



## NEPOTISM: A FAMILY AFFAIR

### GOALS

1. State the advantages and disadvantages of nepotism within a work setting.
2. Apply principles of nepotism to the work setting.

### KEYWORDS FOR APPLICATION

1. Nepotism
2. Hiring Pragmatics
3. Male and Female Involvement
4. Entropy
5. Nepotism Engagement Rules
6. American Way of Business
7. Nurse Administrator (DON)
8. Nurse Leader (RN)

I walked into a business, and I found family—family—family. They were upstairs, downstairs, and in the lady's chamber (so the old rhyme goes). Wait a minute, I thought, am I in a business situation, or should I expect a family get-together around a dining table? It appeared that everyone was busy, but the administrator was obscure as several family members made administrative comments to the non-family staff. Should a business be doing this? Is this a viable, productive way to do business? Let's take a closer look at this phenomenon!

The definition of "nepotism" is that it is *special favoritism* granted to relatives in the work setting. Legitimate ability and merit to be in a specific work position appear to have little to do in a business that supports nepotism. It can involve blood relatives and spouses of blood relatives. Historically, the word nepotism comes from medieval times when the word meant "nephew." Some will claim it is "kin networking."

Looking at the process carefully, we might consider whether this hiring and practicing behavior (nepotism) in business is a discriminatory practice under federal discrimination laws or state statutes. Conversely, there is a personal feeling that the administrator of any company has the right to hire at will. With this personal feeling could come some cultural overtones and mixed opinions regarding the philosophy of individual work ethics and shared fairness regarding business decisions and activities.

### HISTORY

In the early 1950s, nepotism was used for the incorporation of male family members into a family business. The hiring of the male family member was more directed toward pragmatics than a concern for possible discrimination. Family conversations about the business around the dinner table and other

familial places seemed to engender a shared understanding of the philosophy, goals, and day-to-day workings of the business. It seemed to save time in explaining the inside track of the business when a family member joined the business. No job application with references needed to occur. No preliminary explanation about the current business situation was required, usually. There was a sense of trust.

As the years went by, females in the family started to play more of an active role in the family business. This dynamic role was in addition to rearing the children. Financial involvement of family females in paying the business bills and general access to business money became more frequent.

As of 2006, about one-third of the businesses in the United States were family-owned. Approximately one-half of our gross domestic profit was reported to come from family-owned businesses. A very high proportion of all employment was and is still known to be in a family business. Is this a United States implicit endorsement of nepotism? I think so! Even England has a very high percentage of nepotism.

### **NEW BUSINESS DEVELOPMENT: FAMILY INVOLVEMENT AND THE TAX-PAYER**

No United States law prohibits the hiring of relatives! However, the policy to NOT hire relatives is a personal decision made by a company either collectively or by a controlling administrator of the company. Even so, today, up to 40% of companies have policies that PROHIBIT the hiring of family members. Could it be that those companies have experienced or know of negative experiences explicitly related to having their relatives involved in business decisions and practice?! As of 2008, it is reported that Italy declared nepotism illegal. Italy must have had a good reason or know something some companies refuse to accept!

The beginning of a new business requires a difficult decision. One decision is related to people to hire. Trust is often an issue. In modern business, some proprietors will trust family members more than someone they do not know personally. However, what is right for a business in the beginning often is not what is suitable for the long term. It is the responsibility of the administrator to set up and maintain long-lasting quality controls within the business to minimize all unwanted change.

In the beginning and over time, family business members consist of adjunct people who desire control and the advantage of a family business in the beginning and over time. Laxness in work ethics and business money exploitation/misuse is not uncommon as time goes by. As the business changes over time, so does human behavior as it relates to the support of business success. Nothing ever stays the same in all situations, according to a universal law. This negative, unsupportive behavior can be controlled by an administrator who is aware of the natural happening called "entropy." That is, everything in the world moves toward randomness—human behavior is no exception.

Let us now make some distinction between a family-owned business not using taxpayer dollars and a business that uses *any* taxpayer dollars from any source—city, state, or federal. One major difference in the decision to practice significant nepotism or choosing to use other meaningful community employment should have to do with the obvious and intended use of taxpayer dollars in the functioning of the business. An owned family business can make legitimate family employment decisions of nepotism. Whereas, if tax dollars are in any way supporting the business, there is an expectation of community members in the hiring and conducting of business processes and decisions. If it is the

community members (family or others) who provide the tax funds for ANY PORTION of the specific business process, that consideration must occur as part of the hiring process. Is it appropriate for only family employment when other members of the community are supporting the business through taxpayer dollars? I think not! Inappropriate use of taxpayer dollars to support only the hiring of family members MUST be considered a severe detriment in today's business world. Who better to tell the community of the "good" use of their taxpayer dollars than a non-family member who is a successful employee of that business?

## **RULES OF NEPOTISM ENGAGEMENT**

The administrator (CEO) of business is (and should always be) in charge of the entire business operation. Someone is to be accountable and carry responsibility and set policy. That person must also accept legal liability for appropriate or inappropriate assignment of family employment.

*The following are considerations when a business decides to engage in nepotism. The recommendations are as follows---*

1. Make an allowance for the family member(s) who is/are not interested in becoming a part of the business.
2. Recognize that there will be times when the business and family needs will conflict. Priorities maintain a healthy balance.
3. Expect feelings of jealousy to surface in some way when there appears to be favoritism.
4. Require family members to have some PREVIOUS outside experience or educational training in the topic or product they will be engaged in as a family employee. This could be with another business, attendance at a selected number of workshops, or completion of a university course that teaches the techniques and skills for the job he/she will be accepting. In other words, family discussion and mere observation of the company is NOT ENOUGH.
5. Predetermine a plan for reimbursement of services before hiring family members. The pay scale should be commensurate with the responsibility, type of job, level of expertise and education, and hours expended on the job. The pay scale should be known by all family employees and others (as is appropriate) so that a feeling of fairness and justice prevails throughout the business. The family should also know the type of company behaviors that warrant an increase in position or wage. Shared information and consistency by the administrator provide for a sense of contentment and overall family outcomes of success. The consistent key to success for all employees (even relatives) is NEVER to TOLERATE INCOMPETENCE! The message is unmistakable—you are expected to do what you are hired to do for the reimbursement provided, no matter who you are!
6. Require continuing education and community involvement for family members regarding the expectations of the job. Family members should be participating in workshops and learning work-related information and having community experiences outside of the workplace during employment.
7. Encourage family employees to be ambassadors of family goodwill for the company while they are away from the work setting. Their job description should require excellent professional behavior at all times. Family employees ARE the business even when away from the business. People are watching their actions of ethics and morals as a probable representative of the

business. Family-owned businesses often have less stringent and precise employee rules; thereby, they require family business employees to CHOOSE correct personal behaviors. Their personal and professional practices are commonly known to be a personal choice and not an explicit formal rule as in publically held businesses. Family-owned businesses have more societal scrutiny than publically held businesses.

8. Refrain from placing family members in the same department. Unhealthy competition and family infighting are typical in these situations. Put family members into different buildings, if possible. Don't intentionally set up a competition between family members. Putting family members even in the same room encourages familial fraternizing that is not conducive to getting work done. Better still—turn the need for fraternization into a business meeting to discuss business issues.
9. Respect the administrative (CEO) role. Family members should not be expected or given an opportunity, in most cases, to make executive decisions. Pay raises and promotions of employees are administrative responsibilities. Input from family members is often helpful, but a final business decision (per the job description and pay scale) belongs to the administrator (CEO).

*Careful! If family members are allowed to introduce a new or changed policy/policies without the administrator's (CEO's) approval, that new or revised policy/policies has/have the potential of turning a successful business to an unsuccessful business.*

10. Allow a selected family member as a replacement of an administrator (CEO) if the administrator must be away from the business for any length of time. The appropriate process for reassignment or granting such administrative rights is to have the administrator (CEO) draft a letter indicating the specific time frame this family member will be in charge of business decisions and workflow. Have a dual signature on the message by the administrator (CEO) and the selected family member to be placed in charge. Distribute the letter throughout the business employees. There is a sense of employee security when they know who is in charge.
11. Consider the hiring carefully or continuing to employ a family member's spouse upon marriage. The proper question is—should you hire or continue to utilize the new spouse, just because he/she is a spouse? Chances are, as an administrator (CEO), you will hire or continue to utilize the new spouse after some counseling of both parties (family member and new non-family spouse) as to the expectations of work compliance—regardless of employee marital status.

*A word to the wise administrator (CEO) would be—do not involve a NEW spouse of a hired family member in any monetary aspect of the business! (The reasons should be obvious.) That information should be confidential, not discussed with a new spouse, and the purse strings explicitly held by the administrator (CEO) of the business—not even other hired family members. If any business family member ever abuses monetary resources, there is a forever tainted relationship as a result. It is best to have a policy for all family members that the administrator (CEO) is the only person who can access or manipulate business funds unless there is written clarification or in case of an emergency. Transparent enforcement of company financial rules, in general, is the key to business stability!*

12. Require all family members to pass the same employment scrutiny as any other employee. If there is a potential for concern about using nepotism as a hiring means, the administrator (CEO) must consider the *laws of discrimination*. The family member should pass hiring expectations

and give the *same scrutiny* as any other non-family person who applies for the same job. The same process of interviewing should occur to eliminate apparent biases. If there is a hiring committee that makes hiring decisions, it should be a combination of employees—that includes family members and non-family members. Having a community member(s) on the hiring committee would help to prevent discrimination possibilities and accusations—especially if taxpayer monies are involved.

*Be aware that there is a possibility that any person you are hiring (family or otherwise) is aware of the discriminatory hiring laws. Always have in mind the chance of legal action if hiring discrimination occurs!*

### **GEOGRAPHICAL AND COMMUNITY IMPLICATIONS FOR NEPOTISM**

Small communities are very susceptible to nepotism due to the community family constellations residing in the same geographic location. Even though this is a hiring and evaluation of job performance challenge, there is a hiring process by the organization that will make hiring and employment success more likely to occur.

*Consider the following when there is a necessity of hiring multiple family members to work closely together in a close working environment—hence experiencing nepotism in the workplace---*

1. Be fully aware of the problem of nepotism within a tight working situation and department within the company/organization. Make hiring decisions relative to nepotism according to organizational policy.
2. Have written and signed strict job descriptions for each employee performing job tasks.
3. Have a person who is not working directly in a nepotism work situation be aware of the job description(s) of the work situation. Have that person be watchful and direct employee behaviors. Also, encourage this person to observe, assess, and evaluate job performance.

There could be a community problem related to a family member's employment dismissal ("fired") as an outcome of poor job performance. Sometimes, the other family member(s) that experience the termination of employment of another family member become angry and spread that anger into the community. This anger can result in a negative work attitude for other family members, negative community attitudes, and a general overlay of a poor work environment. Hence—nepotism in the work setting has challenges!

### **PRAISE FOR NEPOTISM**

Looking at what is right about the nepotism concept is straightforward. It provides a family member with a place to start learning about a business. It gives pride in family accomplishments as they deliver their service to the community. The secret of success, however, is to practice nepotism indiscriminately and not to exploit the use of taxpayer dollars.

*Some of the significant benefits of nepotism CAN PROVIDE---*

1. Confidential business problem-solving for goal attainment
2. Increased stability due to familial support and business savvy about the company
3. Probability of long-term family employment in the business
4. Possibility of high levels of commitment to the business
5. Successful administrative skills specific to a business that learned and passed on to family members for the preservation of the business

## **LAST THOUGHTS**

**\*THE FINAL ANSWER IS THAT THE ADMINISTRATIVE SUCCESS OF NEPOTISM DEPENDS ON MANY FACTORS AND THE ADMINISTRATIVE ABILITY TO WORK WITH FAMILY MEMBERS AND THEIR FAMILIAL PREDISPOSITIONS.**

**\*THE TRUTH IS THAT NEPOTISM SEEMS TO BE A VIABLE AMERICAN WAY OF BUSINESS. SUCCESS CAN BE A RESULT OF FAMILY MANAGEMENT AT MULTIPLE LEVELS BY AN ADMINISTRATOR WHO UNDERSTANDS THE REALITY OF ALL HUMAN BEHAVIOR. NEVER UNDERESTIMATE THE NEEDED CONTROL BY AN EFFECTIVE ADMINISTRATOR IN HANDLING NEPOTISM. BY THE WAY—NO ONE SAID IT WAS EASY!!**

**\*SHH--IF YOUR FAMILY FINDS OUT THAT YOU, AS THE ADMINISTRATOR, KNOW THE SECRETS OF SUCCESS INVOLVING YOUR FAMILY IN A BUSINESS, YOU MIGHT HAVE TO PROVIDE THEM ALL JOBS—OH MY—FAMILY POWER!**

**\*SHH—A WARNING TO THE WISE—CONSIDER NOT USING PURE NEPOTISM IF YOU ARE USING OTHER PEOPLE'S MONEY FOR YOUR BUSINESS SUCCESS—SUCH AS TAX-PAYER DOLLARS.**

## **CRITICAL THINKING QUESTIONS**

1. What are some of the significant concerns regarding nepotism?
2. Why do you think nepotism is often successful?
3. What are some of the factors that would keep nepotism from being successful?
4. What are some of the factors that would allow nepotism to be successful?
5. What are some of the considerations for an administrator (CEO) of a business practicing nepotism if he/she must leave the business for several days?
6. What are some of the legal concerns when nepotism is a part of a business?
7. To protect monetary resources, what should a business practicing nepotism consider?
8. What does a business practicing nepotism need to consider if they are using taxpayer dollars?
9. What are the benefits of having job descriptions in a business practicing nepotism?
10. What hiring activities and behaviors would you recommend to a business practicing nepotism?

## MULTIPLE CHOICE QUESTIONS

1. The word nepotism in an organization means:
  - A. Refusal to hire selected individuals in the work setting
  - B. Membership in the Neptune Society
  - C. Excessive scrutiny before hiring
  - D. Special favoritism to relatives in the work setting
  
2. Federal and state statutes have concerns about nepotism because:
  - A. It could be considered discriminatory
  - B. It could result in decreased taxes
  - C. It is a poor example of a successful business
  - D. It is unfair
  
3. The hiring of a female family member in business is:
  - A. A mistake
  - B. Never happens
  - C. Less likely now than in the recent past
  - D. An increased happening
  
4. Today, what percentage of companies/facilities PROHIBIT the hiring of family members?
  - A. 10% to 40%
  - B. 40% to 60%
  - C. 60% to 80%
  - D. 80% to 100%
  
5. For a family member to work in a business, it is best if:
  - A. Wage is less than other employees
  - B. Employment decision is according to gender
  - C. Incompetence has occurred elsewhere
  - D. Education occurs previously for the job
  
6. If the business is using taxpayer dollars for any portion or amount of business, it is wise to:
  - A. Close up the business
  - B. Not practice strict nepotism
  - C. Refuse to use taxpayer dollars and make it on your own
  - D. Hire some appropriate employees from the tax-paying community

## **ANSWERS**

1. D
2. A
3. D
4. A
5. D
6. D

## **RECOMMENDED READING**

Evaluations: The Power of Job Descriptions by this Author

Employeeissues.com/nepotism.htm

[www.brighthub.com/office/human-resources/articles/119324.aspx](http://www.brighthub.com/office/human-resources/articles/119324.aspx)

[www.darwinsfinance.com/nepotism-workplace](http://www.darwinsfinance.com/nepotism-workplace)

[www.ehow.com/info\\_8675655\\_pros-cons-nepotism-workplace.html](http://www.ehow.com/info_8675655_pros-cons-nepotism-workplace.html)

In Praise of Nepotism: A Natural History (book) New York: Doubleday, 2003, 565 p.; Adam Bellow  
(Nonfiction historical history classic)

**AUTHOR: Carolyn R. Taylor, Ed.D. M.N. R.N.**