job performance is by Motowidlo, Borman, & Schmidt (1997), they defined job performance as the behaviour of employees that produce value which carried out at course of set period of time. Besides, according to Bullock (2013), job performance can be refer as a property of behaviour or what people actually do at work. A study by Isaed (2016) found out that the predictor of favouritism resulted in negative and significant related to the criterion of job performance of employees. The study also shows that job performance is influenced by favouritism negatively. Besides, another study by Bute (2011) stated that favouritism influences job performance negatively whereby the performance efficiency reveals growth of dissatisfaction among the employees. It is not just affect their performance but also reduce their satisfaction.

III. RESEARCH METHODOLOGY

The research measures for this study to test its validity were adapted from past researchers namely Abdalla (1998) and Boman & Motowidlo (1993), and some of the items were construct by researcher based on the published literature. Besides, this study is a quantitative approach via questionnaires in order to address the problem. A total 350 questionnaires were distributed to several selected family-owned business in Shah Alam and researcher succeeded in getting all 350 returned questionnaires. The collection of questionnaires consist of several methods such as self-managed by sending questionnaires hard copies manually to the respondents and through online survey by email and social media.

IV. DATA ANALYSIS

The early step of data analysis of this study discovered that there is no missing value, the total population (N=350) were analysed as following:

Respondent Profile

TABLE 1
PROFILE OF RESPONDENT

Profile	No.	%
Gender		
Male	126	36
Female	224	64
Age		
Below 20 years	47	13.4
21 – 30 years old	257	73.4
31 – 40 years old	38	10.9
41 – 50 years old	5	1.4
51 – 60 years old	3	0.9
Tenure of service in the present organization		
Less than 1 year	165	47.1
1 – 10 years	167	47.7
More than 10 years	18	5.1
Highest Education Qualification		
Certificate (SRP/PMR/SPM/STPM)	81	23.1
Undergraduate (Diploma/Degree)	242	69.1
Postgraduate (Master/PhD	25	7.1
Professional Qualification	2	0.6

This study consist of four items in demographic background represent gender, age, tenure of service and highest education qualification. As shown in the table 1 below, the distribution of gender is more from female 224 respondents

(64%) rather than men 64 respondents (36%) and mostly of the respondents are aged ranges from 21 to 30 years old. Besides, majority of the respondents (47.7%) are having up to 1 to 10 years tenure of service in the present organization and most of them are Diploma and Degree holder (69.1%).

In order to measure the sampling adequacy of the study, researcher used the Kaiser-Meyer-Olkin whereby the result obtained as shown in table 2 below, the KMO and Bartlett's test present a significant result and it can be considered as a valid data because the KMO measure of sampling adequacy is >0.6 and the result from Bartlett's test of Sphericity is significant at p<0.05 which represent the correlation matrix is different significantly from an identity matrix, where the correlations between these variables are all zero.

TABLE 2:
FACTOR ANALYSIS KMO AND BARTLETT'S TEST

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.854
Bartlett's Test of Sphericity	Approx. Chi-Square	3311.211
	df	465
	Sig.	.000

The Table 3 below present an analysis of factors that consist of three (3) cluster of factors. Firstly, job performance (factor 1), favouritism on social ties (factor 2) and favouritism on gender (factor 3).
Table 3:

TABLE 3:
ANALYSIS OF FACTORS

Factor 1 Job Performance	Factor 2 Favouritism on Social Ties	Factor 3 Favouritism on Gender
F1 (.686)	C1 (.758)	B1 (.730)
F2 (.725)	C2 (.802)	B2 (.730)
F3 (.688)	C3 (.779)	B3 (.677)
F4 (.710)	C4 (.615)	
F5 (.713)	C5 (.712)	
F6 (.509)		
F7 (.616)		
F8 (.622)		
F9 (.571)		
F10 (.640)		
F11 (.660)		

Besides, the reliability test of this research as shown in table 4 below, depict that favouritism on Gender (Good, 0.7), Favouritism on Social Ties (Excellent, 0.8) and Job Performance (Excellent, 0.87).

TABLE 4:
RELIABILITY RESULT OF ALL VARIABLES

Variables	Cronbach's Alpha	Num. of items	Reliability Measurement
Favouritism on Gender	0.704	3	Good
Favouritism on Social Ties	0.831	5	Excellent
Job Performance	0.872	11	Excellent

Based on Table 5 below, all variables are normally distributed since the values of Skewness and Kurtosis of this study are between the range of -2 and 2 and all values of Kurtosis are all range between -3 and 3. The value of Skewness and Kurtosis of all variables show that Favouritism on Gender (0.102, -0.163), Favouritism on Social Ties (-0.123, -0.154) and Job Performance (-0.274, -0.746). Thus, it can be claimed that all variables consider to be normally distributed (Sekaran, 2006).

TABLE 5:
NORMALITY TEST (SKEWNESS AND KURTOSIS)

Variables	Skewness Value	Kurtosis Value	Normality Assumed
Favouritism on Gender	0.102	-0.163	Yes
Favouritism on Social Ties	-0.123	-0.154	Yes
Job Performance	-0.274	-0.746	Yes

In order to examine the relationship between favouritism on gender, favouritism on social ties with job performance, based on the Table 6 below, the result shows that the correlations are having a negative moderate correlation to each other. Firstly, the correlation between favouritism on gender and job performance is ($r = -0.220$, $p<.05$) which resulted in negative moderate correlation where it can be assumed that the higher favouritism on gender in the workplace, the lower the job performance of employees in family-owned business. Secondly, the correlation between favouritism on social ties and job performance is ($r = -0.320$, $p<.05$) which assumed to have negative weak correlation meaning that the higher favouritism on social ties in workplace lead to slightly declining of job performance.

TABLE 6:
CORRELATION IVS AND DV

	Variable	Sig (2-tailed)	1	2
1	Favouritism on Gender	0.000		
2	Favouritism on Social Ties	0.000	0.300**	
3	Job Performance	0.000	-0.220**	-0.320**

Furthermore, in this study, a multiple linear regression analysis was used in order to develop a model for predicting the effect of favouritism on gender and favouritism on social ties with job performance in the family-owned business organizations. As suggested by Cohen (1988) the R-squared values for variables are assessed according to 0.26 (substantial), 0.13 (moderate) and 0.02 (weak). The Table 7 below shows there are correlations between favouritism on gender, favouritism on social ties and job performance since p<0.05 where it can be assumed that the IVs are negatively correlated with DV.

TABLE 7:
CORRELATIONS REGRESSION

	Variable	Sig (2-tailed)	1	2	3
1	Favouritism on Gender	0.000	1.0000	0.300	-0.220
2	Favouritism on Social Ties	0.000	0.300	1.0000	-0.320
3	Job Performance	0.000	-0.220	-0.320	1.000

The Table 8 below present the result of coefficient of determination R-square= 0.119, which means 12% information about job performance is captured using this the model. As suggested by Cohen (1988), the level of R-squared of this model is considered as weak, in which indicate that, this study is very sensitive because affecting the respondents' feelings and emotions, showing that people are not being open to share their true feelings in response to the study.

TABLE 8:
MODEL SUMMARY

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.345[a]	.119	.114	6.46535	1.467

a. Predictors: (Constant), FavSocial, FavGender

b. Dependent Variable: JobPerformance

Based on the Table 9 below, both favouritism on gender and favouritism on social ties are statistically significant predict the job performance as p<0.05. Thus, this regression model can be assumed to be fit and significant from the data.

TABLE 9:
ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	16.236	2	8.118	23.499	.000[b]
	Residual	119.875	347	.345		
	Total	136.111	349			

a. Dependent Variable: JobPerf1

b. Predictors: (Constant), FavGen1, FavSoc1

TABLE 10:
RESIDUALS STATISTICS

Residuals Statistics[a]

	Minimum	Maximum	Mean	Std. Deviation	N
Mahal. Distance	.007	18.825	1.994	2.093	350
Cook's Distance	.000	.095	.003	.008	350

Based on the above Table 10, it can be assumed there is no multivariate outliers as refer to Mahal's df = 2, Critical Value = 13.82 whereby the value of Critical Value is within the minimum and maximum value of Mahal Distance. Besides, the result also present the Cook's Distance is not exceed 1 meaning there is no outliers.

V. DISCUSSION

Based on the result obtained, it shows that favouritism on gender and job performance are moderately negative correlation to each other (r = -0.220, p<.05) which can be assumed that the higher favouritism on gender in the workplace, the lower the job performance of employees in family-owned business. According to Wallen (2015), Favouritism on gender can lead to gender bias, a form of prejudice and discrimination. It influences job performance negatively whereby the performance efficiency reveals growth of dissatisfaction among the employees. It is not just affect their performance but also reduce their satisfaction (Bute, 2011; Arasli & Tumer, 2008).

Secondly, the correlation between favouritism on social ties and job performance is (r = -0.320, p<.05) which assumed to have weak negative correlation meaning that the higher favouritism on social ties in workplace lead to slightly declining of job performance. According to Bramoullé and Goyal (2016), leaders who practice favouritism will benefit the people of their social group but suffer burden by hiring less capable people that produce low productivity. This support the result obtained due to less productive employees. Furthermore, finding of this study also concur with finding obtained in Breuer et al. (2010), Brandts & Sola (2010), Johansson (2012), Mahmood et. al. (2012), and Ponzo and Scoppa (2010).

The result of result coefficient of determination R-squared = 0.119, indicates that the finding captured only 12% information about job performance using this model. As suggested by Cohen (1988), the level of R-squared considered as weak, meaning that this study is very sensitive because affecting the respondents' feelings and emotions, showing that people are not being open to share their true feelings to respond to the study.

Besides, based on the result attained, the IVs and DV are added statistically significant to the prediction of model as p<0.05 which assumed that these variables are significant to predict job performance. Based on the Beta values, favouritism on social ties (B= -0.279) having higher influence rather than favouritism on gender (B= -0.041) towards job performance. The negative correlation indicate that the increasing of favouritism on social ties and favouritism on gender lead to declining of job performance.

VI. LIMITATIONS OF STUDY

As this study used a quantitative research design, the lack of probability sampling is an obvious limitation. This is because it prevents researcher to make generalisations about the overall population which means the result gained was not reliable to represent other area. Based on the data collected, a survey of 350 respondents has been conducted at central of Selangor state, in Shah Alam. The survey target group was employees working at family-owned business organizations. It

particularly focus on the middle and lower management employees as the respondents to investigate their experienced of favouritism in their current organization.

Another limitation during data collection process was an additional time required by the organization to complete the questionnaire. Some of the organizations required almost two weeks to complete the questionnaire, but with limited of time, researcher have to distribute more than as planned to fulfil the numbers of sample for the data analyzation. Not just that, researcher also faced challenge whenever the organization took longer time to complete the questionnaire but return the questionnaire unanswered.

VII. CONCLUSION AND SUGGESTION FOR FUTURE RESEARCH

As conclusion, the findings of study indicates that the level of favouritism on gender and favouritism on social ties respectively low and moderately influence the job performance of employees working at family-owned business organizations. The level of job performance of employees considered to be moderate which means even though favouritism on gender and social ties exist in the organization, they still can manage their work through continuously improvement and learning from their mistakes. As mentioned by Chen (2013), leader can gain benefit from playing favouritism through the competition among the employees, indicates that employee tend to be motivated to improve their work quality and productivity to stands out and be favoured by the leaders.

Regardless of the level of favouritism on gender and social ties influence the job performance, there is a negative correlation between favouritism on gender and social ties towards job performance. The negative relations show that one variable increase lead to declining of another variable. In this study, the increasing of favouritism on gender and social ties lead to declining of job performance of employees in family-owned business. As mentioned before by Wallen (2015), favouritism on gender lead to bias, a form of prejudice and discrimination. It influences job performance negatively and leaders who practice favouritism will benefit the people of their social group but suffer burden by hiring less capable people that produce low productivity (Bramoullé and Goyal, 2016).

As to response to the limitations of the study, suggestions for future scope is to expand the sample size and the area of study which is not only focus on Shah Alam area, but also should be conducted to other areas including the southern and northern regions of Selangor in order to gain more reliable and better result. Besides, the target group should be enlarge, the study should involve the employees working at Small-Medium Enterprises (SMEs) companies and invite other sectors to be part of the study. Item used in this study can also be apply to public sector, private sector, GLCs and multi-sectional organizations in order to gained high reliability and better result.

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