

# **Business nepotism**

Nepotism refers to the practice of people, usually executives and managers, giving relatives preferential treatment in **EMPLOYMENT**.

NEPOTISM =  $\frac{\text{WHO'S YOUR DADDY?}}{\text{ABILITY}}$



Such people are in a position to heavily influence various employment-related decisions, such as hiring, firing, promotions, **COMPENSATION AND BENEFITS**, and discipline.

**A relative may be a blood relative, such a grandparent, parent, sibling, niece, nephew, uncle, or aunt; or a relative through marriage, such as a husband, wife, brother-in-law, or sister-in-law.**



Nepotism can occur in the **public** and **private sectors**. In the **public sector**, officials may give preferential treatment to their relatives in employment-related decisions.

**For example**, a public official who approves a bid for a government contract submitted by her husband's firm is engaging in nepotism if other firms had submitted lower bids for the contract.

In the **private sector**, members of **MANAGEMENT** may give preferential treatment to their relatives in hiring or promotion decisions.

**For example**, a senior manager of a **CORPORATION** who hires her brother for a position in the corporation is probably engaging in nepotism if her brother is less qualified for the position than other candidates who applied for the job.

*Some specific examples of **potential** "rules" for managing nepotism include:*

- **Must have education appropriate for the job**
- **Work outside of the family business for 3-5 years before entering the family business**
- **Can enter the family business only if there is an appropriate job available**
- **Enter the family business at a pay-level and performance level appropriate for the job**



**Nepotism is not uncommon in the business world. Arguments are made both for and against employment granted due to a family connection.**



**On one hand,  
nepotism can provide  
stability and continuity.**



**Critics cite studies that demonstrate decreased morale and commitment from non-related employees, and a generally negative attitude towards superior positions filled through nepotism.**



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