



When employees feel betrayed: The mediating role of psychological contract violation on nepotism and workplace commitment in the hotel industry

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ABSTRACT

Nepotism is prevalent in the workplace. Though the impact of nepotism on workplace commitment has been studied in its general form, the reason why nepotism produces such an impact remains understudied, especially in collectivist cultures (where family and friends are highly important) and service settings (where nepotism manifest publicly among frontline employees). To address this gap, this study adopts a psychological contract perspective and investigates the role of psychological contract violation as a mediator or the “why” behind the relationship between nepotism and workplace commitment, with psychological attachment and turnover intention serving as affective and behavioral representations of workplace commitment. Using partial least squares structural equation modeling on a two-wave (time lag) survey of a sample of 488 frontline employees in the Indian hotel industry as a case, this study proactively mitigates common method bias while revealing that psychological contract violation acts as a complementary mediator between nepotism and workplace commitment in the form of psychological attachment and turnover intention. The study concludes with implications to mitigate nepotism and strengthen workplace commitment.

1. Introduction

While workplaces have evolved professionally, the literature shows that *nepotism* (i.e., *favoritism granted to family and friends*) still prevails (Breuer et al., 2013; Jain et al., 2022). Developed countries are taking preventive legal measures to counter nepotism, but developing countries still have miles to go in taking proactive measures (Gyimah-Boadi, 2000; Perez-Alvarez and Strulik, 2021). Few studies have talked about the presence of nepotism in both public (Burhan et al., 2020; Ombanda, 2018) and private (Elbaz et al., 2018; Szakonyi, 2019) organizations, with most studies on nepotism focusing on family businesses (Rüzgar, 2021). Moreover, the reasons for negative workplace outcomes arising from nepotism are rarely debated upon (Kerse and Babadağ, 2018).

More often than not, frontline employees expect a positive, unbiased, and stable work environment to remain committed to their organization (Ahmed et al., 2016). Managers who make biased decisions breach the employer–employee psychological contract, and frontline employees may react to this violation by exhibiting negative attitudes and behaviors, including reduced *psychological attachment* (i.e., *the affective bond that an employee feels with the organization*) and increased *turnover intention* (i.e., *the intention to leave the organization*) (Baruch and Rousseau, 2019; Bashir and Nasir, 2013; Kanwal and Van Hoye, 2020).

In the context of emerging economies, organizations are witnessing increasing sense of job insecurity, distrust, and dissatisfaction between the employer and the employee (Atshan et al., 2022; Aziz et al., 2007; Back et al., 2010; Cho et al., 2006; Song & Chathoth, 2011). Although all

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sectors are adversely affected by low morale and employee turnover, the ill effects of such organizational outcomes are especially troubling for managers in the service industry, where employees as opposed to products are the main providers of value to customers (Mohsin et al., 2013). The reason for negative workplace outcomes can be manifold in terms of economic, psychological, and organizational factors (Ahmed et al., 2016).

While much research has been done on low morale and employee turnover and their negative impact on organizational performance and competitive advantage (Bilgili et al., 2017a, 2017b; Hom et al., 2017; Jo and Ellingson, 2019), an exploration from the perspective of *psychological contract violation* (i.e., *the failure of organizations to fulfil the intangible agreement between the employee and the employer on informal commitments, expectations, and understandings*) through the lens of nepotism in service settings in the collectivist context of developing economies rarely occurs. Noteworthy, many scholars and senior professionals in service settings have started to accept that the psychological wellness of frontline employees is of utmost importance for organizational growth and productivity, and crucial to that is the fulfilment of psychological contracts (Hsu et al., 2019; Karatepe et al., 2012). This is evident in a study by Prasannakumar (2015), which revealed that the average cost of turnover of a single employee in a developing country—i.e., India—ranged from INR35,667.42 (USD476.56) for frontline employees in lower-level jobs to INR165,753.87 (USD2214.68) for frontline employees in higher-level positions, thereby showing the commercial impact of turnover if the issues causing it remain unresolved.

Nepotism, which is considered as toxic for organizational culture, not only increases the turnover intention of highly qualified professionals who are considered as a boon for organizational excellence but also reduces their psychological attachment (Ozler et al., 2007). While nepotism has evidently led to negative outcomes, the mediating mechanism through which nepotism produces such negative effects remains understudied (Abubakar et al., 2017; Arasli and Arici, 2020). Furthermore, despite researchers theorizing that developing countries such as India have a collectivist culture that promotes cronyism (Khatri and Tsang, 2003; Khatri and Varma, 2019), relatively little research has examined how the management's nepotism of family and friends may influence workplace commitment. Moreover, as the service industry tends to be highly labor intensive, preventing turnover by maintaining the psychological well-being of its frontline employees is crucial (Hsu et al., 2019).

Taking support from prior literature, the present study endeavors to address the aforementioned gap by investigating the reasons for workplace commitment in the service setting from the perspectives of nepotism and psychological contract violation in a developing country, wherein (a) nepotism is taken as a direct predictor of workplace commitment, (b) psychological attachment (i.e., an affective construct signifying the emotional bond that one feels with an entity; Mikulincer and Shaver, 2019) and turnover intention (i.e., a behavioral construct that represents one's intention to leave an organization; Vandenberg and Nelson, 1999) are taken as affective and behavioral representations of workplace commitment, (c) psychological contract violation is treated as a mediating factor that explains the nepotism-workplace commitment relationship, (d) frontline employees in the hotel industry are taken as a case of a service setting, and (e) India is taken as a context of a developing economy with a collectivist culture. In doing so, this study answers the call for more research on (a) nepotism in organizations in collectivistic cultures (as opposed to individualistic cultures) (Akuffo and Kivipöld, 2019; Jain et al., 2022; Jones, 2013; Jones and Stout, 2015) and (b) the work outcomes of frontline employees in developing countries and emerging economies (e.g., the East) (as opposed to developed countries and established economies—e.g., the West) (Kanwal et al., 2019; Mattila, 2019). Drawing evidence from *psychological contract theory* (i.e., *employees and employers form and fulfill intangible agreements on informal commitments, expectations, and understandings*) (Rousseau, 1989; Robinson and Rousseau, 1994), this

study addresses the research gaps in and contributes new knowledge to the literature by investigating the influence of nepotism on frontline employees' psychological attachment and turnover intention within the service setting of a developing country with a collectivist culture, with a particular focus on the role of psychological contract violation in explaining the relationship among nepotism and the said forms of workplace commitment (i.e., psychological attachment and turnover intention). In this regard, the contributions and strengths of this study are manifold: *first*, this study offers fresh evidence to delineate (and reaffirm, if significant) the impact of nepotism on workplace commitment, thereby answering the call for new research that revisits relationships that impact upon organizational resilience and sustainability in the new normal (Mithani, 2020); *second*, this study determines (and extends, if significant) the theoretical generalizability of the impact of nepotism on workplace commitment with evidence from three understudied contexts in the form of (i) a collectivist culture (where nepotism is prominent), (ii) a developing country (whose contribution to the world economy is increasing), and (iii) a service setting (which is labor intensive), thereby answering the call for new research that extends the theoretical generalizability of well-established relationships (Lim et al., 2021); *third*, this study deepens understanding of the impact of nepotism on workplace commitment by making a seminal attempt to examine its underlying mechanism from the psychological contract perspective (i.e., psychological contract violation), thereby answering the call for new research that explains the "why" (i.e., mediating factor) of that relationship (Jain et al., 2022); *fourth*, this study corroborates the evidence informing (and supporting, if significant) the impact of nepotism on workplace commitment by extrapolating the latter in its affective (i.e., psychological attachment) and behavioral (i.e., turnover intention) forms in a single investigation, thereby providing triangulated evidence of its overarching impact; and *finally*, this study delivers finer-grained implications for theory and practice as a result of its detailed and rigorous investigation of the complex relationship between nepotism and workplace commitment, taking into account the underlying mechanism (i.e., psychological contract violation) as well as the affective (i.e., psychological attachment) and behavioral (i.e., turnover intention) manifestations of the outcome (i.e., workplace commitment) in that nepotism-focused relationship.

2. Literature review and hypotheses development

Hiring of family and friends over highly skilled individuals regardless of their qualifications has been studied under various terms, including "nepotism," "cronyism," and "favoritism" (Arasli and Tumer, 2008; Aydogan, 2009; Loewe et al., 2008). Nonetheless, most researchers consider nepotism as the umbrella term when referring to the state of prevalence of non-objective criteria (e.g., attending the same school or belonging to the same region in the recruitment or selection process for an organization) (Büte, 2011). The misuse of office in favor of family and friends is considered as nepotism (Ford and McLaughlin, 1985). Favoritism is related to a kind of nepotism to someone based on personal connections, such as family, friends, neighbors, or any other acquaintances (Loewe et al., 2008), whereas cronyism is another form of nepotism to someone with whom you share the same political preference (Arasli and Tumer, 2008). This study uses the umbrella term of nepotism to refer to such work practices wherein senior or top managers are recruiting, selecting, and promoting their family and friends or any other acquaintances. Nepotism is a highly unprofessional and political phenomenon, and it ignores the objective criteria of knowledge, skills, and competencies at the time of recruitment and promotion of manpower in the organization, thereby breaching the moral code of fairness and justice.

Much of what is known about nepotism in organizations is based upon studies of family-owned or small businesses (Breuer et al., 2013; Erden and Otken, 2019). Relatively few studies have examined nepotism in other types of organizations (Abdalla et al., 1998; Büte, 2011).

Moreover, the impact of nepotism in service settings in developing countries such as India remains understudied. Several scholars have suggested that nepotism is especially prevalent in India given the country's collectivist culture (Khatri and Tsang, 2003; Khatri and Varma, 2019). Noteworthy, individuals in collectivist cultures tend to feel obligated to care for in-group members, especially family and friends, wherein harmonious relationships are so valued that the maintenance of personal relationships is prioritized over work performance, which occurs when managers in collectivist cultures feel duty-bound to hire, promote, and reward family and friends (Hofstede, 2001).

In developing countries with a collectivist culture, the divide between in- and out-group members is especially strong (Hofstede, 2001). In the case of India, which is an extremely diverse country, in-group membership may be based upon kinship, village, language, religion, or caste (Khatri and Varma, 2019). In addition to fulfilling obligations to in-group members, managers may prefer to hire and promote family and friends as a means of strengthening their power base, expanding their influence, and securing a cadre of loyal followers—they (managers) may gain career advantages by leveraging the support of their cadre of trustworthy family and friends. A renowned sociologist, Sumner (1959), developed the concept of in-group and out-group individuals to explain the phenomenon of inclusion and exclusion through which groups become more competitive and powerful. In this regard, nepotism has a functional value for the managers of business organizations to become more powerful by having people that resonate with their agenda and identity.

Noteworthy, past studies revealed that nepotism is related to negative changes in attitudes and behaviors commonly associated with workplace commitment such as psychological attachment and turnover intention (Frye et al., 2020; Pearce et al., 1994). While nepotism is viewed as a reality in many workplaces (Jones, 2013), there are mixed opinions regarding the impact of social relationships on workplace commitment (Jo and Ellingson, 2019). For example, Mejia et al. (2020) found that when supervisor–subordinate relationships are enhanced by *guanxi* (i.e., strong social connection and exchange relationships), frontline employees are less likely to leave, whereas Hight et al. (2019) reported that managers who were hired or promoted because of nepotism were perceived by their subordinates as lacking leadership, operational, technical, and decision-making skills.

While studies on the effects of nepotism have produced inconsistent findings (Woolsey, 2014), research suggests that frontline employees' perceptions of nepotism violate equity norms (Pearce, 2015). Such perceptions can be understood through the lens of psychological contract, wherein psychological contract violation has been found to produce a negative effect on workplace outcomes such as employee trust, job satisfaction, and extra-role performance as well as a positive effect on union commitment and turnover (Bashir and Nasir, 2013; Baruch and Rousseau, 2019; Kim et al., 2020). Nonetheless, the relationship between nepotism and employee outcomes, including workplace commitment, remains underdeveloped, which is mainly due to the lack of a suitable, empirically-tested rationale to explain why such a relationship transpires (Jain et al., 2022). In this regard, the present study reconciles the disparate streams of literature by leveraging on psychological contract theory to investigate the potential of psychological contract violation to act as a mediator that could explain the nepotism-workplace commitment relationship in service settings in developing countries. The overarching logic behind this investigation resides in the reasonable expectation that employees have for the organization to be fair and just in their treatment of employees (i.e., no nepotism) and that organizations that breach this informal agreement (i.e., psychological contract) will risk the commitment of their employees to the workplace (i.e., workplace commitment), which could be reasonably reflected in their affective feeling to the organization (i.e., psychological attachment) and their intention to leave the organization (i.e., turnover intention). This overarching logic is in line with prior

research such as Liu et al. (2013), which revealed that employees who perceive or experience organizations violating psychological contracts tend to inhibit their organizational citizenship behavior and reduce their contributions to the organization. This means that the perception of breach of trust and psychological contract propels the employees to be less committed and more disengaged, with a voluminous rise of such employees leaving the organization. The hypothesized relationships that reflect this understanding and thus examined in this study are depicted in Fig. 1, with further details for each hypothesis delineated in the following section.

2.1. Nepotism and psychological attachment

Psychological attachment, which relates to employees' identification and association with the organization, is one of the most widely studied form of workplace commitment (Meyer et al., 2002), and its importance over other forms of commitment has been demonstrated in the Indian context (e.g., Jain, 2016). Psychological attachment is positively associated with important organizational outcomes, including organizational citizenship behavior, attendance, performance, and retention (Meyer et al., 2002; Ribeiro et al., 2020). Since the service industry is extremely people oriented and customer satisfaction is of vital importance to an organization's success, service organizations typically want their frontline employees to have higher degrees of psychological attachment (Lim et al., 2022). However, perceptions of nepotism may reduce frontline employees' psychological attachment and increase workplace withdrawal tendency (Abubakar et al., 2017; Arasli et al., 2006). Frontline employees may also view nepotism as a form of corruption (Büte, 2011). More importantly, when employees perceive that rewards are based upon unfair standards, such as being related to members of senior management, their emotional bond with the organization is likely to be loosened or reduced (Ignatowski et al., 2021). For example, a large majority of the frontline employees interviewed by Hight et al. (2019) expressed frustration while working for managers they deemed as incompetent because these managers had been promoted because of personal connections rather than merit. These frontline employees also deemed managers to be unprofessional if they exhibited favoritism to employees who were their friends or relatives. Likewise, Estiri et al. (2018) found an inverse relationship between nepotism and frontline employees' sense of belonging. Frontline employees who witness nepotism in the procedures used to determine and distribute rewards are likely to experience inequity and lose trust in the organization while those who perceive their managers acting unjustly are unlikely to feel emotionally committed to the organization (Jain et al., 2022). Hence, the following hypothesis is proposed:

H1. There is a negative association between nepotism and psychological attachment.

2.2. Nepotism and turnover intention

According to Takase (2010), turnover intention is the willingness of the employee to leave the organization. Despite many reviews on turnover literature (Bilgili et al., 2017a, 2017b; Hom et al., 2017; Jo and Ellingson, 2019), relatively few studies have been done on the association between nepotism and turnover. For instance, Iqbal (2016) found that perceptions of favoritism were positively related to the turnover intention of workers in Pakistan's educational sector. Similarly, Kerse and Babadağ (2018), using a sample of 134 hotel frontline employees in Turkey, reported that nepotism was positively related to turnover intention. Frontline employees who witness favoritism or lose advancement opportunities to less qualified coworkers because of nepotism are likely to seek employment with another organization. Thus, the following hypothesis is put forth:

H2. There is a positive association between nepotism and turnover intention.

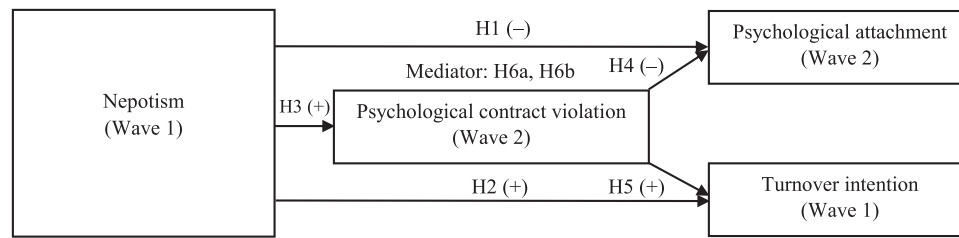


Fig. 1. Conceptual model. Notes: Two-wave (time lag) data collection approach was used to mitigate common method bias (Podsakoff et al., 2003). Wave = Data collection period. Wave 1 and Wave 2 are one month apart.

2.3. Nepotism and psychological contract violation

According to social exchange theory, the relationships between parties are governed by mutual obligations (Blau, 1964). When both parties fulfill their obligations, both parties remain satisfied (Robinson and Rousseau, 1994; Rousseau, 1995). When frontline employees' psychological contract expectations are met, they experience increased career satisfaction, well-being, engagement (Guest, 2004), and organizational commitment (Coyle-Shapiro, 2002; Maia and Bastos, 2015). However, if one party believes the other has violated the psychological contract governing their relationship, that party will become dissatisfied (Adams, 1965; Morrison and Robinson, 1997). Past studies have linked psychological contract violation with several negative outcomes, including increased absenteeism, employee misconduct, job dissatisfaction, and turnover intention (Allen et al., 2015; Deery et al., 2006; Gakovic and Tetrick, 2003) as well as reduced organizational commitment (Bashir and Nasir, 2013; Chen et al., 2008; Suazo et al., 2005a, 2005b). Frontline employees may feel betrayed when less qualified or lower-performing but better-connected individuals are rewarded. Frontline employees experiencing such psychological contract violation may feel that the employer has disregarded norms of fairness and justice (Robinson & Morrison, 1995). Thus, such practice may create a sense of cognitive dissonance in the minds of other frontline employees who perceive unfair practices caused by nepotism that may lead to psychological contract violation (Festinger, 1957). Given these arguments, the following hypothesis is developed:

H3. There is a positive association between nepotism and psychological contract violation.

2.4. Psychological contract violation as a mediator

Psychological contract (Rousseau, 1989) is an exchange concept providing a broad explanatory framework for understanding employee–organization linkages. The concept was defined by Rousseau (1995) as the individual beliefs about the mutual exchange relationship between the employee and the employer at the workplace. The perceptions of obligations compose the fabric of the psychological contract, and such contracts consist of sets of individual beliefs or perceptions regarding the reciprocal obligations (Rousseau, 1989). Obligations are defined as beliefs held by an employee or an employer, with the promise or debt binds each party to an action in relation to the other party. These obligations may derive from implicit or explicit promises of future exchange or reciprocity, but the variable is nonetheless an inherently perceptual one (Farnsworth, 1982). Thus, the psychological contract is one type of promissory contract, and its fulfillment is a good sign of a healthy employee–employer relationship.

Researchers such as Robinson and Morrison (1995) have examined the relationship between psychological contract violation and frontline employees' performance. They noted that when frontline employees feel that their employer has failed to fulfill their obligations, they are less likely to demonstrate employee engagement and job satisfaction. Moreover, this relationship is said to be mediated by trust. Therefore, to develop a mutually beneficial relationship between an employee and an

organization, it is important that both parties should understand and fulfill each other's expectations. Noteworthy, the fulfillment of psychological contract has been reported to increase employees' and employer's commitment to each other (Mustafa et al., 2021; Rousseau, 1989). Specifically, social exchange, reciprocity, and equity are central concepts in the literature on psychological contracts, wherein employees who believe or perceive that mutual obligations are fulfilled will develop a tendency to be more committed and are less likely to leave, though the perception of nepotism may violate the norms of mutual trust. Thus, it can be argued that psychological contract violation will significantly mediate the relationships among nepotism and workplace commitment in terms of psychological attachment and turnover intention, following the suggestions by previous researchers that the role of mediators for nepotism and work outcomes should be examined (Abubakar et al., 2017; Lub et al., 2012). Hence, this study explores whether psychological contract violation (Morrison and Robinson, 1997) may serve as a potential mediator for nepotism and (a) psychological attachment and (b) turnover intention. The negative feelings (e.g., distrust, betrayal) invoked by a breach of the employer–employee psychological contract as a result of nepotism may cause frontline employees to seek out alternative employment opportunities (Chen and Wu, 2017). Thus, the following hypotheses are presented:

H4. A negative association exists between psychological contract violation and psychological attachment.

H5. A positive association exists between psychological contract violation and turnover intention.

H6. The association of nepotism with (a) psychological attachment and (b) turnover intention will be mediated by psychological contract violation.

3. Methodology

3.1. Measures

This study conducted a survey by means of questionnaire distribution. Questions with high validity and reliability were adapted from prior research and used for this study. All of the questions were measured on a five-point scale ranging from “strongly disagree” (1) to “strongly agree” (5). The appendix lists the questions used to measure each variable in the study.

Psychological contract violation was assessed through Robinson and Morrison's (2000) four-item scale. “I feel betrayed by my organization” is an example of the psychological contract violation scale. No items from the scale were dropped as all items had adequate factor loadings.

Nepotism was assessed through Abdalla et al.'s (1998) eight-item scale. “The expectations of the executive's relatives and acquaintances are given priority” is an example of the nepotism scale. Three items from the scale were dropped because of low factor loadings.

Psychological attachment was assessed through Allen and Meyer's (1996) six-item scale for affective commitment, which is similarly defined (e.g., “an emotional attachment ... to an organization”; Allen and Meyer, 1996, p. 67; “the degree to which an individual is

psychologically attached to an employing organization through feelings"; Jaros et al., 2017, p. 954) but more popularly known as and thus synonymous with "psychological attachment" (Hassan, 2012, p. 384) in recent times. "I would be very happy to spend the rest of my career in this organization" is an example of the psychological attachment scale. Two items from the scale were dropped because of low factor loadings.

Turnover intention was assessed through Bluedorn's (1982) four-item scale. "It is likely that I will actively look for a new job next year" is an example of the turnover intention scale. No items from the scale were dropped as all items had adequate factor loadings.

3.2. Sampling method and procedure

The researchers contacted the heads of human resources (HR) of 38 hotels in India, 18 of whom accepted the request for data collection. The HR heads agreed for their frontline employees to participate in the study on the condition that the names of the hotels would not be disclosed. The researchers used convenience sampling for reasons of accessibility and timeliness. To mitigate the bias that may arise from convenience sampling, a larger variation in the sample was selected. The researchers ensured that the sample included frontline employees across the various demographic categories of the population (e.g., age, gender). The data was collected during different days, time, and locations, as well as across various departments such as the front office, housekeeping, food and beverage, maintenance, and recreation. The frontline employees who participated in the study were assured of the confidentiality of their responses as only aggregate results will be reported.

The two-wave (time lag) data collection approach (i.e., Wave 1 and Wave 2, with a difference of a one-month period) was used to mitigate common method bias (Podsakoff et al., 2003). To link the responses from the two waves, each questionnaire was assigned an identification code. The questionnaire was in English as it is the preferred language of communication in the Indian hotel industry.

During Wave 1, 850 questionnaires were distributed, but only 552 were filled and returned, signifying a response rate of 64.9%. Of the 552 questionnaires, three questionnaires were discarded because of incomplete information, thereby leaving 549 questionnaires for consolidation with Wave 2. The questionnaire in Wave 1 included questions pertaining to nepotism and turnover intention. The demographic details were also collected in Wave 1 and controlled during the data analysis.

During Wave 2, the frontline employees ($n = 549$) who had completed the first questionnaire were sent the second questionnaire, which consisted of questions relating to psychological contract violation and psychological attachment. However, only 490 questionnaires were filled and returned, signifying a response rate of 89.2%. Two incomplete questionnaires were excluded, and a total sample of 488 cases was used for the study. The sample size was adequate for our conceptual model, as the power derived from G*Power to justify the sample size (Faul et al., 2009) was 0.96, which was above the recommended minimum threshold of 0.80 (Cohen, 1988).

The sample of frontline employees in the Indian hotel industry used for this study consisted of 55.7% males and 44.3% females; 52.8% were not married and the remaining 47.2% were married. With respect to age, 25.2% were between 21 and 30 years old, 31.4% between 31 and 40 years old, 41.2% between 41 and 50 years old, and 2.4% above 50 years old. Most frontline employees in the study were college graduates with undergraduate (48.4%) or postgraduate degrees (11.5%), while the remaining 40.1% had other qualifications. The respondents were from various departments in the hotel, which include housekeeping (36.9%), the front office (34.6%), food and beverage (26.6%), training (1.4%), and others (e.g., finance) (0.4%).

4. Data analysis and results

This study utilized partial least squares structural equation modeling (PLS-SEM) to analyze the data. SmartPLS 3.0 was used to assess the

measurement and structural models. The reason for using variance-based SEM over covariance-based SEM was due to various reasons. First, PLS-SEM focuses on prediction (exploration), which is in congruence with the objectives of this study. Second, PLS-SEM is used to evaluate complex models, such as multiple intervening variables, including mediators and moderators (Bolander et al., 2015; Hair et al., 2014). Third, PLS-SEM, unlike its covariance-based counterpart, is not bounded by normality assumptions. Moreover, previous studies have claimed that both the SEM techniques (variance-based and covariance-based SEM) yield similar results.

4.1. Common method bias

In addition to conducting a time lag survey, Harman's one-factor test (1976) using the SPSS software was performed to test for common method bias, as recent research indicate that it is the most straightforward and meaningful method to assess common method bias despite its imperfection (and no diagnostic method is perfect anyway) (Fuller et al., 2016) and may be more powerful diagnostically than previously thought (Babin et al., 2016). The test revealed that the single factor explained only 27% of variance, which was far below the recommended maximum threshold of 50% for common method bias to occur (Podsakoff et al., 2003). Thus, this finding suggests that common method bias is not an issue for this study. To ensure robustness in the assessment of common method bias, the method of Bagozzi et al. (1998) was also followed, which suggests that any correlation among the study variables, if more than 0.9, would signify the presence of common method bias. The highest correlation between any two variables is 0.74 (Table 1), and thus, reaffirming that common method bias is not an issue for this study.

4.2. Measurement model

In terms of reliability, the composite reliabilities (Werts et al., 1974) were computed and reported to be above the recommended minimum threshold of 0.70 (Nunnally, 1978), which indicate that the questions measuring the variables in this study had internal consistency. Similarly, the item-to-construct reliability was computed and scrutinized, revealing values above the recommended minimum threshold of 0.70, which suggest that the indicators (questions) reliably measure their respective variables.

In terms of validity, the average variance extracted (AVE) exceeded the recommended minimum threshold of 0.50, thereby supporting convergent validity (Henseler and Ringle, 2009). The discriminant validity of the variables was also found to be acceptable as the AVEs were greater than the correlation values of the variables under study (Anderson and Gerbing, 1988). This is further supported by the heterotrait-monotrait (HTMT) ratio of correlations (Table 2), which show that the HTMT values were less than the recommended maximum threshold of 0.85, thereby reaffirming the discriminant validity of the measures (Henseler et al., 2015) in this study. The issue of multi-collinearity was also rooted out as the correlation coefficient between the constructs was found to be less than the recommended maximum threshold of 0.50, thereby strengthening the case in support of discriminant validity.

4.3. Structural model

The structural model depicting the direct and indirect effects of nepotism on psychological attachment and turnover intention via psychological contract violation is presented in Fig. 2. The figure also depicts the standardized path coefficients and explained variance of the endogenous variables. Table 3 depicts the collinearity statistics assessed by calculating the VIF values. The results indicate that the VIF values were below the recommended maximum threshold of five (Hair et al., 2014).

The structural model in PLS-SEM is evaluated by examining (a) the

Table 1
Reliability and validity measures.

Variable	n items	Cronbach's α	CR	AVE	Mean	SD	Nepotism	Psychological contract violation	Psychological attachment	Turnover intention
Nepotism	5	0.90	0.92	0.70	2.99	1.05	(0.84)			
Psychological contract violation	4	0.97	0.97	0.92	3.63	1.26	0.35	(0.96)		
Psychological attachment	4	0.96	0.97	0.90	3.12	1.42	-0.42	-0.45	(0.95)	
Turnover intention	4	0.94	0.95	0.85	3.75	1.21	0.47	0.74	-0.40	(0.92)

Notes: Values were significant at the 0.001 level. CR = Composite reliability. AVE = Average variance extracted. SD = Standard deviation. The values in parentheses are the square roots of AVEs.

Table 2
Heterotrait-Monotrait (HTMT) ratio of correlations.

Variable	Nepotism	Psychological contract violation	Psychological attachment	Turnover intention
Nepotism				
Psychological contract violation	0.357			
Psychological attachment	0.423	0.465		
Turnover intention	0.497	0.768	0.409	

Notes: The values presented are Heterotrait-Monotrait (HTMT) ratio of correlations.

collinearity values and directions of the relationships, (b) the coefficient of determination (R^2), (c) the effect size of the path coefficients (f^2), (d) the predictive relevance (Stone-Geisser Q^2) of the endogenous variables, and (e) the standardized root mean square residual (SRMR) to determine the overall structural model fit.

As shown in Fig. 2, a significant and negative association is found between nepotism and psychological attachment ($\beta = -0.303, p < .01$), and the R^2 value of 28.4% explains the structural model's predictive accuracy, thus supporting H1. A positive association is also found between nepotism and turnover intention ($\beta = 0.265, p < .01$), which

supports H2. The results also showed a positive association between nepotism and psychological contract violation ($\beta = 0.350, p < .01$), thus supporting H3. The results also illustrate a negative association between psychological contract violation and psychological attachment ($\beta = -0.345, p < .01$), which supports H4. Finally, a positive and significant association between psychological contract violation and turnover intention ($\beta = 0.656, p < .01$) as well as an R^2 value of 60.3% lends support to H5.

The effect size (f^2) of the structural model—when compared with Cohen's (1988) guideline of small (0.02), medium (0.15), and large (0.35) effect sizes—was found to be significant. The effect size of

Table 3
Collinearity statistics of structural model.

Variable	Nepotism	Psychological contract violation	Psychological attachment	Turnover intention
Nepotism				
Psychological contract violation	1.000			
Psychological attachment	1.139	1.133		
Turnover intention	1.126	1.134		

Notes: The values presented are inner variance inflation factors (VIFs).

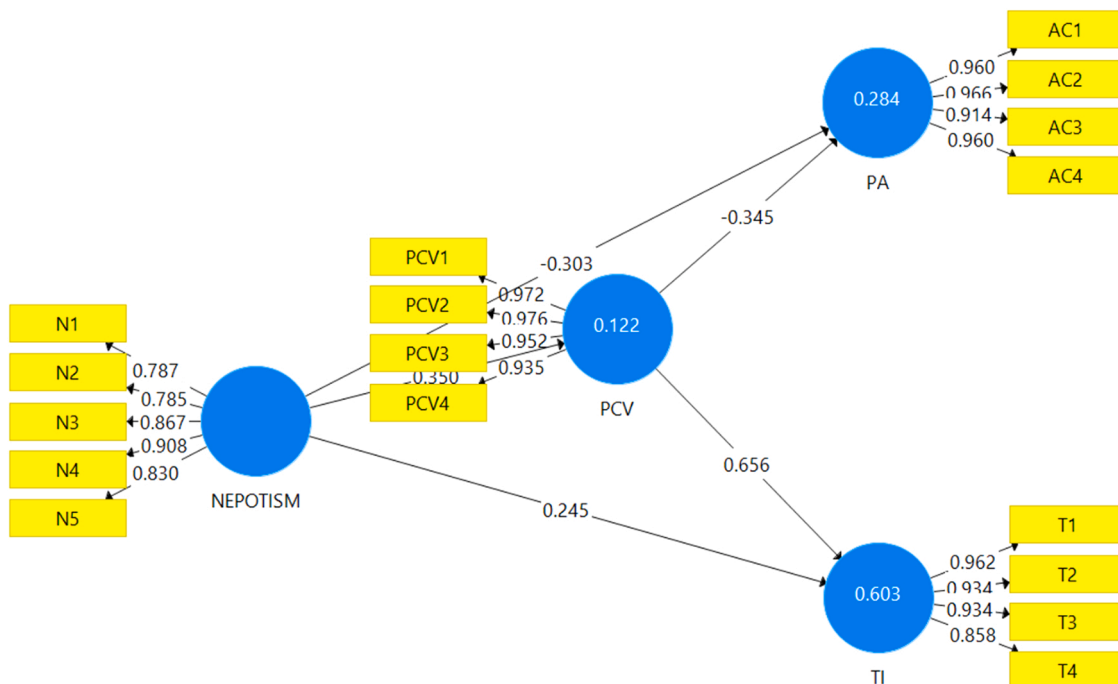


Fig. 2. Structural model. Notes: NEPOTISM = Nepotism. PCV = Psychological contract violation. PA = Psychological attachment. TI = Turnover intention.

nepotism on psychological attachment (0.11), psychological contract violation (0.14), and turnover intention (0.13) was medium. The effect size of psychological contract violation on psychological attachment was also medium (0.15), but it was large on turnover intention (>0.35). In addition to the collinearity and coefficient values (R^2) as well as the effect size of the path coefficients (f^2), the study measured Stone-Geisser's Q^2 (Woodside and Zhang, 2013) using the blindfold method. According to Chin (2010), the value of Q^2 is measured to confirm the model's predictive accuracy. This value should always be greater than zero. The values of Q^2 for psychological attachment, psychological contract violation, and turnover intention were found to be 0.253, 0.111, and 0.504, respectively. The study also assessed the SRMR, which was found to be 0.065 and less than the recommended maximum threshold value of 0.10, and thus, confirming the overall fit of the PLS structural model (Henseler et al., 2015).

4.4. Mediating relationship

The mediation was tested using the bootstrapping technique, which is a non-parametric resampling method (Preacher and Hayes, 2008). As observed from Table 4, psychological contract violation mediated the association between nepotism and psychological attachment (indirect effect = -0.121, **p < .01, VAF = 28.53 %), thus supporting H6a. Similarly, the results found that psychological contract violation mediated the association between nepotism and turnover intention (indirect effect = 0.229, **p < .01, VAF = 48.31 %), thus supporting H6b. Given that both direct and indirect effects are significant and point in the same direction for H6a and H6b, the nature of mediation is therefore a complementary mediation (Zhao et al., 2010). Noteworthy, the mediating effect of psychological contract violation strengthens the complex relationship between nepotism and workplace commitment (i.e., psychological attachment and turnover intention), as seen through the total effects that are higher than the direct and indirect effects for H6a and H6b (Table 4).

5. Discussion and conclusion

Drawing from theories and research on nepotism and psychological contract, the study investigated the understudied factors that may influence workplace commitment in terms of psychological attachment and turnover intention among frontline employees in service settings using the hotel industry in India as a case.

As hypothesized, nepotism is negatively related to psychological attachment (H1) and positively related to both turnover intention (H2) and psychological contract violation (H3). In this regard, the results suggest that nepotism is a prevalent psychological phenomenon for frontline employees in service settings, particularly in the Indian hotel industry. This implies that employees who perceive that hiring and promoting family and friends have lower psychological attachment to their workplace and higher turnover intention. These findings are in line with existing studies on nepotism by Abubakar et al. (2017) and Arasli et al. (2006), as well as prior studies on psychological contract by Baruch and Rousseau (2019), Rousseau (1989), and Rousseau and Parks (1993).

Moreover, the results highlight a negative association between psychological contract violation and psychological attachment (H4) and a positive association between psychological contract violation and turnover intention (H5). The results also reveal a complementary

mediation in the relationships between nepotism with psychological attachment and turnover intention through psychological contract violation (H6a and H6b), which suggests that psychological contract violation is the underlying mechanism that explains why nepotism has a negative impact on workplace commitment (i.e., psychological attachment and turnover intention). Noteworthy, violation of the employer–employee psychological contract causes frontline employees to lose faith and trust in the organization, as they do not see the expected link between work performance and rewards. Instead, frontline employees see that personal relationships with family and friends are the reason for hiring and promotion. Under such circumstances, frontline employees are unlikely to feel a strong emotional bond with the organization and may seek other means of employment. Therefore, this study answers the call by Abubakar et al. (2017) and Lub et al. (2012) for new research that sheds light into underlying mechanisms (i.e., psychological contract violation) that explain the complexities in understanding nepotism and workplace commitment (i.e., psychological attachment and turnover intention).

5.1. Theoretical implications

The results of this study have important implications for understanding workplace commitment in the service industry. Noteworthy, frontline employees who perceive that management favors family and friends in hiring and promotion decisions are less emotionally attached to the organization and more likely to consider alternative employment. This study reasons that frontline employees who witness nepotism flourishing in their organization are likely to believe that the organization has violated the employer–employee psychological contract. This theorization is supported by the results herein that showed a negative association between psychological contract violation and psychological attachment and a positive relation between psychological contract violation and turnover intention.

By revealing the complementary mediation of the relationship between nepotism with psychological attachment and turnover intention through psychological contract violation, this study establishes that psychological contract violation is the fundamental reason that explains why nepotism has a negative impact on psychological attachment and positive impact on turnover intention. In particular, a violation of the psychological contract between the employer and the employee occurs when nepotism is allowed to manifest (e.g., frontline employees see that personal relationships with family and friends are the reason for hiring and promotion, and thus, they do not see the expected link between work performance and rewards), thereby reducing faith and trust in the organization. In this regard, frontline employees who perceive a psychological contract violation are unlikely to feel a strong emotional bond with the organization (i.e., psychological attachment) and may seek other means of employment (i.e., turnover intention), thereby reflecting low levels of workplace commitment.

Being a collectivistic society, India may have a higher probability of suffering from the negative impact of nepotism (Woosley, 2014). Professionals in higher managerial positions often prefer to hire family and friends given a similar social identity to reduce their personal insecurities and fears at the workplace—in other words, they develop a social support system around them to address any uncertainty at the workplace. India's lack of a social security system for frontline employees and managers at a senior level also illustrate a strong sense of job

Table 4
Mediation analysis.

Hypothesis	Path	Total	Direct	Indirect	VAF	Mediation
H6a	Nepotism → PCV → PA	-0.424	-0.303	-0.121	28.53 %	Complementary
H6b	Nepotism → PCV → TI	0.474	0.245	0.229	48.31 %	Complementary

Notes: Values are significant at the 0.05 level. VAF = Variance accounted for = Indirect effect ÷ Total effect × 100, VAF = 100 % denotes full mediation (Hair et al., 2010). PCV = Psychological contract violation. PA = Psychological attachment. TI = Turnover intention.

insecurity across levels. Nepotism has become a social norm in India; however, it creates a sense of dissonance among other frontline employees. Thus, the effect of nepotism has become more severe given the perception of psychological contract violation. Frontline employees expect to be treated in a fair and dignified manner at their workplace (Allen et al., 2015; Halbesleben et al., 2014). Violation of the psychological contract leads to a reduction in emotional attachment and increases the intent to leave. On the other hand, psychological contract fulfillment may strengthen the job satisfaction and organizational citizenship behavior of frontline employees in the service industry (Sobaih et al., 2019).

Taken collectively, the implications of the study's findings signal that (1) the threat of nepotism can be explained by the mediating role of psychological contract violation, which (2) holds across affective (i.e., psychological attachment) and behavioral (i.e., turnover intention) threats in workplace commitment, and that (3) psychological contract violation is capable of inducing a cognitive dissonance among employees by stimulating a tension arising from a breach of trust, and thus, resulting in (4) reduced psychological attachment and increased likelihood of turnover.

5.2. Managerial implications

The results of this study have major implications for how managers in the service industry may increase psychological attachment and reduce turnover intention, thereby strengthening workplace commitment among employees. The success of the service industry depends on the frontline employees' emotional commitment to the customers/clients, which gets hampered if they perceive any psychological contract violation caused by the differential treatment of meritorious frontline employees. In the context of the service industry, frontline employees should perceive that management is fair and can be trusted with regard to systems and procedures related to recruitment, selection, performance appraisal, training, transfers, and termination, among others. This study shows that the perception of nepotism violates frontline employees' perception of psychological contract, which produces detrimental effects on frontline employees' psychological attachment and turnover intention. In the longer run, these negative outcomes can inculcate a negative work culture in the organization and reduce the chances of sustainable development. While family and friends may have a higher tendency to work together in a collectivist culture (e.g., India), it is important to ensure that decision making (e.g., hiring, promotion, remuneration) is firmly based on ethics and merit. This can be done by acknowledging and mitigating potential conflict of interest, for example, excusing oneself from decision making involving a known family or friend, which can go a long way in promoting a sense of an ethical climate in the organization. The success of Southwest Airlines over five decades is evidence of fair treatment to frontline employees, which has promoted the culture of positively outrageous service. Hence, this study highlights the importance of an objective and transparent performance management system, and a merit-based criterion should be institutionalized to develop a competitive advantage. Such a system may reduce the incidences of nepotism and psychological contract violation, and more importantly, promote trust and the fulfillment of psychological obligations, thereby facilitating the development of a culture of professionalism free from nepotism.

To reduce turnover intentions in the service industry, it is crucial to mitigate perceptions of nepotism in the organization. To do so, management needs to ensure that there is no perception of employees getting a job or promotion based on a favor or recommendation from someone close in a higher position in the organization. In other words, every employee in the organization should be treated equally with clear and

transparent decision-making processes. In order to enhance the effect of strategies to reduce nepotism, organizations should ensure that psychological contracts are not violated, and they should foster psychological attachment among their employees. This can be done by being transparent and engaging in open communication (e.g., newsletters), creating an open and safe culture (e.g., rewarding rather than shunning employees who raise issues), promoting a collective way of looking at problems (e.g., engaging in consultation and joint decision making), providing employees with an enabling and supportive work environment (e.g., continuous improvement in professional charters and support mechanisms), providing space for employees to voice their needs and concerns (e.g., townhalls), making employees feel that their problems are shared (e.g., collaborative problem solving), encouraging employees to take ownership of issues in the organization (e.g., collective responsibility), and proactively seeking out the expectations of employees (e.g., having informal chats to supplement formal discussions and surveys), among others.

5.3. Limitations and future research directions

This study contributes to the literature on workplace commitment in the service industry using a psychological contract perspective. This is also one of the rare studies to examine the effect of nepotism and psychological contract violation in the Indian hotel industry. This study developed and operationalized a mediation model using a longitudinal survey design. However, the study also has some limitations that can be considered in future research.

First, this study remains exploratory in nature, and thus, it is no surprise that it is limited in terms of the variables that were considered. Future research should therefore consider how alternative factors could moderate the mediating effect of psychological contract violation on the nepotism-workplace commitment relationship, such as career adaptability, resilience, self-efficacy, and optimism.

Second, this study was conducted in India and may not be generalizable to other countries, especially in Western countries with individualistic cultures. Thus, future research that extrapolate the studied relationships to other developed and developing countries with collectivist and individualistic cultures would serve as a meaningful extension to the findings in this study.

Third, this study does not compare the effects of nepotism with other forms of practices that may exist. Thus, future research can compare the current model of nepotism with other practices, such as ingratiation practices in India (Pandey, 1981). In a hierarchical society such as India, praising others and loyalty to bosses can be highly rewarded forms of behavior and can be compared with the effects of nepotism in a professional organization. Indian managers prefer to work in a "close relationship" context, so they form a close group (in-group) of those frontline employees who are well versed in ingratiation skills.

Finally, this study considers only the dark side of nepotism. Thus, future research could explore the brighter side of nepotism. Nepotism can be perceived as a means of developing a trust-and-support system to meet a sudden crisis. Family and friends could be more willing to carry an extra burden of the workload and can go beyond the call of duty to serve the organization, especially in a crisis (e.g., the coronavirus pandemic). Therefore, if nepotism is coupled with the merit of family and friends, then it may improve overall organizational effectiveness and can reduce the possibility of a sudden downfall, though empirical support is required, which future research could provide.

Data availability

Data will be made available on request.

Appendix. Questions measuring variables

ID	Question	Source
Nepotism (N)		
N1	Employees in my organization always feel that they need someone they know (family, friend) in a high-level position.	Abdalla et al. (1998)
N2	Supervisors in my organization are afraid of subordinates who are related to high-level executives.	
N3	I am always careful when speaking to family or friends of high-level executives in my organization.	
N4	The expectations of family and friends of high-level executives are given priority in my organization.	
N5	High-level executives in my organization have a hard time demoting or firing family and friends.	
Psychological contract violation (PCV)		
PCV1	I feel extremely frustrated by how I have been treated in this organization.	Robinson and Morrison (2000)
PCV2	I feel that my organization has violated the psychological contract between us.	
PCV3	I feel betrayed by my organization.	
PCV4	I feel a great deal of anger towards my organization.	
Psychological attachment (PA)		
PA1	I would be very happy to spend the rest of my career in this organization.	Allen and Meyer (1996)
PA2	I really feel as if this organization's problems are my own.	
PA3	This organization has a great deal of personal meaning for me.	
PA4	I do not feel a strong sense of belonging to this organization.	
Turnover intention (TI)		
TI1	I often think about quitting my job.	Bluedorn (1982)
TI2	It is likely that I will actively look for a new job next year.	
TI3	I will probably look for a new job in the next year.	
TI4	I often think of changing my job.	

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