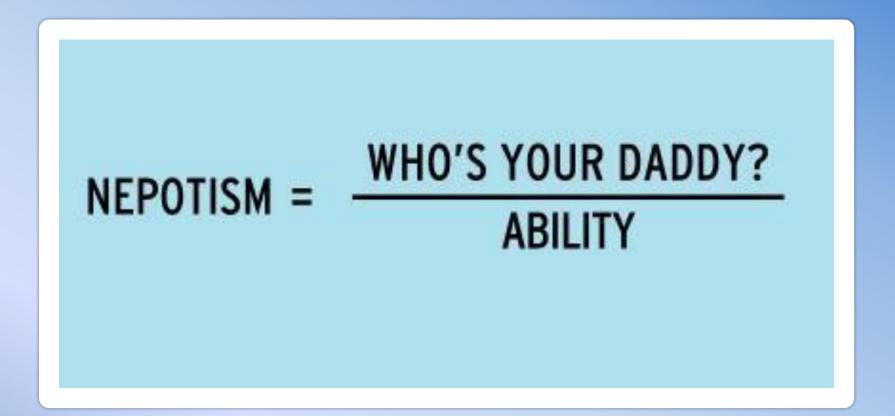# Business nepotism

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

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

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.

THE END