

NEPOTISM AND FAVOURITISM IN THE STEEL INDUSTRY: A CASE STUDY ANALYSIS

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ABSTRACT

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The term 'nepotism', i.e. favouritism granted to relatives, is usually associated with corruption in the public sector and the abuse of public resources. Moreover, it is commonly accompanied by the public image of post-Soviet and/or developing countries. One may, however, observe the manifestations of nepotism in different sectors of the economy. Therefore, the aim of the paper is to analyse the main principles of transparent management of companies operating in the steel sector and deconstruct the myths of nepotism and favouritism. Two basic research methods were used to analyse these phenomena: an analysis of widely accessible information pertaining to the steel companies devoted to anti-nepotism practices (the first stage), and interviews with the managers of steel companies operating in Poland (the second stage). The data collected during the first stage allowed us to analyse the problems associated with nepotism when deconstructing established myths. In turn, interviews with the managers allowed us to compare the data achieved in the first stage to the real perception of this phenomenon and thus to determine the prevalence of these pathologies in the sector analysed. Our research has confirmed that nepotism and favouritism are observed in the sector analysed. However, it is necessary to emphasise that the scale and range of this phenomenon vary, depending on the membership of three groups, i.e. global corporations, companies listed on Warsaw Stock Exchange, and small companies. This implies the need for further research in these sectors.

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Introduction

The term 'nepotism' is usually associated with corruption in the public sector and the abuse of public resources. Moreover, it is commonly accompanied by the public image of post-Soviet and/or developing countries. One may, however, observe the manifestations of nepotism in different sectors

of the economy, including traditional ones, e.g. steel industry. This is a very negative phenomenon which is influencing current economies. The new knowledge-based economy of the 21st century is mostly conditioned by the creation of innovations. And this, in turn, requires human resources, i.e.

qualified and skilled people. Given these facts, every pathology (and nepotism and favouritism belong to this group due to its opportunistic attitude to HRM) have a negative influence on creating innovations, and thus the competitive position of the company. One should emphasize that CSR initiatives can make a significant contribution to the development of enterprise activities (e.g. Galbreath, Shum 2012; Erhemjamts et al. 2013; Kot, 2014). It means that if a company wishes to be perceived as a reliable partner in business, it should implement elements of this concept, and indeed this concept (Sroka, Lőrinczy 2015). Some criticism of the CSR concept (e.g. Chwistecka-Dudek 2016) cannot change this opinion. In other words, companies are forced to maintain profitability and at the same time behave responsibly (Mohr et al. 2001). This relates not only to global corporations, but also to small and medium-size companies, operating in developed, as well as developing, countries and a variety of sectors functioning within. This ethical behaviour of enterprises is based on the principles of honesty, integrity and trustworthiness (Androniceanu 2013). On the other hand, though companies utilise different sets of instruments in order to be regarded as ethical organisations (e.g. codes of ethics, ethical values and norms) business practice shows, however, that these companies often operate in a completely different way (Lőrinczy, Sroka 2017). It is also worth mentioning that research among the first generation of researchers from Armenia, the Czech Republic, Georgia, Slovakia and Ukraine, who successfully completed their education after the political revolution, revealed many similarities with regards to ethics, but the state of the local legal systems was still 'far from excellent' (Kliestikova et al. 2017).

One should remember that CSR concept doesn't relate to business entities only. Some authors also claim that public sector plays an important role in the area of the development of social responsibility and universities are its essential part as they represent an irreplaceable role in society where they take part in the creation and increase of human capital. One perceives the social responsibility of universities as part of the so-called "third role" of universities. It is perceived in the meaning of the impact of universities' activities on society in the broadest sense (Formankova et al. 2017). Social responsibility may only be duly carried out and implemented in the organization on condition of favorable approach of the management understanding the need for its development (Formánková et. al 2016).

Steel enterprises generate a significant number of jobs, both directly and in the areas of economic activities related to this industry; therefore, the psychological and physical well-being and safety of employees strongly affects not only the performance indicators of certain companies, but also has a wider impact on the overall social and psychological background of society. On the one hand, dynamic changes and increasing uncertainty in organisations bring about changes; on the other hand, they cause tensions and conflicts in relationships between employees, especially if nepotism and favouritism phenomena are observed. Organisations, especially those declaring their commitment to corporate social responsibility, often include measures against nepotism and favouritism, business practice shows that these phenomena but bullying remains a latent problem.

Given the facts presented, the aim of the paper is to analyse the main principles of transparent management of companies

operating in the steel sector and deconstruct the myths of nepotism and favouritism. Two basic research methods were used to analyse these phenomena: an analysis of widely accessible information pertaining to the steel companies devoted to anti-nepotism practices (the first stage), and interviews with the managers of steel companies operating in Poland (the second stage). The data collected during the first stage allowed us to analyse the problems associated with nepotism when deconstructing established myths. In turn, interviews with the managers allowed us to compare the data achieved in the first stage to the real perception of this phenomenon and thus to determine the prevalence of these pathologies in the sector analysed.

Our paper is structured as follows. Firstly, we describe the phenomenon of nepotism and favouritism which has been presented in the literature. Secondly, we present the methodology of the direct research which has been conducted. The next part of our paper analyses in detail the results of the aforementioned research. And finally, we present the conclusions and limitations of our study.

1. Literature review

Nepotism and favouritism in this study are analysed as the forms of expression of internal corruption in non-governmental sector organisations, when decision-making is guided not by the objective criteria outlining the expertise of the employee, but by family relations (nepotism) or patronising employees for subjectively felt amiability (favouritism). In other words, in both cases, social connections are placed above the interests of the organisation.

As demonstrated by various studies, nepotism is not homogeneous. Firstly, it must be recognised that it is a natural

phenomenon, characteristic of biological-social systems (Christodoulou 2008). Secondly, the occurrence of the phenomenon is determined by socio-culture (Hooker 2009). And thirdly, it cannot be completely eliminated, but it can be controlled on the organisational level, when evaluating the ethical aspects (Hildreth et al. 2016). This is confirmed by studies carried out in different cultural environments, which indicate the challenges which organisations face.

Although developing countries undergoing political and socio-economic transformations often attract the attention of researchers, when analysing various manifestations of corruption in enterprises, including favouritism and nepotism (e.g. Safina 2015; Bute 2011; Wated, Sanchez 2015; Wang 2016), research shows that this problem does not have one "citizenship". For example, in the countries of the former Soviet Union, relations based on useful links – the so-called "pull" – were widely spread. Despite the fact that the system changed more than a quarter of a century ago, the traditions of the "pull" remain quite viable. Onoshchenko and Williams (2014) researched how school-leavers bypass formal procedures by using social connections in order to take up employment in Ukraine. It turned out that the use of the so-called "pull" remains a socially acceptable non-monetary form of assistance to acquaintances, used in order to take up employment, which highlights the risks of nepotism and cronyism to organisations.

Similar problems are also characteristic for culturally different countries with different historical experiences. Hooker (2009), whose study included Japan, Taiwan, India, China, North America, part of Africa, the Middle East and Korea, emphasised that corrupting behaviour differs around

the world partly because of different norms, and partly because cultural systems break down in different ways. According to the author, activities such as nepotism or cronyism that are corrupting in the rule-based cultures of the West may be functional in relationship-based cultures. In spite of the different cultures and norms, nepotism and favouritism in the Western countries remain, sometimes taking specific forms (Wong, Kleiner 1994; Bozionelos 2014). The research of Ferlazzo and Sdoia (2012), carried out in two countries, Denmark and Canada, showed that six percent of the employees surveyed indicated that they were employed by the same employers who had employed their parents as well. Thus, the parents' job acts as a certain guarantee. On the other hand, a certain paradox emphasising the complexity of human psychology is highlighted. Regardless of the extent to which nepotism is widespread in the state (for example, it is based on traditions) and the way it is regulated, the phenomenon itself is seen as negative. This was demonstrated in research carried out in the area of human resource management in two countries with different political traditions and of different economic development – in the U.S.A. and Jordan. It is significant that certain commonalities were identified: in both countries the acceptance of nepotism was low and many agreed with the arguments against nepotism in human resources management (Abdalla et al. 1998). This shows that the benefit provided by nepotism is highly ephemeral.

However, studies carried out in different countries show that these forms of corruption in organisations are inseparably linked with the level of tolerance or intolerance of society towards unfair behaviour, as a certain value transaction, which takes on specific forms revealed by the fact that it

is impossible to fully utilise the potential of human resources or human resources are lost, that is, the “brain drain” occurs (Safina 2015; Bute 2011; Arasli, Tumer 2008). It could be identified as a certain quiet, invisible opposition of the employees, resistance expressed individually because of the injustice experienced.

In addition to the negative aspects identified above, the fact that in some cases social networks can be seen as useful to organisations should be assessed (Ewing 1965; Chervenak, Mutlu 2000; McCullough 2007; Ferlazzo, Sdoia 2012). In such studies the key points are usually highlighted when analysing the attraction of new employees, when recommendations are used in the hope that those providing the recommendations will remain honest and objective. Recommendations from trusted friends are a substitute for a potentially more expensive source of information, including various recommendations from both former teachers and former employers. Since these information sources are more difficult or more expensive to access, employers would rather use their friends for financial reasons (Rees 1996).

Nepotism is often criticised for the reduction of the quality of the labour force by recruiting less skilled employees. On the other hand, it has been stated that putting forward an intellectual, analytical approach towards management means a decrease in and finally the disappearance of nepotism. However, business people or employers think totally differently (Ewing 1965). The author emphasises that the survey of several thousand employers has highlighted the desire to justify nepotism. Leaders considered themselves professionals, able to decide objectively when nepotism can be used successfully, and when it might cause harm. In other words, they rely on their experience, knowledge

and insights, despite the dormant subjectivity and emotional traps that may affect the professionalism and competence of the staff. However, it cannot be overlooked that in such cases it is built upon subjective "trust" rather than on methodologically approved instruments, so there is still no clear evidence to support the long-term benefits of this approach by offering a reliable methodology which would enable the development of a trust-based climate.

Although nepotism when looking for employees is not identified as "the absolute evil" in the academic literature, the use of content created by this social network depends on how organisational policy-makers deal with ethical problems, and how reliable, objective and transparent the system of values and assessment of employees and careers created in the organisation is. Employees also regularly observe and assess the actions of managers, and accordingly respond emotionally to the irresponsible behaviour of the leaders.

Two main, interrelated aspects of the impact of nepotism and favouritism on employees, not participating in these social networks marked by corruption, can be distinguished. Firstly, the stress experienced affects the employee's psychological and physical well-being (Bute 2011; Arasli, Tumer 2008). Secondly, and closely related to the first aspect, nepotism and favouritism negatively affect the performance of employees suffering from discrimination and their relationship with the workplace. Such reactions as declining job satisfaction and commitment to the organisation (Bute 2011; Arasli, Tumer 2008) cause dissatisfaction at work and lead to "word of mouth" dissemination of negative feedback about the organisation; when recruiting or promoting the priority is given not to the employee's professional competence, but to kinship relations, friendliness or on

the basis of subjective benevolence to one or another person, it negatively affects the quality of human resources across the organisation as a whole (Safina 2015; Bute 2011; Vveinhardt, Petrauskaite 2013; Padgett et al. 2015; Liu et al. 2015).

The dynamics of social relationships make the decision-making processes more complicated (Liu et al. 2015), and nepotism and favouritism in organisations are associated with a certain governance or leadership crisis (Bute 2011; Liu et al. 2015), although the importance of social relations themselves should not be underestimated. Social connections in some crony relationships, and apparently nepotistic ones, may add considerable value to organisations (Jones, Stout 2015), but in any case, the use of social relations is linked to the professionalism and ethics of the manager. Therefore, such mandatory criteria for decisions made by leaders as objectivity, taking into account the employees' competences and merit, are emphasised (Karakose 2014); in addition, clear norms and the responsibility for unethical actions are necessary (Wated, Sanchez 2015; Wang 2016). In other words, organisations need a strong anti-nepotism policy to prevent the possible abuse of the existing social relations and the development of such networks, which would include the education of leaders and ethical interventions (Pelletier, Bligh 2008; Jones, Stout 2015), thus preserving the quality of social relations and value for both employees and organisations.

However, studies carried out in different countries show that even the companies which underline the ethical aspects in their activities do not always successfully solve these problems in practice. For example, Schwartz (2012) states that Israel has achieved a great deal in implementing ethical principles; the majority of

universities and colleges offer the students at least elective courses in ethics. And while most of the employees surveyed said that they worked in ethical organisations, many problems such as nepotism and discrimination were highlighted. Businesses need defined ethical rules and procedures which are clear to all employees. However, even the companies which declare a commitment to corporate social responsibility (CSR) lack such principles. Although the principle of corporate social responsibility requires responsible leadership and compliance with high ethical standards, the results of interviews with the executives of companies which declared a commitment to CSR showed that the construct of anti-social behaviour, which covers a wide range of deviant actions, including all forms of protectionism (nepotism, cronyism, favouritism) are insufficiently described in the codes of ethics and other internal documents of these organisations (Vveinhardt, Zygmantaite 2015). While nepotism in public sector organisations violates the law, such behaviour in private sector organisations can at best be attributed to the grey zone of deviations. The organisations themselves have to set standards of conduct for managers and employees, together with control mechanisms.

One significant point is also worth mentioning. Usually nepotism, as a phenomenon, receives attention when analysing the aspects of recruitment and career systems that depend on the decisions of the executive staff. However, speaking about unethical decisions in favour of one or another person, the power ratio is ambiguous, because apart from the vertical relationship of the superior – subordinate, there is a horizontal relationship, that is, employee – employee, when they deliberately act (or not) to pursue the benefit by family connections or benevolence by relations

for the person or persons concerned. Although nepotism and favouritism are often perceived as internal forms of corporate corruption, there is a strong discriminatory aspect to this phenomenon (Jones, Stout 2015), when different employees are treated unequally because of purely subjective reasons. Thus, discrimination can also be not only vertical, but horizontal as well.

2. Methodology

The case study analysis concentrates on the steel sector in Poland and its players. Generally, the steel sector in Poland is divided into three main groups (Sroka, Vveinhardt 2017):

- companies owned by foreign investors – this group is the largest and comprises several reputable global players; it is estimated that these three companies manufacture 80-85% of total crude steel produced in Poland;
- companies listed on the Warsaw Stock Exchange;
- relatively small steel companies, both public and private, whose share in steel production does not exceed 5%.

Our analysis was conducted in two phases. Firstly, the widely accessible procedures of the particular companies in each group (i.e. those which were presented on the websites of the companies) which were devoted to the anti-nepotism sphere were analysed. In the second stage of our research, we compared the results of the analysis with the results of interviews and discussions with the managers of the aforementioned companies.

Initially, during the second phase of the surveys, we planned to apply a semi-structured interview questionnaire consisting of 12 interview questions (questions were grouped into the following categories: factors related to the behaviour of the man-

agement, control and safety; factors related to the evaluation of the organization; factors related to the relations between employees; factors related to the internal policies and norms of behaviour of the organization; six questions were designed to identify the phenomenon of nepotism, and six – to favouritism). These categories correspond to the categories of the questionnaire developed for the quantitative research by Vveinhardt and Petrauskaite (2013).

Because of the sensitive nature of the topic, and informal information received from the companies analyzed that there will be no responses, a specific methodology of research was adopted, i.e. one question and face to face interview with managers of different levels. We asked them a question: *did you observe the phenomena of nepotism and favouritism in your company?* All the respondents who agreed to participate in the research work in managerial positions (mostly the highest one). All of them have higher education, the length of work in the companies analyzed is from at least 20 to 40 years. Totally, 18 managers representing 7 organizations took part in our survey (out of totally 9 steel companies existing in Poland). In order to get the real picture of the situation, we selected the group of managers on the basis of previous contacts and/or recommendations, ensuring them full anonymity; otherwise, it was a risk that the managers interviewed would want to present the situation in a better light. All interviews were done in Q4 of 2016.

3. Analysis of the research

3.1. Analysis of the research in the first stage

At the first stage of our research, widely accessible information pertaining to the

steel companies devoted to anti-nepotism practices was analyzed. It was mostly related to the information and data presented at the website of the companies. We analysed whether the companies' documents protect against nepotism and favouritism phenomena. The analysis made in the first phase allows us to draw several conclusions. Firstly, no company has clearly stated that it has implemented anti-nepotism procedures (or even its assumptions). This relates to companies from all these three groups, however it was especially noticeable in the case of the second and third groups, which seems strange given that the second group of companies are those listed on the Warsaw Stock Exchange. On the other hand, the companies from the first group adopted numerous documents whose aim is to protect against the prevalence of nepotism and favoritism, e.g. *Code of business conduct* at ArcelorMittal Poland or *Code of Ethics and Professional Conduct* at Celsa Group. In other words, an analysis of the documents of particular companies and reports allows us to state that from the theoretical point of view, the situation looks reasonably good in the first group. Secondly, the larger the company and the higher the level of brand recognition, the more attention is paid to anti-nepotism and anti-favoritism procedures. Thirdly, to our surprise, on the websites of the companies listed on the Warsaw Stock Exchange no links to the issues of business ethics were discerned (not to mention the issues associated directly with anti-nepotism procedures).

Generally, we were only partly satisfied with the results of this analysis, which are generally worse than our previous surveys conducted in the sector in question devoted to bullying and harassment (Vveinhardt, Sroka 2017).

3.2. Analysis of the research in the second stage

3.2.1. Companies owned by foreign investors

In contrast to the theoretical assumptions expressed on the companies' websites, the situation looks rather less healthy in practice. Before our interviews and discussions with the managers, we assumed that only single cases of nepotism and favouritism activities (though relatively rare) may be observed. In fact, it is worse than we expected - albeit the results were differentiated in the particular groups.

Due to its size, share and importance in terms of the steel industry in Poland, as well as total employment, the first group was analysed most carefully. We asked 11 persons, however two of them refused. The results achieved were not satisfactory, however. For example, one of the respondents stated that four events of these phenomena were observed in 2016 only (all in the administration sphere) and out of these four events, one was related to the creation of a high-level managerial position in terms relative to another high level manager (it is worth adding that other persons interviewed also reported "artificial staffing"). In turn, the second person claims that "such phenomena and favouritism more specifically are observed on a day-to day basis". As with the previous example, it was also related to the administration sphere. Another respondent (the one who left the company some time ago) paid attention to another aspect, namely favouritism towards foreign managers (especially representing the highest management level) from the company's HQ. As he stated, "one always had an impression that local managers, irrespective of the vacancy, were not good enough to take these positions". Only the production sphere was free of these phe-

nomena, and even then only to a certain extent. This respondent also stated that in the case of the production sphere, the only nepotism phenomena he observed were related to situations in which different managers attempted to "get a job" for their relatives. Simultaneously, he added, it was not the creation of new jobs, but a consequence of natural employee turnover - and thus the decreasing number of employees in the production sphere, merged with the same number of duties - and the necessity to supplement vacancies in order to fulfil the production tasks.

A very interesting result arose out of a discussion with one respondent who still works in the production department. Generally, he claims that it is necessary to differentiate between the administration and production/technical departments. In the latter, he observed no signs and/or cases of nepotism. As he stated, the reason for this may be the fact that these functions require specific, technical skills and competences generally associated with steel production. On the other hand, he also observes a 'wave' of young, dynamic people in managerial positions, including those in the production sphere. Sometimes this brings somewhat negative effects (lack of experience and concentration on 'tables' only). Therefore, as was stated, it confirms the thesis on favouritism.

In contrast to the production sphere (and simultaneously to other respondents' opinions), he did not observe the signs of these negative phenomena in the administration sphere. However, when asked to provide detail, he answered that he does not have many contacts with administration in the widely understood sense of the word.

Another person also paid attention to some phenomena of favouritism which include both the administration and technical spheres. As he stated, "they were hard to

explain in essential aspects". These cases mentioned relate both to the creation of the new managerial functions (sometimes at a very high level) as well as promotion. The same respondent also mentioned some (though rare) cases of nepotism, i.e. employing relatives, especially the children of high-level managers. Although one cannot say these were people without competences and skills (e.g. a high level of education, languages etc.), he evaluated the phenomenon itself negatively, especially given that the recruitment process is extremely complex. It is also worth mentioning that such people still work for that company.

In turn, another respondent working in administration underlined frequent cases of favouritism and some which were associated with nepotism, e.g. employing siblings. Certainly, it cannot be explained through the specific local environment (as was emphasised by some other respondents). It was just a case of the manager who 'can offer more and has more opportunities' to give a job. The first ones especially were criticised as they were related to inexperienced people. As he stated, their only advantage was "long legs" and other attributes, and nothing more, unfortunately. Moreover, even the approach to work of these people was criticised. Being a high-level and experienced manager, he labelled it the syndrome of a person who has to become a director 'before 30'.

Interesting results also arose out of a discussion with a former high-level manager who spent several years working for one of the companies from the first group. First of all, it was stated that the company has been operating in a specific, local environment. When he came to the company, it was already owned by a foreign corporation, which means that "every aspect of functioning was standardised" as he mentioned. So it was, to some extent, incom-

patible with the local mentality. Moreover, it was also mentioned that in the past, entire families worked in the company. However, he did not view it as a pathological situation. But he paid attention to another situation, i.e. "we the good guys, and they the bad guys" phenomenon. In other words, people from outside were generally regarded worse than "our people". In summary, he emphasised that the phenomenon of nepotism (though relatively rare) was observed in the company analysed. As for favouritism, his opinion was very similar: a somewhat low level of occurrence of this phenomenon, especially in the production sphere, was observed; in contrast to this, the administration sphere was much less exposed to such situations.

Finally, the last person from the first group we spoke to, to our surprise, did not see (and still does not see) any signs of these bad phenomena in the company. In light of our previous discussions, we were very surprised with this point. The person was highly convincing, so there is no reason to doubt his analysis on the face of it; however our doubts, overall, were not completely assuaged.

Generally, when trying to summarise the discussions with managers from the first group of analysed companies, each person we talked to (except one) had heard about certain instances of nepotism (of course, it is also possible that they were at least partly related to the same incidents). Special attention was paid to favouritism towards young, inexperienced people (of both genders).

3.2.2. Companies listed on Warsaw Stock Exchange

The companies in the second group are those entities which are listed on the Warsaw Stock Exchange. As regards size, they are relatively small compared to the

first group and employ several hundred employees each, which has certain consequences as in such smaller entities each instance of nepotism and/or favouritism is easily visible. Secondly, they operate in specific local environments, full of historical circumstances. Sometimes, entire families have worked for the same company, however this is not regarded as an instance of nepotism so much as the result of historical circumstances. Thirdly, all the steel companies listed on Warsaw Stock Exchange have a specific shareholder structure. Despite the fact that they are 'public' companies, they are owned by one (sometimes two) powerful strategic investors. In other words, one can say that this structure implies that all decisions (including the ones regarding the promotion of employees) are taken by the boards of the companies.

As one (retired) respondent stated, "one hears of relatively few instances of these phenomena"; although some (very rare) events of this type were observed. He was unable, however, to provide more details. He remembered that there were situations in which the managers of subsidiaries were given 'proposals and recommendations' to employ some people recommended by the parent company. Such proposals were related to positions associated e.g. with finance and/or trade.

In turn, another one knew about instances of nepotism, albeit which took place several years ago. As he stated, the current stakeholder structure excludes the possibility of these negative phenomena as every shareholder "looks at the hands of the other". He also added that another factor precluding these phenomena is the level of employment (very small), which means that there is no place for poor decisions regarding the promotion of employees. In larger human communities there are more possibilities.

The next person from this group also paid attention to an interesting aspect of promoting staff, i.e. recommended by the owner. These situations were related to different spheres (both administration and production in the widely understood sense) and the highest management positions (mostly). Sometimes, the results achieved were not so promising, and a 'frequent rotation' of people was observed, meaning that managers do not have enough time to show the effects, as a one-year period may be too short to do so. Moreover, this situation is observed even today. But, as was stated, it is the right of the company's shareholders. As for nepotism itself as well as favouritism, the same person denied the existence of these phenomena in the company. Generally, the company seeks employees especially for production but also specialists in other fields, and there is really no scope for making the wrong choice. The same aspect (i.e. favouritism of people recommended by shareholders) was also raised by another person we spoke to. As was stated, those employees do not necessarily represent the highest skills and competences – however, other people, who knew this fact, avoid coming into conflict with them. The same person also claimed that nepotism is rather not prevalent.

3.2.3. Relatively small steel companies

The third group of companies comprises few relatively small entities only, especially when compared to the first group, and - to some extent – to the second one. When talking to managers, it turned out that the situation does not substantially differ from that which was observed previously. To our surprise, one respondent used even the term of "total nepotism". When asked for more details, he stated that a lot of "nephews, cousins or generally relatives were

employed and artificial staffing is widely observed". It may, however, be a result of the specific local environment of the company in question. During a discussion of the details, it turned out that the situation is not as bad as it seemed. There were a number of family members working at the company, however, they had been there for several years. As for nepotism itself, it cannot rather be regarded as a classical instance of this phenomenon (rather a 'soft' version).

In contrast to nepotism, there were some cases of favouritism towards certain managers. Such cases took different forms, e.g. acceptance of further work despite reaching retirement age (in some cases over 70), or (perhaps surprisingly) promotion to higher managerial positions despite not having sufficient experience and/or even skills from a certain field. It is necessary to underline here that it is not a case of the person being irreplaceable; it is rather a pure instance of favouritism.

4. Discussion

The analysis made in the first phase allows us to state that the situation looks reasonably good in the first group. However, it looks worse both in the second and third group as no company has clearly stated that it has implemented anti-nepotism procedures or even its assumptions.

The results achieved in the second stage of our research shows that in contrast to the theoretical assumptions expressed on the companies' websites, the situation looks rather less healthy in practice. One may see that there were some similarities as well as differences between the particular groups analyzed. Generally, when trying to summarize the discussions with managers from the first group of analyzed companies, each person we talked to (except one) had heard about certain instances of

nepotism. Special attention was paid to favoritism towards young, inexperienced people (of both genders). Only one person from the first group we spoke to, did not see (and still does not see) any signs of these bad phenomena, which was really very surprising given the responses of the other respondents.

In turn, analysis of the responses of the managers from the second group allows us to state that the situation is similar to the one existing in the first group. There were some (unless relatively rare) cases of nepotism and favouritism phenomena in the companies analyzed. One has an impression, however, that there are less such negative phenomena compared to the first group. Another reason may be the fact that this group is much smaller and comprises three companies only.

And finally, the analysis of the responses of managers from the last group indicates that the situation does not substantially differ from that which was observed previously. Though the cases of nepotism were not observed, respondents indicated that there were some cases of favouritism towards certain managers, which took different forms. Generally, the results of this analysis, are worse than the findings of our previous survey conducted in the sector in question devoted to bullying and harassment (Vveinhardt & Sroka, 2017).

Conclusions

The aim of the paper was to diagnose the prevalence of nepotism and favouritism within the steel enterprises operating in Poland. The study was based on an analysis of the literature (assumptions of anti-nepotism procedures and practices) and a comparison with the situation existing in the steel companies operating in Poland (information available on the company websites, as well as interviews with

respondents from those companies). The originality of the paper is the result of the presentation of unique qualitative research related to nepotism and favouritism phenomena in the steel sector. Another advantage is the fact that to our best knowledge such research is relatively rare (due to sensitive nature of the topic) not only in Poland, but also on an international scale. It constitutes a significant added value of this paper.

Prior to our analyses, on the basis of other studies and surveys, we assumed that the internal documents and procedures of those companies (and especially those which were presented on the companies' websites) would protect employees against nepotism and favouritism. The procedures available on the websites only partly confirmed this thesis: there are some companies which do not have any regulations of this type which may indicate that they use commonly applicable rules of law. In fact, only the companies which are owned by global steel corporations have some rules of this type on their websites (however, not directly related to nepotism and favouritism).

We claim that the results of our discussions with respondents (both current and retired) from the companies operating in the sector analysed were much more interesting, even given the approach adopted (i.e. asking just a single question). It was supposed that some single cases of nepotism and favouritism exist. Therefore, we were shocked to some extent when it turned out not to be the case; it was rather standard "procedure". In other words, one may state that the steel industry is not free of these phenomena.

Our research has several implications. Firstly, it confirmed that steel sector, like other industries is not free from these pathologies. The knowledge of this fact may

be useful for the managers, and first of all, the owners of the steel companies, allowing to take the necessary preventive actions. Secondly, regular surveys organized in this sector (e.g. every 5 years) would allow to obtain interesting data showing how the situation changes. And thirdly, the results of our research may be a good starting point for formulation of the research hypotheses in further surveys.

Our paper has several limitations, the first (and simultaneously the most important) of which is the methodology adopted. We fully realise the limitations of the method; however, we still believe that this allowed us to obtain a true picture of the situation in the sector. Secondly, we undertook discussions and interviews with a relatively small number of managers (around 20). However, all of them were experienced (in some cases with more than 30 years in managerial positions, including the highest-level ones in different companies). This means that they were able to observe everything from 'inside'. After the discussions with them, we ceased further actions as the responses received were relatively similar.

Thirdly, we also believe that it would be beneficial to compare the situation in the sector analysed with the other industries (i.e. some kind of sector comparison) and would highly recommend such a course of action. We concentrated on one sector only, but based on this, one can assume that other sectors are not free of these pathologies. However, our research clearly indicates that the topic in question invites further surveys.

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