

The impact of nepotism and corruption on the economy and HR

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Abstract: Nepotism usually means hiring relatives, close friends, regardless of their merits and abilities. This would be a simple definition of nepotism, which as we all know, rapidly became the "criterion" and an issue favourable for employment leading people by family ties, while corruption is a permanent risk for the economic system, but also for the country's legal system. The purpose of this paper is to analyze nepotism, effects of nepotism, and to analyze the impact of corruption on the country's economy.

Keywords: Human resources, nepotism, corruption, dysfunctional economy, lack of perspectives

JEL codes: D73, P00

1. Introduction

The word "Nepotism" comes from the Italian word "nepote" which means the son, which has been used by the papal practice of granting special favors grandchildren or their relatives. So, favoring relatives on the basis of family ties, saying rather that nepotism means the employment of relatives or close friends, regardless of their merits and abilities (Dictionary, 2013). Nepotism may occur in different areas of the organization of society (nepotism, 2013). Nepotism exists throughout the world, but nowhere dominant in political, economic, social and comprehensive as it is supposed to; Eastern European countries, the Middle East, even in some EU countries. According to the Strasbourg Convention (1999), corruption threatens legal norms, democracy, human rights and freedom, undermines the system of state management, social justice and fairness, distorts fair competition, and hinders economic development and moral basis of society. For Kregar, J. (1997),

corruption is a pathological phenomenon, systematic operation in which the ruling political class puts personal interests above political community. Corruption is a phenomenon that is found both in the developed and developing countries, but at different levels and this can be observed a higher inclination of the poorest countries on corruption acts that he presents in developed countries. Corruption is a widespread phenomenon in the world as in the developed as well as developing countries. However, market places and centralized economies that are faced with more in the past and in the current period (Mihaiu, M., and Opreana, A., 2013). Gjinovci (2014), from a legal perspective, there are two types of corrupt behavior: active and passive Corruption. We are aware that corruption, a huge stretch or small, is a threat to all participants in a democratic society, especially to countries that are in a transition period. Fight corruption and put under control at times he appeared. The reason is easy to fight corruption at the time of its presentation, it is that it is very easy to identify and prevent. In more general terms, corruption is generally degrading effect on the system and social regulation. The boundaries of corruption are as inaccessible as is unattainable and human greed. Greed grows cure human justice system fails. Acts of corruption, related to violation of legal provisions and the professional code of ethics by the employees as public or private sector. According Antonic (et. Al., 2001), corruption appears in various fields and in different ways. As an illustration, direct attention only some forms of corruption in the judiciary, police, customs, health, and corruption of local authorities. But Halimi (2014), in an article titled trailer; "Corruption is the cancer of Kosovo society", corruption poses as influential factors in the destruction of that country's economy.

2. The purpose of the study

In this study, is doing research in the field of corruption and nepotism, respectively factors of motivation research in order to identify the impact of incentive factors that influence entry into the sphere of influence of corruption and nepotism in its development. The purpose of this paper is:

- To analyze the effects of nepotism in the society,
- The impact of corruption on society.

The research results will be useful for researchers who will deal with the analysis of influencing factors of nepotism and corruption.

3. Methodology

For the preparation of this publication was used literature in the field of corruption and nepotism, the emphasis on using research in this field, and the use of materialist collect documents and the results of the respondents who are involved in this research. Based on the specifics of this research are utilized research methods as it combined quantitative and qualitative research.

The sampling is based on the following criteria:

- a) To investigate the literature and publications on nepotism in Kosovo,
- b) To investigate the literature and publications on corruption in Kosovo.

Data, reports and surveys of participants were analyzed in detail, in order to create a clear overview as related to research.

4. Results of the study

4.1 Research into the impact of nepotism

Nepotism may occur in various fields including;

- a) Political nepotism, and
- b) Family nepotism.

4.1.1 Nepotism policy

Nepotism is a common accusation in politics when a relative of a powerful political figure rise to power, not possess the necessary qualifications, which are necessary for positions.

Political nepotism affects the granting of special favours political collaborators in public organizations. For the Institute for Development Policy (2014), the politicization of public organizations, has brought the first consequences. The appointing political persons on the boards of public organizations now are the tradition.

Now, the phenomenon of political nepotism, has taken deep roots in the provincial and regional mentality in society, and is anything less harmful than family nepotism. This phenomenon, but in the political mentality, it is also installed to the general public. Demi, A., (2014), estimates that the politicization of public organizations has started since the declaration of independence.

Favouring relatives on the basis of family ties, which more precisely means nepotism, in one way or another in most cases allows the hiring of relatives without merit and adequate qualification, with the later consequences for the institution and the society itself. According to the Kosovo Democratic Institute (2014), central public organizations have been the most suitable for rehabilitation and accommodation of party militants.

Political and family influences contributed to the employment of approaches in different positions at public and state institutions, employment included all the important sectors of the country; Employment in public administration, employment in management staff at the ministry, the employment of relatives in departments, important sectors of the country, employment in the security bodies, employment agencies, employment in public corporations, employment in public media (Gjinovci, 2016). According to the organization Arise (2007), Kosovo is going politicization total administration, which is in complete contradiction with European criteria for the reform and construction of civil administration and the continuation thereof would deepen the economic crisis in Kosovo and will undermine stability its economic, political and social. Political parties in power to frame policy kin and client were based phenomenon all those political forces that have been in power over the years. Inappropriate employment has (had) a negative impact for the country and beyond. Therefore, no established preliminary criteria for employment, but employment by group influences, tribal, or clan affect the arrival of people in positions without merit, the negative impact; the country's economy for integration, with negative impact for justice, and the negative impact on society itself. With which criteria would determine the terms and conditions for the establishment of labour relations, which saw the completion of which criteria, should not be made any admissions, meeting the criteria of employment or promotion, there have been almost no once properly, this had repercussions on the advancement of the organization and development of the public sector. So, on the "criteria" nepotism and professionalism it has not been possible to establish the proper authorities and state portfolios and professional administration. Because only the;

- Powerful administration, and
- Professional experience led me to the right people can build successfully on the economic development field and in every field of life.

4.1.2 Family Nepotism

Perhaps, in most countries of Europe, we have not found that state bodies and government hiring and designation of officials in leadership positions of political and economic to do without public tenders, through which the real appreciation of staff experience and professional skills. By eliminating the effects by family ties, as has happened and is still happening in the Balkans, especially in: Kosovo, Albania, Macedonia, Montenegro, B & H, etc. Nepotism family (clan), more time is being launched on the appointment to the highest state and to lower levels at the municipal administrations. To take only the example of the appointment of senior public officials / public, will understand that almost no one is labelled based on fulfilment of the conditions set by the law, namely the contest, to be appointed or elected to these positions, the minimum work experience. In Kosovo errors in employment began with the establishment of international administration (UNMIK, 1999). And here lies the fatal error that made UNMIK together after Kosovo's government. Once, instead brought temporary acts of normative and legal conditions for employment, ranging from office clerk more simply to the post of president of the country, making professional selection of applicants for admission to work, what happened today is continuing, namely employment and appointment of people, not by legal and professional norms, but on the basis of family nepotism. But this has happened in several public representations, diplomatic majority southeaster Balkan countries. For, Abdala, M. (et. all, 1994), whether employees are in competition with any individual eligible to advance their probability is very low. Therefore, taking into account legal violations that have been made in terms of hiring people without merit and without meeting the criteria competitive, we should not wonder why today these countries dominates economically backward, with a population of poor in the extreme, youth unemployed. Kayabaşı, Y. (2005) believes that the phenomenon of preferential treatment is also considered a "form of corruption" that appears in the decision-making process, it is at once one of the main problems of public bureaucracy Nepotism within organizations, where the employee is employed because of their family ties. It is generally seen as unethical, as by employers and employees. According to the Institute for Development Policy (2014), the appointment of board policy, has led to these people, to make room for the other militants of political parties risking their complete capture of partisan elements.

However, for the most part, nepotism can be seen simply in terms of giving people priority in exchange for favours the later, allowing them to get out within an organization. Not treated in

the same way as everyone else. Boadi, G.E. (2000), believes that while developed countries have adopted laws which are considered as preventive measures against such preferences, while in developing countries such practices continue to be part of everyday life. Nepotism in his narrow sense of the word, refers to relatives, her interpretation of these days can tend to involve friends or simply favouritism in general.

Public opinion survey by the institute for criminology and criminology show results on the ground. To the question "Were you or someone of your family, victim of nepotism or mobbing" The results are somewhat related. 53% of respondents deny have been victims of these phenomena, whereas 42% of them say that they or someone in their family had been a victim of nepotism or mobbing in different time periods.

Table 1 the question "Were you or someone of your family, victim of nepotism".

The question "Were you or someone of your family, victim of nepotism?"		
The respondents expressed in number and %	Responses	%
Yes	419	42%
No	527	53%
I do not know!	53	5%
Total;	999	100%

Source: nepotism in the Republic of Kosovo (2014).

Nepotism does not appear to be a new phenomenon in the labour market in Kosovo, although they are believed to have received a very large spread recently. If mobbing and nepotism were shown during the administration of UNMIK or after Independence, when Kosovo took over most of the institutions, 43% of respondents think that these phenomena were shown as during the administration of UNMIK, as even after Independence. The results of this research show that mobbing and nepotism were less shown before the war, compared with the last post-war period.

Table 2 when is displayed nepotism

To the question "When is displayed nepotism?"	
The respondents expressed in %	
After the war during the UNMIK	43%
After the independence of Kosovo	43%
Before the war	12%
I do not know!	2%
Total;	100%

Source: Mobbing and nepotism in the Republic of Kosovo (2014).

Zogiani, A. (2012), thinks that the public sector has become a camp of uncles, cousins and spouses. This is not a modern state, but, according to him, it is a creature similar to principalities that once the tribes. Konjufca, G., (2012), thinks that; nepotism in Kosovo is a massive phenomenon and all present through local institutions. "Nepotism has become the criterion of employment and on-site assessment. This phenomenon has negative consequences for democracy and fair governance in the service of citizens".

Besides nepotism most societies of the Balkans is the problem of corruption followed. Corruption poses a permanent threat to the economic system, but also for the country's legal system. Corruption is one of the greatest challenges of our time.

4.2. The impact of corruption

4.2.1 Corruption as a social and public phenomenon

Corruption poses a permanent threat to the economic system, but also for the country's legal system. Corruption is one of the greatest challenges of our time. It is a challenge that must and can be met, but that requires a commitment to ethical human resources which are scarce in Eastern Europe.

According to the Strasbourg Convention (1999), corruption threatens legal norms, democracy, human rights and freedom, undermines the system of state management, social justice and fairness, distorts fair competition, and hinders economic development and moral basis of society. For Kregar, J. (1997), corruption is a pathological phenomenon, systematic operation in which the ruling political class puts personal interests above political community. Corruption is a phenomenon that is found both in the developed and developing countries, but at different levels and this can be observed a higher inclination of the poorest countries on corruption acts that he

present in developed countries. Corruption is a widespread phenomenon in the world as in the developed as well as developing countries. However, market places and centralized economies that are faced with more in the past and in the current period (Mihaiu, M., and Opreana, A., 2013). According to Petrovic, B., and Mesko, M. (2004), first of all the literature we encounter different types of corruption. Whereas Begovic, B., and Mijatovic, B. (2001), corruption as a phenomenon of share in:

- a) Government corruption; Here we are dealing with the activity of certain individuals, groups and companies in the private and public sectors which exert influence on the creation of laws, regulations, decisions and other policies of the government in their profitability as a result of delivery of illegal and not -Transparent private services by government officials, and
- b) Administrative corruption; deliberate imposition and distortion of the existing law, rules and regulations to provide advantage governmental actors and non-governmental as a result of illegal delivery or non-transparent private benefits to public officials (Sasic, Z., 1988).

4.2.2 The level of corruption in Kosovo

But what motivates officials to corruption, infringement and violation of the code of ethics stimulating them to entry into the sphere of corruption?

It is thought that there are many factors that influence entry into the world of corruption. But what motivates towards entry into the field of corruption; the desire to get rich as soon as possible; to gain illegal property which easily seen as a form of enrichment; the benefit of any personal interest, family, or privilege, benefit of any right or upgrade to higher levels of hierarchy, etc.

Corruption can be done through direct or indirect anointing of public officials such as:

- a) Bribery directly realized by giving the bribe-taking bribery respectively,
- b) But indirect bribery would include the promise of employment,
- c) The employment of family members,
- d) Employment in private companies as a result of benefits,
- e) Issuance of tenders in sugar growing phenomenon in South-East European countries, etc.

The presence of high level of risk in the business, and unfair competition to the market in which organizations are acting more and more is affecting economic stability and business organizations (Gjinovci A., 2014). Corruption is causing inequality affecting trade in favour of certain businesses.

As a result of corruption is increasing the cost of doing business in these countries, it is affecting the creation of a climate which for many is considered businessman quandary to stay active in the market. For Eigen, P. (2004), the Countries in the region have Multitude of Anti-Corruption Laws; But They Also Have Judges appointed and beholden to Politicians Who are selective about the Enforcement of These Laws. What good are crooked These Laws When Politicians know APPLIED they won't oath.

The transition from one system to another system policy has led to a large extent affected the personal ethics of the citizens of the country. Therefore, the desire to gain illegal wealth is not surprising, it is the result of slow action of law, and justice delayed action or no (Gjinovci A., 2014).

The transition from one system to another system policy has led to a large extent affected the personal ethics of the citizens of the country. Therefore, the desire to gain illegal wealth is not surprising, it is the result of slow action of law, justice delayed action or not act at law (Gjinovci A., 2015). But why should it be present corruption in transition countries that have already been devastated economically?

In countries in transition societies are faced with;

- Requirements for the liberalization of the economy.
- Major social transformations.
- Transformations property.
- The absence of laws.
- We are dealing with legal gaps (issued on or unintentionally).
- Low salaries of state administration officials.
- Misuse of official position is already in trends, in almost all the countries of south-eastern Europe.
- Requirements of the citizens to live better.
- Corruption has already gets great size, and the mechanisms available to stop it the climate which dominates the citizens to prevent corruptions is not enjoyable (Gjinovci A., 2014).

Research shows that the most corrupt Kosovo, followed by Albania, B & H, Serbia, etc.

Table 3 Corruption in the public sector by level

Countries, corruption in the public sector by level	according years	
	2014	2015
Kosovo	110	103
Albania	110	88
B & H	80	76
Serbia	78	71
Montenegro	76	76
Greece	69	58
Macedonia	64	66

Source: the transparency international (2015).

The research results show that from the total number of respondents; 80% think that nepotism negative impact on the economy, while 10% have a positive opinion, while 10% were neutral.

But 90% of respondents think that nepotism is affecting the employment of non-professionals. Of the total number of respondents 60% of them agree that employment in Kosovo it is difficult without support from outside / policies. Although 90% of respondents agree that nepotism has affected the poor have diplomatic representation. 80% of respondents think that nepotism is affecting the hiring / promotion of relatives in important sectors of the country.

Table 4 how does nepotism and corruption in the country's economy

How does nepotism and corruption in the country's economy	Yes	No	I do not know!
Nepotism has positive effect on the economy?	10%	80%	10%
Nepotism is affecting the employment of unprofessional?	90%	10%	
Employment in Kosovo is difficult without support from outside / policies?	60%		40%
Nepotism has affected the poor have diplomatic representation?	90%		10%
Nepotism is affecting the hiring / promotion of relatives in important sectors of the country?	80%	10%	10%

Source: Author's own elaboration (2016).

Research results show that the total number of respondents; 60% of them agree that nepotism negative impact on the economy, while 20% think positive, while 20% were neutral.

But 90% of respondents believed that corruption is a threat to democratic institutions. Of the total number of respondents 100% of them agree that corruption inhibits and undermines

economic development. Although 80% of respondents agree that corruption is affecting the loss of local and foreign investors. 80% of respondents believe that corruption is affecting the growth of uncertainty. While 100% think corruption and nepotism have a negative impact on the justice institutions.

Table 5 Impact of nepotism and the corruption in economy

The impact of nepotism and corruption in the country's economy	<i>Yes</i>	<i>No</i>	I do not know!
Corruption affects positively on the economy of the country?	20%	60%	20%
Corruption is a threat to democratic institutions?	90%		10%
Corruption inhibits and undermines economic development?	100%		
Corruption affects the loss of local and foreign investors?	80%	10%	10%
Corruption affects the increase of insecurity?	80%	10%	10%
Corruption and nepotism have a negative impact on institutions of justice?	100%		

Source: Author's own elaboration (2016).

5. Conclusion

The nepotism conveys many problems in economics. For nepotism as the main concern it is that it rejects the employment of workers and promotes the most qualified candidates for a particular job. While the market may have with the other candidates who may have higher education, work experience in, and be much more professional.

The choice of relatives, who does not possess the necessary qualities, creates the opinion and give the impression of a classic nepotism and harmful to the organization and the economy in general. It nepotism which affected; Weak have diplomatic representation, have a poor administration of state and municipal property, and today all have bodies and institutions present in proportions devastating phenomenon of nepotism and corruption.

We are aware that corruption, a huge stretch or small, is a threat to democratic institutions and human rights and fundamental freedoms. On the other hand, it inhibits and undermines economic development by deepening poverty in the country and beyond. Corruption is part of the phenomenon that is hard to define because it's meaning changes depending on the time and the social and political context. It is believed that anti-corruption institutions even though they are called to assist in the prevention of corruption and negative phenomena, they have citizens and in

a very high percentage. Based on the data in the field we conclude that corruption and its manifestation are growing, and as a result;

1. The long transition in all spheres of social life.
2. Lack of the future and human resource perspective.
3. The continuing economic crisis, political and social since the 1990s.
4. And the impact of external factors such as lack of support to large international institutions, especially the European ones, etc.

Therefore, the motivation to enter the business of corruption is different, but the official or businessman much more essential factor considered:

- a) Lack of legislation,
- b) Action Slow Justice
- c) Lack of professional ethics,
- d) No professionalism of human resources in certain institutions.

SEE countries face problems of economic and political nature. In Eastern Europe there are many contradictions and disagreements. But what is common in the region is corruption. Corruption is also present in some other countries which are located in south Eastern Europe but are part of the European Union. These countries are; Greece, which has subsequently certain affairs as Hellenic visas, then Bulgaria and Romania as EU countries. But a country such as Bosnia and Herzegovina, Serbia, Macedonia, Montenegro, Albania, and Kosovo is faced with problems of corruption.

Its effects or consequences of the economic and social are extremely serious by any company. Weight of corruption in a given society depends on a number of factors. One is of course, widespread corruption, as much corruption as worse. Both empirical research (surveys of public opinion surveys and private entrepreneurs), clearly shows that corruption is widespread in Serbia. Transaction costs of corruption have directly reduced social welfare. Research has shown that corruption negatively affects the poor, or that one of its consequences is that the poor become poorer, and increased economic inequality in society. Long-term effects of corruption are the worst of any society. In some cases, the company is at a turning point. Serbia at this moment can choose between a decisive turn toward a productive society, which creates new values, or to stand in the way in which the country set in the previous regime; path of corruption and organized crime.

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Wpływ nepotyzmu i korupcji na gospodarkę oraz HR

Streszczenie

Nepotyzm oznacza zazwyczaj zatrudnianie krewnych, bliskich przyjaciół, niezależnie od ich zawodu, wiedzy i umiejętności. Byłaby to prosta definicja nepotyzmu, który – jak powszechnie wiadomo – stał się szybko „kryterium” i kwestią korzystną podczas zatrudniania osób przez ich rodzinę. Tymczasem korupcja stanowi stałe ryzyko dla systemu gospodarczego, ale także dla systemu prawnego danego państwa. Celem niniejszego artykułu jest analiza nepotyzmu i jego efektów, jak również analiza wpływu korupcji na gospodarkę państwa..

Słowa kluczowe: zasoby ludzkie, nepotyzm, korupcja, ekonomia dysfunkcjonalna, brak perspektyw