

2012

# The Impact of the Use of Favoritism on Work Groups

April Chaput  
*University of Rhode Island*

Follow this and additional works at: [http://digitalcommons.uri.edu/lrc\\_paper\\_series](http://digitalcommons.uri.edu/lrc_paper_series)

---

## Recommended Citation

Chaput, April, "The Impact of the Use of Favoritism on Work Groups" (2012). *Seminar Research Paper Series*. Paper 36.  
[http://digitalcommons.uri.edu/lrc\\_paper\\_series/36](http://digitalcommons.uri.edu/lrc_paper_series/36)[http://digitalcommons.uri.edu/lrc\\_paper\\_series/36](http://digitalcommons.uri.edu/lrc_paper_series/36)

This Seminar Paper is brought to you for free and open access by the Schmidt Labor Research Center at DigitalCommons@URI. It has been accepted for inclusion in Seminar Research Paper Series by an authorized administrator of DigitalCommons@URI. For more information, please contact [digitalcommons@etal.uri.edu](mailto:digitalcommons@etal.uri.edu).

# THE IMPACT OF THE USE OF FAVORITISM ON WORK GROUPS

APRIL CHAPUT

University of Rhode Island

This paper addresses a topic that is a prevalent phenomenon in the workforce. It does not get a great deal of formal attention, but it is an important issue that exists in all organizations. The topic is organizational favoritism. According to Morettini, "Favoritism is part of human nature. No two people interact similarly to any other two, so it's impossible for all organization relationships to be "equal". It's only natural to gravitate to people that you share common interests with, and with whom you have an easy rapport" (2006: 1). We can view favoritism from two perspectives: subordinate perceptions of supervisor favoritism or actual favoritism behaviors. It is evident that relationships between supervisors and subordinates are a controversial discussion among subordinates, supervisors, and organizations in correlation with organizational favoritism. Berman, West, and Richter (2002) define organization relationship as "nonexclusive organization relations that involve mutual trust, commitment, reciprocal liking and shared interest or values" (2002: 218). An organizational relationship can be purely instrumental based on an exchange of resources or can be affective based on interpersonal liking and attraction. According to the Merit Systems Protection Board, "favoritism occurs when human capital decisions are based on personal feelings and/or relationships and NOT on objective criteria, such as assessments of ability, knowledge, and skills" (2011: 1). For the purpose of this paper, favoritism takes place when human capital decisions are established on personal feelings and/or relationships, such as assessments of ability, knowledge, skills, and past performance.

The majority of literature available on organizational favoritism places emphasis on certain human resource functions where supervisory decision-making could be influenced.

Hence, supervisors use subjective criteria in hiring decisions, promotional decisions, performance evaluations, and work and task assignment decisions rather than objective measures. "Subjectivity opens the door to favoritism, where supervisors act on personal preferences toward subordinates to favor some subordinates over others" (Prendergast & Topel, 1996: 958). According to Dr. Sayani Basu, "in the work place, favoritism can be said when someone-or perhaps a group of people-appears to be treated better than others and not necessarily for reasons related to superior work performance" (2009:1). In Duran and Morales approach to favoritism, "preferred individuals are those who belong to the group of friends of the organization. The unfairness that characterizes favoritism is found in the fact that decision-makers consciously favor their friends at the expense of someone else who is more deserving" (2009:3). According to Bassman and London, "showing favoritism maybe abusive in itself, especially if the "out group" subordinates are regularly excluded from opportunities for development, valued job assignments, pay increases, or other rewards" (1993:21).

The use of favoritism in supervisor decision-making has limited academic literature in relation to ethical decision-making theory, leader-member exchange theory, or expectancy theory. Furthermore, academic literature has used antecedents and consequences to investigate favoritism, but not favoritism in supervisory decision-making.

The purpose of this research is to examine organizational conditions that make the use of favoritism more likely (antecedents) and the outcomes that occur when high use of favoritism is used within groups and organizations (consequences). I found that the uses of

favoritism in supervisory decision-making are caused by pre-existing conditions that occur within the organization. The antecedents used in the favoritism model (Diagram 1) includes: transparency, clear and specific decision-making criteria, ethical climate or culture, supervisor accountability for results, and supervisor accountability for process. Performance, morale, and motivation are consequences that are critical to determining favoritism in supervisor decision-making and are also displayed in the favoritism model too (diagram 1). I found that favoritism is more likely to occur in organizations that have a lack of transparency in decision-making, deficiency of clear and specific decision-making criteria, a non-existent organizational culture or climate, insufficient accountability on supervisors, and a lack of engaged supervisors.

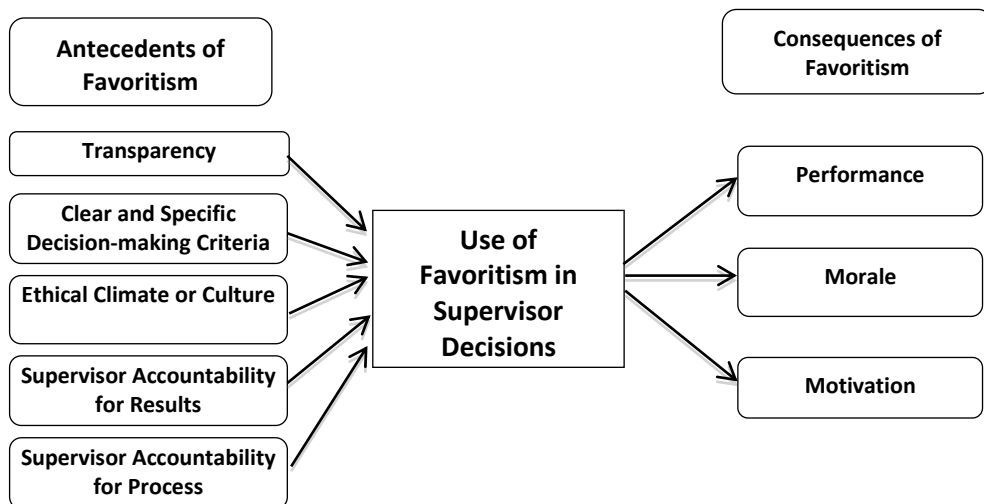
Organizations typically have standard operating procedures (SOP) in place to help guide in the everyday operations of the organization and are an integral part of a successful organization environment as it provides individuals with the information to perform a job properly, and facilitates consistency in the quality and integrity of the organization. Furthermore, an SOP is designed, in part, to minimize favoritism and promote quality through consistent implementation of a policy or procedure within the organization. It can be assumed that if at any point during supervisory decision-making the same policies or procedures used to manage one group of subordinates aren't the same policies and procedures used to

manage other groups a break-down in SOP has occurred. The break-down in SOP by a supervisor ultimately is because one subordinate or group of subordinates (in-group) is perceived to be favored based on a good relationship or common interests over the other subordinate or group of subordinates (out-group). This will result in subordinates perceiving favoritism based on variations to SOP by supervisors which then results in reduced morale and organization motivation, decreased performance, increase in social capital, perceived inequality and high turnover.

**Outline of the Paper**

In this paper, I will explain in full detail each antecedent of favoritism in supervisor decision-making. Next, I will explain in complete detail each consequence of favoritism in supervisor decision-making. Following I will analyze favoritism in supervisor decision-making by explaining in comprehensive detail ethical decision-making theory, leader-member exchange theory, and expectancy theory. After analyzing favoritism in supervisor decision-making based on theory, I will relate my findings to the favoritism model (diagram 1). The application of the favoritism model will be specified, and I will explain why the favoritism model will more efficiently and effectively decrease favoritism in supervisor decision-making. Lastly, I will conclude with a summary of the paper, need for future research, and recommendations.

**FIGURE 1**  
**Favoritism Model**



### Antecedents of Favoritism

The uses of favoritism in supervisory decision-making are caused by pre-existing conditions that occur within the organization. The antecedents employed to establish logic regarding the use of favoritism in supervisory decision-making includes: transparency, clear and specific decision-making criteria, ethical climate, supervisor accountability for results, and supervisor accountability for process. By defining each antecedent, I will formulate hypotheses that will help explain the relationship between the antecedent and the use of favoritism in supervisory decision-making.

**Transparency.** Transparency in the realm of business is not something of the past, it is a policy that the public has come to demand and expect over time. Transparency has revolutionized the way organizations develop trust and loyalty. If transparency is implemented correctly, input from the public is encouraged and policies reflect the general consensus of a broad range of individuals. Most importantly, transparency allows for organizations to put everything on the table. In a transparent organization there is nothing hidden. All of the aspects of an organization, especially the human resources functions and financial aspects are made available to both subordinates and stakeholders. Some areas where transparency is possible within an organization are during the human resources functions (recruiting, selection, compensation, training and development, and performance management), as well as budget review, disclosing financial statements, audits, and open board meetings.

Transparency is a process of developing an organizational culture that exposes everything (Jahansoozi, 2005). In layman's terms, it is when an organization chooses to build confidence and trust as supervisors comes forward with specific information regarding the functions of the organization. Furthermore, "transparency is very important for organization-public relationships and can be views as a relational condition or variable that is a prerequisite for other relational

elements such as trust and commitment. It can be noted that an organization is more successful when using transparency. One example of transparency is when an organization chooses to incur audits as a way to build confidence with the stockholders. Transparency provides the atmospheric conditions that allow trust, accountability, corporation, collaboration, and commitment to flourish" (Jahansoozi, 2005: 80). In an effort to prove that the organization is practicing fair and ethical behavior, many organizations provide information to stakeholders regarding gift giving, compensation, and other organization decisions. Stakeholders often worry about favoritism within an organization. Transparency helps to dispel any concerns that shareholders might have about those issues.

Jahansoozi (2005) believes that transparency is ethical communication and decision-making which are required elements for public trust. Offering promotions and benefits are critical for organizations to have a transparent system. When organizations practice transparency, morale and loyalty increases and as a result subordinates are retained for a longer period of time.

State and federal legislation has been passed to ensure that subordinates have access to information and those subordinates can request to have copies of the data. This legislation is called Freedom of information legislation. This freedom of information legislation is essential especially for non-profit groups who receive federal funding. The creation of such legislation is done to avoid corruption and misuse of government funds. Moreover, Grunig (cited in Center & Jackson, 2003) believes that "decisions or policies often create problems and active publics, which lead to the emergence of issues and, without action, can turn into full-blown crises. However, if the organization-public relationship is 'positive', there will be transparency, communication, trust, cooperation, satisfaction, and commitment as well as other relational characteristics present" (Center & Jackson, 2003: 14).

Transparency in decision-making is essential for human resource departments interested in a decision-making process that is assessable to all subordinates and fosters accountability. When supervisors decide to be transparent information is shared with everyone. Ideally, a transparent decision has a recognizable process and outcome for both supervisors and subordinates. The recognition of the process and outcome gives validity to existing policies and practices. Jahansoozi (2005) states that transparency is very important for collaborative work, which requires the involved parties to trust that what is being done is being done to the agreed standard. If individuals and organizations are required to be accountable for their decisions and actions, then it is likely that they will conform and corporate if corporation is perceived to be positive. Once it is clear where accountability lies, cooperation is more likely to occur, as a level of trust exists. Based on the existing literature an organization that has transparency also has a well-structured organizational strategy with a good decision-making process. Transparency is a fundamental driver of efficiency within an organization. Berggren and Bernshteyn (2007) have found that a high level of transparency creates an increase in subordinate performance which in turn creates a more successful organization. Having transparency allows for subordinates to understand what he or she is trying to accomplish. "An organization cannot attempt to replace broken business models, reform management, or restructure the organization without replacing them with a new solution or system that will succeed" (Berggren & Bernshteyn, 2007: 416). Furthermore, "An organization cannot develop a transparent organization without first ensuring that fundamental conditions are in place" (Berggren & Bernshteyn, 2007: 416). These fundamental conditions include "a clearly defined strategy that is possible to execute with the human capital that the organization nurtures. The strategy must then be broken down into individual goals that support the over-arching strategy" (Berggren & Bernshteyn, 2007: 416). There are specific

standards that an organization must follow to ensure that transparent goals are met.

In addition, "when standards for corporate disclosure are defined and institutionalized, they provide guidance to organizations and allow them to reduce uncertainty through the display of mimetic behavior" (Christensen, 2002: 167). Creating an organizational culture that displays transparency will promote openness and comfort for subordinates. Transparency allows subordinates to express frustration with organizational shortcomings such as inability to execute strategy and make critical decisions (Berggren & Bernshteyn, 2007). When subordinates feel that they have a say in the overall operation of a business and that their concerns are being heard, job morale is much higher and productivity increases. According to Von-Furstenberg (2001), transparency is an important aspect of any business and has helped many organizations against accusations of mismanagement and corruption. "Transparency contributes to the organization's reputation management through numerous benefits enjoyed by transparent organizations: increased trust, credibility, cooperation with key publics, reduced information and transaction costs, and lowered risk premiums" (Jahansoozi, 2005: 81). Von-Furstenberg (2001) acknowledged the good that transparency instills and credits it with reducing the levels of corruption and bad practice that flourish in opacity. If an organization has nothing to hide, it is assumed that they would want to be up front with consumers about any information pertaining to the organization and how it operates. As a result, the reputation of the organization will be one where loyalty flourishes and corruption is minimized.

Overall, transparency is a big factor for organizations to consider when establishing an organizational strategy. Transparency creates an organizational culture that includes trust, accountability, corporation, collaboration, and commitment. As a result, it would be less likely for an organization that has a transparent decision-making process to experience supervisors making decisions based on favoritism.

According to Von-Furstenberg (2001), transparent policies and procedures within an organization “helps minimize the exercise of uncontrolled discretionary power through a system of appropriate rules. Accountability follows, with any abuses of power quickly exposed and corrected” (Von-Furstenberg, 2001: 108).

*H1: Transparency Proposition: Supervisors working in organizations or departments with high transparency in decision-making are less likely to make decisions based on favoritism.*

#### **Clear and Specific Decision-Making Criteria.**

Ethics in business is defined as a set of standards based on principles that tell us how we should act. It is not based on feelings, religion or laws. Ethics is something that applies to all and nobody in an organization is exempt from using ethics in business. Many believe that following ethics is similar to following the law but this is not the case. Many laws are not based on ethics and can often be corrupt.

Ethical behavior in organizations arises when there is ethical decision-making which includes clear and specific decision-making criteria. Ethical decision-making should be based on a number of measurement criteria. For example, organizations must establish principles of expectations of both subordinates and supervisors. Organizations have to be clear and specific about the code of conduct for subordinates. Often these policies are made clear at the time the person is hired and sometimes during the interview process. Organizations also have to be careful to adhere to policies regarding human rights so as to not discriminate based on age, sex, race, or sexual orientation. According to Gatewood and Carroll (1991), ethical decision-making addresses the culture, strategy, and goals of the organization. This ethical decision-making construct should “be applicable to different levels of the organization, be applicable within and across jobs, address short and long term aspects of performance, be related to both behaviors and outcomes, and address characteristics that are

under the decision makers’ control or knowledge (e.g. organizational norms and environmental regulations)” (Pimentel, Kuntz, & Elenkov, 2008: 371). Issues of ethics and practices should be constantly revisited and changes must be made when necessary to ensure that policies are maintained.

Decision-making occurs when supervisors are “facing multiple attributes, objectives, criteria, functions, etc.” (Zeleny, 1975: 86). “Decision-making is a dynamic process: a complex search for information, full of detours, enriched by feedback from casting about in all directions, gathering and disregarding information, fueled by fluctuating uncertainty, indistinct and conflicting concepts- some sharp, some hazy; the process is an organic unity of both pre-decision and post-decision stages overlapping within the region of partial decision-making” (Zeleny, 1975: 86). It is not always easy to create a standard for decision-making. Many factors need to be taken into account. The most common decisions to be made are what to base the ethical decisions on and how to apply them. After making a decision it is important to assess the decision to determine if it was successful or not. The structure of decision-making is “functional, capable of generating its own path towards the decision. The final decision unfolds through a process of learning, understanding, information processing, assessing, and defining the problem and its circumstances” (Zeleny, 1975: 86).

Clear and specific decision-making criteria are important to all supervisors when making decisions. However, literature on the management coefficients theory states that (1) “experienced supervisors are quite aware of and sensitive to the criteria of a system, (2) experienced supervisors are aware of the system variables which influence these criteria, (3) supervisors, in their present position through a process of natural screening, making decisions, i.e. implicitly operate decision rules, with a sense and intuition which relates the variables to criteria imperfectly- but more erratic than biased, (4) most cost criteria surfaces as a function of the decision variables are shallow, dish-shaped at the

bottom (top) and even with bias in the supervisor's behavior, it is far out (variance) examples of behavior which are really expensive or damaging, and (5) if supervisor's behavior had paralleled the decision rules with their average or mean coefficients, their experience would have been better according to the criteria" (Bowman, 1961: 316).

*H2: Experienced supervisors make decisions based on their own criteria creating biases; supervisors who use clear and specific criteria are less likely to make decisions based on favoritism.*

**Ethical Culture or Climate.** Ethical/Culture Climate within an organization is defined by Victor and Cullen (cited in W.C. Frederick, 1987) as "the shared perceptions of what ethically correct behavior is and how ethical issues should be handled" (W.C. Frederick, 1987: 51-52). In organizations, subordinates tend to behave consistent with the work climate and therefore it can be predicted that there is a link between climate and behavior. Ethical Culture/Climate is expected to have an impact on organizational decision-making and according to ethical theory it could cause either ethical or unethical behaviors in the organization. Ethical theory has many different aspects; however for all intended purposes I will be using the work of Victor and Cullen to find out how organizations can establish an ethical climate.

Victor and Cullen developed the Ethical Climate Questionnaire (ECQ) "to tap respondents' perceptions of how the members of their

respective organizations typically make decisions concerning various "events, practices, and procedures" requiring ethical criteria" (W.C. Frederick, 1987: 52). Victor and Cullen (cited in W.C. Frederick, 1987) established an ethical climate typology that consists of a 3 x 3 diagram (Figure 1). The diagram illustrates the theoretical climate types that could be found in the organization. To better understand, the diagram listed the three types of criteria of ethical theory along the vertical axis which are egoism, benevolence, and principle. Furthermore, along the horizontal axis are the three levels of analysis which are individual, local, and cosmopolitan. This then forms the nine theoretical possible climates which an organization could experience. They are (1) self-interest, (2) organization profit, (3) efficiency, (4) friendship, (5) team interest, (6) social responsibility, (7) personal morality, (8) organization rules and procedures, and (9) the law or professional code. This typology shows a range of organizational sources of ethical work climate including: "(1) the "individual", in which the basis for ethical decision-making comes from within the individual (e.g., one's personal moral beliefs); (2) "local", whereby the source of ethical roles definitions and expectations come from within the focal organization (e.g., organizational practices, policies, etc.); or (3) "cosmopolitan," in which case the source or reference group for ethical decision-making is external to the individual and focal organization (e.g., professional association)" (Shepard & Wimbush: 1994: 638).

**FIGURE 2:  
Victor and Cullen Typology of Ethical Climates**

		Locus of Analysis		
		Individual	Local	Cosmopolitan
Ethical Criterion	Egoism	Self-Interest	Organization Profit	Efficiency
	Benevolence	Friendship	Team Interest	Social Responsibility
	Principle	Personal Morality	Organization Rules and Procedures	The Law or Professional Code

Source: (Victor & Cullen, 1987)

Furthermore, Victor and Cullen (1988) identified five dimensions of ethical climate including caring, rules, law and code, independence, and instrumental. These dimensions are linked to Victor and Cullen's typology of ethical climates (Figure 2) and were determined based on a survey of 872 subordinates of four firms that were both multi-dimensional and multi-determined. Based on the data collected from the survey it was revealed

that there is a significant difference in ethical climates among firms and within firms. Therefore, "a theory of ethical climates is developed from organization and economic theory to describe the determinants of ethical climates in organizations. In particular, the sociocultural environment, organizational form, and organizational-specific history are identified as determinants of the ethical climate in organizations" (Victor & Cullen, 1988: 101).

**FIGURE 3  
Victor and Cullen (1988) Theoretically and Empirically-Identified  
Dimensions of Ethical Climate**

Theoretical Dimensions	Empirical Dimensions
Cosmopolitan/Principle Cosmopolitan/Benevolence	Law and Code
Individual/Benevolence Local/Benevolence	Caring
Local/Principle	Rules
Individual/Principle	Independence
Individual/Egoism Local/Egoism	Instrumental

Shepard & Wimbush, 1994: 639)



I will use both the ethical climate typology and the five dimensions of ethical climate developed by Victor and Cullen's to describe the relationship between ethical climate and favoritism (Table 1).

First, it can be predicted that an organization that has an ethical climate utilizing "law and code" would require that supervisors adhere to the codes and regulations of their profession in fear that they would jeopardize their job and lose the respect of their colleagues (Shepard & Wimbush, 1994: 639). As a result, a cosmopolitan/principle or a cosmopolitan benevolence organization in theory will have no relationship between ethical climate and favoritism because decision-making is made based on objective criteria centered on codes and regulations of the organization.

Second, it can be predicted that an organization that has an ethical climate utilizing "caring" would employ supervisors that "have a sincere interest for the well-being of each other, as well as others within and outside the organization, who might be affected by their ethical decisions" (Shepard & Wimbush, 1994: 638). As a result, an individual/benevolence or a local/benevolence organization in theory will have a low relationship between ethical climate and favoritism because decision-making is made based on criteria in which "policies and practices of the workgroup would foster concern for those affected by subordinates' decisions. Not only would the policies and practices promote this, but most workgroup members would individually conduct themselves in this manner" (Shepard & Wimbush, 1994: 638).

Third, it can be predicted that an organization that has an ethical climate utilizing "rules" would comprise of supervisors "who adhere strictly to the organizational rules and policies" (Shepard & Wimbush, 1994: 639). As a result, a local/principle organization in theory would have a low relationship between ethical climate and favoritism because decision-making is based on criteria in which the rules and policies will serve

as a guide for supervisor's ethical decision-making.

Fourth, it can be predicted that an organization that has an ethical climate utilizing "independence" would illustrate that supervisors are "guided by their personal moral beliefs" (Shepard & Wimbush, 1994: 639). As a result, an individual/principle organization in theory would have a low relationship between ethical climate and favoritism because decision-making is based on criteria of the supervisors "own personal moral beliefs based upon a set of well-considered principles" (Shepard & Wimbush, 1994: 639). In this case, supervisors are "self-guided to the extent that others within and outside the organization have little or no influence on their ethical decision-making" (Shepard & Wimbush, 1994: 639).

Fifth, it can be predicted that an organization that has an ethical climate utilizing "instrumental" components have supervisors that "look out for their own self-interest, first and foremost, to the exclusion of the interest of others who may be affected (even adversely) by their decisions" (Shepard & Wimbush, 1994: 639). As a result, an individual/egoism or local egoism organization in theory would have a high relationship between ethical climate and favoritism because decision-making is based on criteria exclusively to the supervisors own self-interest.

Overall, ethical theory has predicted that organizations can create an ethical climate by creating a work environment that utilizes "law and code", "caring", "rules", or "independence" as the dimension. In that scenario, "It is expected that ethical behavior will be most prevalent among supervisors because the organizational policies and accepted behavior would command the consideration of others when making ethical decisions" (Shepard & Wimbush, 1994: 640). Furthermore, there will for the most part be no or low relationship between ethical climate and favoritism because decision-making is based on more of an objective criteria. In contrast, when

an organization has an instrumental work climate it is expected to foster unethical behaviors. Therefore, it can be predicted that there will be a

high relationship between ethical climate and favoritism because decision-making is based on personal feelings and/or relationships.

**TABLE 1**  
Relationship Between Ethical Climate and Favoritism

Theoretical Dimensions	Empirical Dimensions	Relationship between Ethical Climate and Favoritism
Cosmopolitan/Principle Cosmopolitan/Benevolence	Law and Code	No Favoritism
Individual/Benevolence Local/Benevolence	Caring	Low Favoritism
Local/Principle	Rules	Low Favoritism
Individual/Principle	Independence	Low Favoritism
Individual/Egoism Local/Egoism	Instrumental	High Favoritism

*H3: It can be predicted that if a supervisor is using only objective criteria for decision-making, then there is no relationship between ethical climate and favoritism.*

*H4: It can be predicted that if a supervisor is using a combination of objective criteria and biased criteria for decision-making, there is a low relationship between ethical climate and favoritism.*

*H5: It can be predicted that if a supervisor is using biased criteria for decision-making, there is a high relationship between ethical climate and favoritism.*

#### **Supervisor Accountability for Results.**

When a supervisor is being held accountable for results their biggest focus is "striving for results (results), making efficient and effective use of resources (cost-effectiveness), assessing and manage risks (prudence or due diligence), ensuring compliance with laws, regulations,

policies and procedures (compliance), and demonstrating performance" (Lavergne, 2002: 5). This is a concept referred to as Result Based Management (RBM), "a management philosophy and approach and set of tools designed to improve both management effectiveness and accountability" (Lavergne, 2002: 5). RBM can be successfully achieved if supervisors and organizations define realistic expected results, assess risk, monitor progress toward the achievement of expected results, and integrate lessons learned into management decisions and report on performance (Lavergne, 2002).

The elements of RBM and Accountability are essential, because they define the standards against which performance is assessed; they are also key factors that motivate behavior. Supervisors who are being held accountable for results and use RBM are encouraged to "describe clear roles and responsibilities for the main partners involved in delivering the policy, program or initiative (sound governance structure); ensure clear and logical design that ties resources to expected outcomes (results-

based logic model) that shows a logical sequence of activities, outputs and a chain of outcomes for the policy, program or initiative; determine appropriate performance measures and sound performance measurement strategy that allows supervisors to track progress, measure outcomes, support subsequent evaluation work, learn and make adjustments to improve on an ongoing basis; set out any evaluation work that is expected to be done over the life cycle of a policy, program or initiative; and ensure adequate reporting on outcomes” (TBS, 2001:1).

In addition, accountability for performance is a fundamental principle in organizations, however it needs to be implemented and managed correctly. “In organizations, accountability implies a system of rewards and sanctions for conformity to organizational standards, or a control system” (Frink & Ferris, 1998: 1260). A fundamental accountability mechanism for both supervisors and subordinates is the performance evaluation process. The performance evaluation process often includes a goal-setting component where goals are articulated and then during follow up meetings the goals are reviewed and action plans created and are implemented. It is imperative that the goal setting component of a performance evaluation for all subordinates including supervisors is used as a performance-enhancement and not just an impression management mechanism.

Literature shows that supervisors who are held accountable for results use “both setting and accomplishing the goals (i.e., both the processes and outcomes) as a means for self-satisfying objectives, such as elevating or defending either our self or public image. In this view, the goal setting process itself may help one achieve a secondary objective, such as image enhancement, providing a motivational basis for goal setting” (Frink & Ferris, 1998: 1262). Therefore, Frink and Ferris (1998) conducted two studies (laboratory and field) to evaluate accountability in organizations in general and the effects of accountability when using goal setting in the performance evaluation process. It was

found that high accountability would result in higher self-set goals; high accountability will result in high levels of task attentiveness and context attentiveness; and “goals and accountability would interact such that the goal-performance correlation would be positive and strong under low accountability, where goals would likely serve more of a performance-enhancement function, and substantially reduced under high accountability, where goals would be more likely be used for impression-management purposes” (Frink & Ferris, 1998: 1276). Overall, “supervisors should focus more intently on the strategic relationship between outputs and outcomes in order to refine our output choices and improve effectiveness” (Lavergne, 2002: 25).

H6: It can be predicted that if supervisor’s accountability is based on results, they are less likely to make decisions based on favoritism.

#### **Supervisor Accountability for Process.**

Supervisor accountability for process occurs in organizations that have an organizational structure with a control process. Most often organizations that have a control system “use as the basic independent variable some form of organization or organizational procedure designed to control the activities of the organization members” (Ouchi, 1977: 95). There is a difference among the structure of an organization and its control mechanism. The structure of an organization “consists of familiar variables such as vertical and horizontal differentiation, centralization, and formalization” (Ouchi, 1977: 96); whereas the control system “consists essentially of a process of monitoring, evaluating, and rewarding, and the data which are processed by this system may consist of measures of behavior of outputs” (Ouchi, 1977: 99)

Supervisor accountability for process often occurs in hierarchical organizations. In a control process environment, supervisors communicate the organizational policies and objectives and are then filtered down and executed by subordinates who are responsible for completing the necessary

job responsibilities. In a control process it is up to the “higher level supervisor to determine whether or not the objectives have been met and, if not, to take appropriate steps” (Ouchi, 1978: 173). “In organizational evaluation, there are only two kinds of phenomena which can be monitored or counted; these are behaviors and outputs which result from behavior” (Ouchi, 1978: 174). Therefore, in a control process, “behavior control regulates the actions that a subordinate should perform” (Wai Yu & Wai Ming, 2008: 388) and output control “differs from behavior control in that supervisors do not translate intentions into standardized operating procedures. Instead, supervisors set targets, such as sales revenues, for subordinates to pursue” (Wai Yu & Wai Ming, 2008: 388).

The basic concept of a processed controlled system is a process of monitoring, evaluating, and providing feedback. A process controlled system has a stable environment, where one best way exists and it is known. A process control system creates situations where organizations and the supervisors cannot afford an unfavorable outcome. The disconnect occurs when the supervisors lack expertise or information necessary on the process.

*H7: It can be predicted that if supervisor accountability is based on process, they are less likely to make decisions based on favoritism.*

### **Consequences of Favoritism**

Now that I have identified the antecedents of favoritism in organizations this section will explain the consequences of favoritism. Performance, morale, and motivation are consequences that are critical to determining favoritism in supervisor decision-making.

**Performance.** Individual work performance is “behavior associated with the accomplishment of expected, specific or formal role requirements on the part of the individual organizational member” (Waldman, 1994: 514). Performance in organizations is used to evaluate, control, budget, motivate, promote, celebrate, learn, and improve

a subordinate’s behavior (Behn, 2003). Performance of subordinates is important for organizational success. Hence, supervisors should focus on what kind of performance should be measured, how performance should be measured, and what should organizations do with the measurement results (Behn, 2003).

Applying performance measurements that are unique to the organization will generate better performance results. Theurer (1998) states, “always remember that the intent of performance measures is to provide reliable and valid information on performance” (Theurer, 1998: 24). However, it does not end there. Supervisors must use the reliable and valid information on performance as a coaching tool or some means teaching it back to the subordinates.

A common way organizations measure performance is with a performance management system. Performance management is a process that involves communication between the supervisors and subordinate that includes establishing clear expectations and understanding of the subordinate’s job responsibilities (Bacal, 1999). Performance management is a system that involves several steps including: agreeing on goals and objectives, performance planning, ongoing performance communication, data gathering, observation, and documentation, performance appraisal meetings, and performance diagnosis and coaching. In general, “when performance management systems are used properly, there are clear benefits to everyone-supervisors, subordinates, and the organization” (Bacal, 1999: 5).

**Morale.** Morale is the emotional and mental reaction of a person to his [sic] job” (Brown & Sikes, 1978: 121) and is “group solidarity maintained in the face of threatening forces” (Good, 1973: 373). There are many influences that contribute to morale in an organization containing financial and nonfinancial incentives and on the job and off the job satisfactions (Baehr & Renck, 1958). According to Baehr and Renck (1958) the influence of morale within an organization are integration in the organization,

job satisfaction, immediate supervision, friendliness and co-operation of fellow subordinates, and personal rewards. Buonamici (1983) states that “positive staff morale leads to improved work attitudes, strong loyalties, lower absenteeism, fewer complaints, greater efforts, less wasted time, more meaningful activities, and a cooperative environment” (Buonamici, 1983: 9). Therefore, subordinate morale must be viewed as an essential element in bringing about organizational improvement.

Furthermore, to develop and atmosphere conducive to high morale, supervisors should establish two-way communication and human relations, recognize good subordinates, be democratic, define organizational goals clearly, recognize abilities of subordinates, and involve subordinates in strategic planning (Briggs, 1986). “Good morale is not just a matter of everyone being happy; rather it is a situation in which people feel they are serving a worthy purpose, are making a significant contribution and are recognized and appreciated” (Holifield, 1981: 8). Supervisors should establish an atmosphere of acceptance and cooperation, and they should be concerned with good supervisor-subordinate relationships.

Overall, the establishment of an organizational environment with these characteristics should produce esprit de corps, constructive attitudes, a feeling of self-fulfillment, success, security, and personal worth (Briggs, 1986). Morale is a fundamental part of effective social, personal, industrial, and even political relationships (Tompkins & Jones, 1950). In conclusion, “for any person who has held a position of responsibility in a business organization – or any organization for that matter – the word ‘morale’ comes to have real meaning; that is, it refers to something which is felt to be of great importance, even if that something remains vague and illusive” (Roethlisberger, 1956: 189).

**Motivation.** Motivation means “general commitment and specific need of a person (work motivation would mean work satisfaction and commitment to work)” (Pareek, 1974: 15). Work

motivation occurs when an organization understands the needs of the subordinates and how they perceive the goal setting process in the organization and what their expectancy about being rewarded for good work is, the commitment the subordinates have to the organization, and the satisfaction the subordinates derive from working in the organization (Pareek, 1974). Every subordinate has different needs, expectations, values, attitudes, reinforcement histories, and goals. Therefore, it is important that supervisors treat each subordinate as an individual because what motivates one subordinate might not motivate another subordinate. Furthermore, motivation is known to be intentional and controlled by the subordinate. “Most behaviors that are seen as influenced by motivation (e.g., effort on the job) typically are viewed as actions the individual has chosen to do” (Mitchell, 1982: 81).

The implications of work motivation in organizations involve the interaction between the individual and the organization. Supervisors “must be able to set specific individual goals, tie rewards to individual behavior, and treat people fairly and equitably” (Mitchell, 1982: 85). Motivation can be either intrinsic or extrinsic. There are motives which are related to the job activity itself such as need for growth and self-actualization (need for personal growth and development or need for challenge and achievement), and others which stem from external or contextual factors such as pay, promotion, and recognition (Singh & Kumari, 1988).

When evaluating a subordinate’s motivation it is also in the best interest of the organization to examine the supervisor’s behavior. According to Evans (1970), there is a link between supervisory behavior and the motivation model. The linkage happens when “aspects of the supervisor’s behavior that impinges upon the subordinates perceptions of the instrumentalities of his paths for his goal attainments” (Singh & Kumari, 1988: 96). Therefore, supervisor behavior will impact work behavior, satisfaction and subordinate motivation when supervisory behavior is related

to the path instrumentalities perceived by the worker and path instrumentalities are related to satisfaction and performance (Siugg & Kumari, 1988).

## ANALYSIS

### Ethical Decision-Making

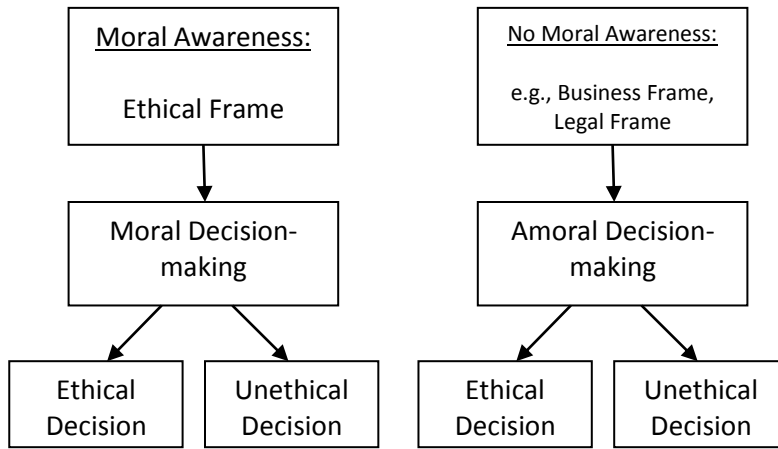
Ethical decision-making has many key relationships and factors in the ethical decision-making process. The key relationships and factors that have been discussed in research specifically focus on behavioral or descriptive ethics.

Ethical is “a particular type of social value, that having to do with how humans cooperate and coordinate their activities in the service of furthering human welfare, and how they adjudicate conflicts among individual interests” (Rest, 1986: 3). Ethical decision is “a decision that both legally and morally acceptable to the larger community. Conversely, an unethical decision is a decision that is either illegal or morally unacceptable to the larger community” (Jones, 1991: 367). Behavioral ethics is “individual behavior that is subject to or judged according to generally accepted moral norms of behavior” (Trevino, 2006: 952). In the article, *Ethical Decision-making: Where we’ve been and Where We’re Going*, the authors discuss the “respect principle”. This principle was established by I. Kant (1785/1964), and says that people should never be treated merely as means, but always as ends in themselves. According to Smith-Crowe & Tenbrunsel (2008) this principle provides an “ethical” framework that establishes

that it is ethical to respect individuals and it is unethical to disrespect individuals.

Ethical decision-making in organizations include three important components (Smith-Crowe & Tenbrunsel, 2008) moral awareness, moral decision-making, and amoral decision-making. This model (figure 3) develops a framework around what drives ethical decision-making and includes whether decision-makers are morally aware. The model also uses decision frames to describe the perception of the decision maker; these decision frames were built to develop the concept of moral awareness and the lack thereof. Therefore, the construct establishes that “under the influence of an ethical frame, decision makers are morally aware. Under the influence of other frames (e.g., a business frame or a legal frame), however, decision makers are not morally aware” (Smith-Crowe & Tenbrunsel, 2008: 553). The notion to this model is being able to recognize and identify which frame is being used; this is crucial to understanding and predicting ethical and unethical decisions. Therefore, in this construct the perspective not only includes the concept of moral awareness but extensively adds to the understanding of decisions made when decision makers are morally unaware. The decision-making process influences this theory too. “The decision-making process can be characterized as either moral or amoral and the outcomes of either decision process as either ethical or unethical, moral dimensions are part of the decision-making process, whereas in amoral decision-making, they are not” (Smith-Crowe & Tenbrunsel, 2008: 553).

**FIGURE 3**  
Model of Ethical Decision-Making



Source: Smith-Crowe & Tenbrunsel, 2008: 548

The decision-making process can be considered as either moral or amoral; the outcome of the decision is either ethical or unethical. However, the outcome, whether ethical or unethical can be characterized as intentional or unintentional. The typology of dependent variables (table 2) “distinguishes between intentionality and ethicality, is derived from both the need to bridge the gap between descriptive and normative approaches to ethics and the recognition that understanding the

decision maker’s perspective along with the normative consequences of their actions are both crucial to enhancing our knowledge of ethical decision-making” (Smith-Crowe & Tenbrunsel, 2008: 553). The table illustrates the four different outcomes that are produced depending on the decision-making process used (moral or amoral) and result of the decision (ethical or unethical). In general, the purpose of this typology is to determine if the decision maker was morally aware of the decision made.

**TABLE 2**  
Typology of Dependent Variables

Process		Moral Decision-making	Amoral Decision-making
Decision Outcome	Ethical	Intended Ethicality	Unintended Ethicality
	Unethical	Intended Unethicality or Unintended Unethicality	Unintended Unethicality

Source: Smith-Crowe & Tenbrunsel, 2008: 554

Moral awareness is “identifying what we can in a particular situation, figuring out what the consequences to all parties would be for each line of action and identifying and trying to understand our own gut feelings on the matter”

(Rest, 1986: 3). Moral awareness is crucial in ethical decision-making. In order to achieve moral awareness “the person must have been able to make some sort of interpretation of the particular situation in terms of what actions were

possible, who (including oneself) would be affected by each course of action, and how the interested parties would regard such effects on their welfare" (Rest, 1986: 7). If a decision maker is morally aware then they used the moral decision-making process. If a decision maker is not morally aware then they used the amoral decision-making process. Overall, "the moral decision-making that follows from moral awareness can result in unethical as well as ethical ones; likewise, the amoral decision-making that follows from moral unawareness can lead to ethical decisions as well as unethical ones" (Smith-Crowe & Tenbrunsel, 2008: 554).

### **Leader-Member Exchange Theory**

The leader-member exchange theory (LMX) is "a process that is centered on the interactions between supervisors and followers" (Northouse, 2007: 151). This theory "argues that supervisors develop differentiated dyadic relationships with their subordinates. High quality leader-member exchange is seen as something desirable in the relationship between a supervisor and his or her subordinates. Some subordinates enjoy a high quality leader-member exchange and some experience low quality leader-member exchange" (Othman, Fang Ee, Lay Shi, 2009: 338). In LMX the high quality relationships that occur are "those that are based on expanded and negotiated role responsibilities (extra roles), which are called the in-group" (Northouse, 2007: 152) and low quality relationships that occur are "those that are based on the formal employment contract (defined roles), which are called the out-group" (Northouse, 2007: 152).

Within an organization a subordinate becomes part of the in-group or the out-group dependent on how well the subordinate works with the supervisor, and how well the supervisor works with them. As part of the in-group the subordinate does activities that extend beyond their formal job description and in exchange the supervisor will do more for the subordinate. In-group subordinates are given more information, encouragement, assurance, and concern from their supervisors than those members of the out-

group. An out-group subordinate sustains a formal relationship with their supervisor and as a result receives standard job benefits. In contrast, an in-group subordinate who gets along well with their supervisor and expands their job relationships receives extra encouragement, opportunities, and rewards.

In recent years, LMX has focused on a relationship based approach to leadership and emphasized organization effectiveness and how the quality of leader-member exchanges relate to positive outcomes for supervisors, followers, groups, and the organization (Graen & Uhl-Bien, 1995). Organizations strive to have supervisors who can build great working relationships with their subordinates because it is a win-win situation where the subordinate and the supervisor feel good, they accomplish more, and the organization succeeds. Therefore, leadership making is a "prescriptive approach to leadership that emphasizes that a supervisor should develop high-quality exchanges with all of her or his subordinates rather than just a few" (Northouse, 2007: 152). Supervisors who master a high-quality exchange with all their subordinates will hash the inequalities and negative implications and subordinates may have as a member of an out-group.

The relationship based approach to leadership was developed by Graen and Uhl-Bien (1991) which establishes that leadership making progresses over time in three phases (table 3). Phase I, the stranger phase, is the getting to know you phase where the relationship between the supervisor and the subordinate is formal based on a contractual relationship and centered on rules. The role of the supervisor and the subordinate are scripted according to the job description set by the organization and the exchanges are of low quality. Phase II, the acquaintance phase, is where the supervisor or the subordinate reach out to improve career oriented social exchanges. At this time the relationship shifts to a medium quality exchange where more resources are being shared in addition to personal and work related information (LMX indicates that the quality of



their relationship has improved). This phase is considered a test to see if the supervisor is willing to provide new challenges to the subordinate based on the trust and respect developed. The subordinates interests begin to become group oriented versus self-interest. Phase III, the mature partnership, is when the relationship

between the supervisor and the subordinate turns into a partnership that involves a high degree of exchange where they depend on each other for favors and special help. Their interests are group oriented and based on mutual trust, respect, and obligation toward each other.

**TABLE 3**  
**Phases in Leadership Making**

	Phase I STRANGER	Phase II ACQUAINTANCE	Phase III PARTNER
Roles	Scripted	Tested	Negotiated
Influences	One way	Mixed	Reciprocal
Exchanges	Low quality	Medium quality	High Quality
Interests	Self	Self and other	Group
Time	—————→		

Source: Graen &Uhl-Bien, 1995: 231)

Overall, LMX focuses on the relationship a supervisor forms with his or her subordinate in the organization. LMX “suggests that it is important to recognize the existence of in-group and out-groups within a group or organization” (Northouse, 2007: 156). According to LMX, supervisors who establish in-group relationships with their subordinates will accomplish more work in a more effective manner. In-group members are devoted to their work and go above and beyond their scope of work to increase the group goals. In return, the supervisor gives the in-group members more responsibility and opportunity in addition to time and support. In contrast, the out-group members work strictly according to the scope of work in their job description. In return, the supervisor treats them fairly according to the contract, however does not give them any special attention. “The leadership making model suggests that supervisors should look for ways to build trust and respect with all their subordinates, thus making the entire work unit an in-group” (Northouse, 2007: 158).

**Expectancy Theory**

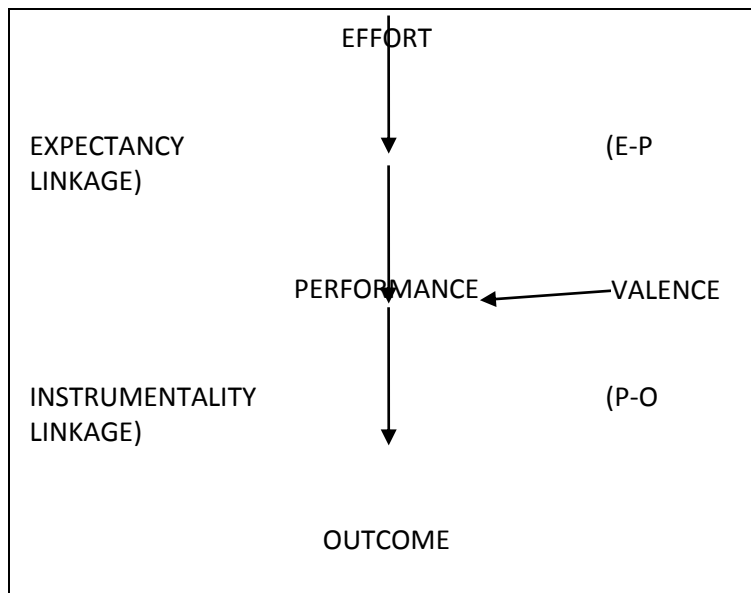
The Expectancy Theory (Figure 4) was developed in 1964, by Vroom, and in 1968

revised by Porter and Lawler. This theory can be defined as how individuals will anticipate a certain outcome based on a specific behavior. It suggests that “people consciously choose particular courses of action, based upon perceptions, attitudes, and beliefs, as a consequence of their desires to enhance pleasure and avoid pain” (Isaac, Zerbe, & Pitt, 2001: 214). It also suggests “that the expenditure of an individual’s effort will be determined by expectations that an outcome may be attained and the degree of value placed on an outcome in the person’s mind” (Isaac, Zerbe, & Pitt, 2001: 214).

Expectancy theory is based on three beliefs to assure individuals feel motivated: expectancy, instrumentality, and valance. Expectancy is a condition where “the personal expenditure of effort will result in an acceptable level of performance” (Isaac, Zerbe, & Pitt, 2001: 215). This constitutes a relationship between effort and performance (E-P Linkage). Instrumentality is a condition where “the performance level achieved will result in a specific outcome for the person” (Isaac, Zerbe, & Pitt, 2001: 214). This establishes a relationship between performance and outcome (P-O Linkage). Valance is a condition where “the outcome attained is personally

valued" (Isaac, Zerbe, & Pitt, 2001: 214). This the reward he or she receives (pay, time off, etc.). determines the extent to which the person values

**FIGURE 4**  
**The Expectancy Theory Model**



Source: Isaac, Zerbe, & Pitt, 2001: 216

Expectancy theory is used frequently by organizations to explain behavioral causes. Expectancy theory has a formula (Figure 5) that illustrates the motivational state of an individual performing a particular task. Vroom (1964) understood that a subordinate's performance is based on individual's factors such as personality, experience, knowledge, skills and abilities (KSA's). Overall, expectancy theory proposes that although individuals may ultimately have a different set of goals, they can be motivated if they believe that there is a positive relationship between efforts and performance, exception performance will result in a desirable reward, the reward will satisfy an important need, and the desire to satisfy the need is encouraging enough to make the effort valuable and worth it.

#### **APPLICATION OF FAVORITISM MODEL**

The favoritism model introduced earlier in the paper establishes the antecedents and consequences of favoritism. The analysis describes three theories that can be linked to the favoritism model. By applying the three theories to the favoritism model organizations will better

understand how to prevent favoritism in the organization and increase performance, morale, and subordinate motivation.

#### **Application of Favoritism Model to Ethical Decision-Making**

The application of favoritism model to ethical decision-making theory has some strengths and weaknesses. Ethical decision making theory is linked to different topics of organizational behavior including performance, morale and subordinate motivation. There are several goals of organizational ethics that include understanding why individuals (supervisor or subordinates) behavior in certain ways when confronted with ethical problems.

It is important for supervisors to understand the importance of Kant's (1785/1964) "respect principle" as it relates to ethical decision-making. Thus, applying the "respect principle" to the issue of the use of favoritism in supervisor decisions to determine the ethical obligation of the organization is significant. The implication regarding the use of favoritism in supervisor

decisions is that supervisors must be fully aware and informed of the policies and procedures present in the organization (transparency is key) as well as what measures can be taken to avoid favoritism. The “respect principle” emphasizes the importance of moral and amoral decision making and what constitutes ethical and unethical decision making.

An ethical infrastructure is an important component to ethical decision making theory. An ethical infrastructure means that the organization has a culture or climate, informal systems, and formal systems that are relevant to ethics in the organization (Tenbrunsel & Smith-Crowe, 2008). The ethical climate component is applied by Victor & Cullen (1988), through the impact levels of moral awareness, with benevolence and principle ethical climates leading to greater moral awareness, and egoistic ethical climates resulting in lower levels of moral awareness. In order for supervisors to correct such behaviors they must be morally aware (through training) and then proceed to develop a more ethical culture or climate within the organization to prevent the use of favoritism when making decisions.

In addition, supervisor behaviors are important in ethical decision-making theory. A supervisor must have support for others, honesty, holding oneself accountable for outcomes and decisions, fairness to others, and the ability to articulate personal and organizational ethical standards (Pimentel, Kuntz, Elenkov, 2008). This requires the organization to have a control process where “specific structural and functional arrangements are in place in order to ensure effectiveness” (Pimentel, Kuntz, Elenkov, 2008: 365). Furthermore, according to Collier and Esteban (2007), the collaboration of leadership behaviors and organizational practices permits for a strong ethical culture or climate. Assessing ethical climate or culture, implementing ethical values in the organization through training and open communication, and using reward and performance appraisal systems to recompose and reinforce ethical behavior constitutes some of the most effective methods

for building and maintaining an ethical work culture or climate.

When using ethical decision-making theory it can cause some biases towards the end of the decision-making process. According to Zeleny (1981), when the decision-making process begins information is gathered and the evaluation of the decision is quite impartial and objective. As potential decisions are filtered and made and some alternatives are discarded, cognitive dissonance begins to dominate. As a result, “the process of divergence becomes more subjective and biased towards the few remaining alternatives” (Zeleny, 1981: 90). Overall, the decision has been resolved, however all impartiality or objectivity is abandoned. This is when the organization must have supervisors who show commitment, honest, loyalty, and trust.

Hence, in order for an organization to decrease favoritism in supervisor decision-making an organization must hold supervisors accountable for business decisions (business results and organizational processes). This can be done using ethical decision-making theory through the implementation of knowledge structures and administrative systems that reinforce ethical behavior, a formal ethical code that provides behavior guidelines for ethical decisions, and responsible leadership. This successful implementation will ensure clear communication regarding ethical standards and fair workplace practices (Pimentel, Kuntz, Elenkov, 2008).

### **Application of Favoritism Model to Leader-Member Exchange Theory**

The application of favoritism model to LMX has some strengths and weaknesses. In LMX theory it has been established that in organizations in-groups and out-groups are developed. This is a weakness of the theory and there has been a lot of criticism about LMX stating that out-groups are harmful to organizations because supervisors develop relationships with subordinates who contribute more and in return they get more. This can be preserved as favoritism. The notion that people

should get along with everyone and treat everyone equally is questionable with LMX. LMX theory divides subordinates into two groups and one group receives special attention; this can be presented as favoritism to the in-group. LMX was not designed to create privileged groups in the organization; however some might view it as such.

In contrast, LMX theory is known to accurately explain the notion of the importance of an effective leader-member exchange. LMX “warns supervisors to avoid letting their conscious or unconscious biases influence who is invited into the in-group (Northouse, 2007: 159). The reason why LMX was chosen as a theory to apply to the favoritism model is because the ideologies the theory offers “serves as a good reminder for supervisors to be fair and equal in how they approach each of their subordinates” (Northouse, 2007: 159).

In the LMX, researchers have found that high-quality leader-member exchanges produce less subordinate turnover, more positive performance evaluations, and high frequency of promotions, greater organizational commitment, more desired work assignments, better job attitudes, more attention and support from the supervisor, greater participation, and faster career progress. In addition, if an organization implements LMX properly they will have positive outcomes. Graun and Uhl-Bien (1995) positively reflects other important organization variables including job climate, innovation, and organizational citizenship behavior, and empowerment, procedural and distributive justice.

### **Application of Favoritism Model to Expectancy Theory**

The application of favoritism model to Expectancy Theory has various strengths and weaknesses. Expectancy theory allows for supervisors to realize their leadership goals, because it provides them with tools that impact the psychological processes resident in their subordinates, as the latter constantly form expectations resulting from perceptions of the culture or climate (Isaac, Zerbe, and Pitt, 2001).

All subordinates deserve rewards attached to performance. Using expectancy theory organizations must implement ways to help supervisors motivate subordinates. Expectancy theory of motivation plays a big part in workplace behavior. Basically, the expectancy theory says that the higher the rewards and the more rewards are measured by performance, the harder a person would work. Therefore, subordinates that are being rewarded based on a strategic and transparent reward system will work more efficiently because the expectations are clear and specific and subordinates will not perceive favoritism. However, if the reward system does not have a structure and the incentives are being rewarded based on supervisor biases, employees who are not receiving the rewards may become de-motivated and perceive favoritism by the supervisor.

Based on the analysis on expectancy theory, it was learned that motivation equals expectancy plus instrumentality plus valence. Instrumentality can be applied to the favoritism model if subordinates perceive that valued rewards are distributed by supervisors without following a performance management system, and then instrumentality is low. For example, if a supervisor is known to give everyone in the organization rewards regardless of the results of their performance evaluation, and then instrumentality is low. Hence, trust, control, and policies are variables that play an important role in subordinate’s instrumentality for outcomes. Based on expectancy theory, subordinates must trust their supervisors. When there is an organizational culture or climate where subordinates trust their supervisors it is more likely that subordinates will believe that good performance will be rewarded. In addition, an organization that implements a formalized pay and reward systems that consists of written policies has an enormous impact on the subordinate’s instrumentality perceptions. To prevent favoritism use in supervisor decision-making to distribute rewards it is best for organizations to have formalized policies linking rewards to performance.

Overall, organizations use the expectancy theory of motivation to help understand how supervisors make decisions regarding various behavioral alternatives. This model deals with the direction aspect of motivation. According to Isaac, Zerbe, and Pitt (2001), expectancy theory can be linked to leadership concepts to illustrate that supervisor interactions with subordinates permit the establishment of highly motivational working culture or climate. In addition, “in order to survive the impact of economic, technological, environmental and other pressures of the global marketplace, we must in trust the fates of our companies to people, at all levels of the hierarchy, capable of being both managers and leaders simultaneously” (Isaac, Zerbe, & Pitt, 2001: 213). Organizations “need employees capable of managing their work by planning, organizing, and controlling activities as required. Without such individuals, capable of managing the journey towards the achievement of organizational goals, expressions of corporate visions become empty dreams of overly active presidential imaginations” (Isaac, Zerbe, and Pitt, 2001: 214).

### CONCLUSION

Favoritism is a prevalent phenomenon in the workforce. Favoritism does not get a great deal of formal attention, but it is an important issue that exists in all organizations. Favoritism takes place when human capital decisions are established on personal feelings and/or relationships, such as assessments of ability, knowledge, skills, and past performance. The majority of literature available on organizational favoritism places emphasis on certain human resources functions where supervisory decision-making could be influenced. The purpose of this research is to examine organizational conditions that make the use of favoritism more likely (antecedents) and the outcomes that occur when high use of favoritism is used within groups and organizations (consequences).

The uses of favoritism in supervisory decision-making are caused by pre-existing conditions that occur within the organization.

The antecedents employed to establish logic regarding the use of favoritism in supervisory decision-making includes: transparency, clear and specific decision-making criteria, ethical climate, supervisor accountability for results, and supervisor accountability for process. Performance, morale, and motivation are consequences that are critical to determining favoritism in supervisor decision-making.

Moreover, three theories were analyzed and then applied to the favoritism model. The ethical decision-making theory can be characterized as either moral or amoral and the outcomes of either decision process as either ethical or unethical. It was found that moral dimensions are part of the decision-making process, whereas in amoral decision-making, they are not. Hence, in order for an organization to decrease favoritism in supervisor decision-making an organization must hold supervisors accountable for business decisions (business results and organizational processes). This can be done using ethical decision-making theory through the implementation of knowledge structures and administrative systems that reinforce ethical behavior, a formal ethical code that provides behavior guidelines for ethical decisions, and responsible leadership.

According to leader-member exchange theory, supervisors who establish in-group relationships with their subordinates will accomplish more work in a more effective manner. In-group members are devoted to their work and go above and beyond their scope of work to increase the group goals. In return, the supervisor gives the in-group members more responsibility and opportunity in addition to time and support. In contrast, the out-group members work strictly according to the scope of work in their job description. In return, the supervisor treats them fairly according to the contract, however does not give them any special attention. In the LMX, researchers have found that high-quality leader-member exchanges produce less subordinate turnover, more positive performance evaluations, and high frequency of promotions, greater organizational commitment,

more desired work assignments, better job attitudes, more attention and support from the supervisor, greater participation, and faster career progress. In addition, if an organization implements LMX properly they will have positive outcomes.

Expectancy theory proposes that although individuals may ultimately have a different set of goals, they can be motivated if they believe that there is a positive relationship between efforts and performance, exception performance will result in a desirable reward, the reward will satisfy an important need, and the desire to satisfy the need is encouraging enough to make the effort valuable and worth it. Based on expectancy theory, subordinates must trust their supervisors. When there is an organizational culture or climate where subordinates trust their supervisors it is more likely that subordinates will believe that good performance will be rewarded. In addition, an organization that implements a formalized pay and reward systems that consists of written policies has an enormous impact on the subordinate's instrumentality perceptions. To prevent favoritism use in supervisor decision-making to distribute rewards it is best for organizations to have formalized policies linking rewards to performance.

### **Future Research**

The need for future research is always important. The use of favoritism in supervisor decision making does not get a great deal of formal attention, but it is an important issue that exists in all organizations. Future research should be done in LMX to address fairness issues affecting the development and maintenance of LMX relationships including subordinates perceptions of the fairness of pay increases and promotional opportunities, decision-making rules, and communications of issues of favoritism within the organization. In addition, future research should be done with expectancy theory. Research and surveys should be done in organizations to validate why subordinates believe they have little chance at getting the available promotion at the organization despite

their strong performance. Many subordinates believe the company gives promotions based on favoritism or sometimes just at random. This type of scenario causes subordinates to feel unmotivated, research and surveys should be done to determine what type of support subordinates need from their supervisors to increase instrumentality, valence, and expectancy.

### **Recommendations**

The biggest impact organizations can make to improve or decrease favoritism in supervisor decision-making is implementing training and development programs for the supervisors. This is recommended because many supervisors do not see a direct connection between favoritism in decision-making training and development programs and the effectiveness of performance, morale, and motivation. Organizations who implement Supervisor ship Development Programs, Culture Training, and Ethical Training will see less favoritism on supervisor decision-making and high performance, morale, and motivation from subordinates.

**Leadership Development Programs.** Leadership Development Programs, often referred to as LDPs, are created to enhance leadership skills in subordinates, supervisors, supervisors, and executives. These programs are important to organizational success as effective leadership is viewed as critical to performance (Pernick, Robert, 431). As a result, LDPs have become prominent in today's organization training and development strategies. LDPs are designed to change participants' behaviors, and improve their skills through processes such as formal training programs, coaching and mentoring, action learning, and developmental assignments. Recent trends in Leadership Development have an emphasis on combining training practices in a real business setting in order to give trainees the skills that allow them to effectively address real-time organizational challenges (Hernez-Broome; Hughes, 27).

Organizations that implement LDPs take several factors into consideration in the design

and implementation of this strategy. LDPs provide “measurable, challenging, and time-bounded developmental activities for participants” (Pernick, Robert, 435). These activities are geared primarily towards developing skills and competencies in areas of needed improvement. Typically, leadership development occurs in three related areas: technical, conceptual, and interpersonal (Pernick, Robert, 425). The training is conducted in the work setting as often as possible, which allows participants to gain applicable real-time experience. In doing so, participants understand that they are making meaningful contributions to the organization and towards improving their leadership skills.

Evaluation of LDP participants come consistently throughout the training. In order to assess the candidates and the program properly, there needs to be clear, defined program goals. According to Pernick, there are five levels that LDPs can be evaluated by: reaction (level 1), knowledge and skill transfer (level 2), on-site behavioral change (level 3), business impact (level 4), and return on program investment (level 5). Evaluation is critical of LDPs because they are often extremely costly to initiate. Although leadership is thought of as an important resource to resolve organizational problems, many organizations look to development programs as a place to reduce their budget (Scholl; Brownell, 487). A successful program, determined through accurate evaluation, can suffice as hard evidence as why not to cut costs in training and development.

**Culture Training.** Culture within an organization is influenced by the beliefs, attitudes, and priorities of the subordinates. The culture of an organization is typically created unconsciously, based on the values of supervisors and the organizational strategy. Establishing a culture of quality within an organization, starting supervisors, creates an environment that inspires subordinates to take pride in their work and, therefore, follow good practices (Markovitz, 20). Supervisors have considerable freedom to decide how their organizations will run, and can thus be

expected to play a major role in influencing the culture of an organization (Taormina, 86). Corporate culture was not only found to be a useful concept for understanding what went on in organizations, but supervisors also discovered, or were told by management gurus, that “strong” corporate cultures supported by appropriate socialization practices would lead to much better performance (Schein, 63).

Therefore, culture training within organizations is often focused on a process through which subordinate’s learns to adapt to an organizational culture, also known as organizational socialization. Organizational socialization is the process of “learning the ropes,” the process of being indoctrinated and trained, the process of being taught what is important in an organization or some subunit thereof (Schein, 54). Organizational socialization influences subordinates to understand the values, abilities, expected behaviors, and social knowledge of the organization, and therefore facilitates an appreciation for the organization and their role as a subordinate. As a result, when subordinates are exposed to culture trainings that include development of new skills, knowledge, abilities, attitudes, values, and relationships, and the development of appropriate sense-making frameworks, they will integrate into the organizational culture successfully.

Furthermore, the effectiveness of socialization within an organization will determine subordinate loyalty, morale, motivation, commitment, productivity, and turnover. In theory, socialization is very important to the effectiveness of an organization’s subordinates, and thus all socialization domains should be positively present in every culture (Taormina, 99). However, in some organizations there is a lack of significant relationships among subordinates resulting in the organization’s failure to emphasize some critical socialization domains. Looking at the overall pattern of relationships within organizations, the model of organizational socialization success proposes that role

performance, extra-role performance, social cohesion, internal stability, and external representation will positively influence an organizational culture by providing opportunities for colleagues to interact and find common ground.

Nevertheless, the advantages of culture training and organizational socialization within organizations include successful integration, long-term job performance, and newcomer-team fit. This includes the organization's ability to diminish the expression of culture as "the way we do things around here" and instead guide subordinates on how to think, act, and feel. This will teach subordinates the unique personality or character of the organization such as core values and beliefs, corporate ethics, and rules of behavior. Many organizations express the organization culture within the organization's mission statement and other ways including the architectural style or interior decor of offices, by what people wear to work, by how people address each other, and in the titles given to various subordinates. Overall, incorporating organizational socialization within the organization will build commitment and loyalty to the organization (Schein, 57).

**Ethical Training.** Ethics are very important for an organization as it helps to determine how others perceive the organization. Ethics training programs for subordinates have to be part of all organizations, as they provide insight for liability protection as well as improve subordinate morale and retention. Ethics training programs have to be carefully structured taking into consideration the standards for ethical behavior in a organization. The ethics training should help the subordinates become familiar with the organization's code of ethics and to become familiar about decision-making using ethical models.

The ethical training program should have basic aspects such as accountability, respect, fairness, honesty and compassion. Compliance laws and other topics such as using internet, computers only for organization related work and

not misusing these resources, about work place romance etc. are an integral part of the training program. The ethics program has more benefits when it is designed as a group.

## REFERENCES

- Bacal, R. (1999). *Performance management*. New York: McGraw-Hill.
- Baehr, M. E., & Renck, R. (1958). The Definition and Measurement of Employee Morale. *Administrative Science Quarterly*, 3(2), 157–184.
- Bassman, E., & London, M. (1993). Abusive managerial behaviour. *Leadership & Organization Development Journal*, 14(2), 18.
- Basu, S. (2009). Work Place Nepotism and Stress. *SSRN Electronic Journal*. doi:10.2139/ssrn.1409089
- Behn, R. D. (2003). Why Measure Performance? Different Purposes Require Different Measures. *Public Administration Review*, 63(5), 586–606.
- Berggren, E., & Bernshteyn, R. (2007). Organizational transparency drives company performance. *Journal of Management Development*, 26(5), 411–417. doi:10.1108/02621710710748248
- Berman, E. M., West, J. P., & Richter, M. N. (2002). Workplace Relations: Friendship Patterns and Consequences (According to Managers). *Public Administration Review*, 62(2), 217–230.
- Bowman, E. H. (1963). Consistency and Optimality in Managerial Decision Making. *Management Science*, 9(2), 310–321.
- Briggs, L. D. (1986). High Morale Descriptors: Promoting a Professional Environment. *The Clearing House*, 59(7), 316–319.
- Brown, S., & Sikes, V. (1978). Morale of directors of curriculum and instruction as related to perceptions of leader behavior. *Education*, Winter 78, 99(2), 121.



- Buonamici, G. C. (1983). Building staff morale: A positive approach. *American Secondary Education*, (12), 9–10.
- Center, A. H., Jackson, P., & Jackson, P. (2003). *Public relations practices : managerial case studies and problems*. Upper Saddle River, N.J.: Prentice Hall.
- Christensen, L. T. (2002). Corporate communication: the challenge of transparency. *Corporate Communications: An International Journal*, 7(3), 162–168. doi:10.1108/13563280210436772
- Collier, J., & Esteban, R. (2007). Corporate Social Responsibility and Employee Commitment. *Business Ethics: A European Review*, 16(1), 19–33.
- Duran, M., & Morales, A. (2009). The Economics of Favoritism, 1–10.
- Evans, M. G. (1970). Leadership and Motivation: A Core Concept. *The Academy of Management Journal*, 13(1), 91–102.
- Ferris, G. R., Frink, D. D., Galang, M. C., & Zhou, J. (1996). Perceptions of organizational politics: Prediction, stress-related implications, and outcomes. *Human Relations*, 49(2), 233.
- Frederick, W. C. (1987). *Empirical studies of business ethics and values*. Greenwich, Conn.: JAI Press.
- Gatewood, R. D., & Carroll, A. B. (1991). Assessment of Ethical Performance of Organization Members: A Conceptual Framework. *Academy of Management. The Academy of Management Review*, 16(4), 667.
- Good, C. V. (1973). *Dictionary of Education*. New York: Mc Graw- Hill Company.
- Graen, G. B., & Uhl-Bien, M. (1995). Relationship-based approach to leadership: Development of leader-member exchange (LMX) theory of leadership over 25 years: Applying a multi-level multi-domain perspective. *The Leadership Quarterly*, 6(2), 219–247. doi:10.1016/1048-9843(95)90036-5
- Hernez-Broome, G., & Hughes, R. (2004). Leadership Development: Past, Present, and Future. *Human Resource Planning*, 27, 24–32.
- Holifield, M. (1981). Morale and the school administrator: An interview with Thurston Hill. *School and Community*, (67), 8–11.
- Isaac, R. G., Zerbe, W. J., & Pitt, D. C. (2001). Leadership And Motivation: The Effective Application Of Expectancy Theory. *Journal of Managerial Issues*, 13(2), 212–226.
- Jahansoozi, J. (2005). Relationships, Transparency, and Evaluation: The Implications for Public Relations. *Euprera*, 61–91.
- Jones, T. M. (1991). Ethical Decision Making by Individuals in Organizations: An. *Academy of Management. The Academy of Management Review*, 16(2), 366.
- Lavergne, R. (2002). Results Based Management and Accountability for Enhanced Aid Effectiveness. CIDA Branch: Canada International Development Agency (CIDA).
- Markovitz, D. (2009). Creating a Culture of Quality and GXP Compliance. *Journal of GXP Compliance*, 4(13), 20–22.
- Merit Systems Protection Board. (2011, July). Understanding Favoritism- MSPB takes a closer look at what the concept of favoritism means. *Issues of Merit*, 1–7.
- Mitchell, T. R. (1982). Motivation: New Directions for Theory, Research, and Practice. *The Academy of Management Review*, 7(1), 80–88.
- Morettini, P. (2006, October 21). Favoritism in the workplace--How to avoid even the perception of it. *Articlesbase*. Retrieved from <http://www.articlesbase.com/non-fiction-articles/favoritism-in-the-workplacehow-to-avoid-even-the-perception-of-it-65657.html>
- Northouse, P. G. (2006). *Leadership : theory and practice*. Thousand Oaks, CA [etc.]: Sage.
- Othman, R., & Foo, F. E. (2010). Understanding dysfunctional leader-member exchange:

- antecedents and outcomes. *Leadership & Organization Development Journal*, 31(4), 337–350. doi:10.1108/01437731011043357
- Ouchi, W. G. (1977). The Relationship Between Organizational Structure and Organizational Control. *Administrative Science Quarterly*, 22(1), 95–113.
- Ouchi, W. G. (1978). The Transmission of Control through Organizational Hierarchy. *The Academy of Management Journal*, 21(2), 173–192.
- Pareek, U. (1974). A Conceptual Model of Work Motivation. *Indian Journal of Industrial Relations*, 10(1), 15–31.
- Pernick, R. (2001). Creating a leadership development program: Nine essential tasks. *Public Personnel Management*, 30(4), 429–444.
- Pimentel, J. R. C., Kuntz, J. R., & Elenkov, D. S. (2010). Ethical decision-making: an integrative model for business practice. *European Business Review*, 22(4), 359–376. doi:10.1108/09555341011056159
- Prendergast, C., & Topel, R. H. (1996). Favoritism in organizations. *The Journal of Political Economy*, 104(5), 958.
- Rest, J. R. (1986). *Moral development: advances in research and theory*. Praeger. Retrieved from <http://books.google.com/books?id=YDB-AAAAMAAJ>
- Roethlisberger, F. J. (1956). *Management and morale*. Harvard University Press. Retrieved from <http://books.google.com/books?id=p4sGAQA AIAAJ>
- Schein, E. (1988). Organizational Socialization and the Profession of Management. *Sloan Management Review*, 30(1), 53–65.
- Scholl, R. W., & Brownell, W. W. (1983). Let Management Development Score for Your Organization. *Workforce Management*, 62(6), 486.
- Singh, A. P., & Kumari, P. (1988). A Study of Individual Need Strength, Motivation and Job Involvement in Relation to Job Satisfaction, Productivity and Absenteeism. *Indian Journal of Industrial Relations*, 23(4), 409–428.
- Taormina, R. J. (2008). Interrelating leadership behaviors, organizational socialization, and organizational culture. *Leadership & Organization Development Journal*, 29(1), 85–102. doi:10.1108/01437730810845315
- Tenbrunsel, A. E., & Smith-Crowe, K. (2008). 13 Ethical Decision Making: Where We've Been and Where We're Going. *The Academy of Management Annals*, 2(1), 545–607. doi:10.1080/19416520802211677
- Theurer, J. (1998). Seven pitfalls to avoid when establishing performance measures. *PM. Public Management*, 80(7), 21–24.
- Tompkins, E., & Jones, G. (1950). The Genesis of Morale. *The School Review*, 58(3), 156–161.
- Treasury Board of Canada. (2001). Guide for the Development of Results-based Management and Accountability Frameworks. Retrieved from [http://www.tbs-sct.gc.ca/eval/tools\\_outils/rmaf\\_crgar\\_e.asp](http://www.tbs-sct.gc.ca/eval/tools_outils/rmaf_crgar_e.asp)
- Trevino, L. K., Weaver, G. R., & Reynolds, S. J. (2006). Behavioral Ethics in Organizations: A Review. *Journal of Management*, 32(6), 951–990. doi:10.1177/0149206306294258
- Victor, B., & Cullen, J. B. (1988). The Organizational Bases of Ethical Work Climates. *Administrative Science Quarterly*, 33(1), 101–125.
- von Furstenberg, G. M. (2001). Hopes and delusions of transparency. *The North American Journal of Economics and Finance*, 12(1), 105–120. doi:10.1016/S1062-9408(01)00040-7
- Vroom, V. H. (1964). *Work and Motivation*. Jossey-Bass Publishers. Retrieved from <http://books.google.com/books?id=s7tCRwA ACAAJ>

- Waldman, D. A. (1994). The contributions of total quality management to a theory of work performance. *Academy of Management. The Academy of Management Review*, 19(3), 510.
- Wimbush, J. C., & Jon M. Shepard. (1994). Toward an Understanding of Ethical Climate: Its Relationship to Ethical Behavior and Supervisory Influence. *Journal of Business Ethics*, 13(8), 637–647.
- Yu, B. T. W., & Ming, T. W. (2008). Effects of control mechanisms on positive organizational change. *Journal of Organizational Change Management*, 21(3), 385–404. doi:10.1108/09534810810874840
- Zeleny, M. (1982). *Multiple criteria decision making : Milan Zeleny*. New York [etc.]: McGraw-Hill.