

Free case study about neopotism

[Business](#), [Company](#)



This paper is introduced as a case study discussion, followed by examination of the larger questions. The company founder hires her daughter into the company, really as an intern. The daughter is an ineffective worker. Other employees are irate. This situation is quite common in business. This situation represents a difficult challenge for the supervisor and the Human Resources Department. The word describing this behavior is nepotism. The Merriam Webster defines nepotism as “ the unfair practice by a powerful person of giving jobs and other favors to relatives.”

If there is a Human Resources Manager, then the supervisor should go to the HR Manager for advice and assistance. We will describe initially an environment where the HR Manager largely tackles the problem. Apart from greater expertise, the HR Manager is a third party authority figure, and can bring a dispassionate view to the situation. Given the poignancy of the situation, a regular line supervisor should not attempt to address this problem alone. Without an HR Department, the steps to take are the same but performed by the line supervisor.

The HR Manager has four options. The first option is to fire the intern. Without evident of gross malfeasance, this is unfair to the intern, is probably an illegal work practice, and is certain to bring down the ire of the founder. This option is not a realistic choice.

In the second option, the HR manager can do nothing. The HR Manager did not hire the intern, and it is the founder’s problem. However, unaddressed, the situation is likely to get worse until there is a major explosion. The ‘ do nothing’ approach is not recommended.

Third, the HR manager can confront the founder. This is a high risk tactic,

and likely to cause conflict. The HR Manager is presenting a senior executive with a problem, not a solution. As no immediate perfect solution is available, a speedy confrontation is not recommended.

The fourth option is recommended. The HR manager should mitigate the problem, and consider the situation in context. The intern is an administrative assistant, not the Chief Financial Officer. So the immediate adverse impact on the company is modest. The intern has made three mistakes: fraternization, missed deadlines, and filing mistakes. As in emergency medicine, the first action is to stop the bleeding.

So the HR Manager should meet with the intern, and explain the company policy on fraternization. It is very likely that the intern has little idea as to what is expected. This interview should have a positive tone, emphasizing that “ we are all on the same side”.

Next, it is suggested to look at the mistakes, and find the root cause. Were the assignments properly described, and the deadlines explained? Were the number of assignments and the timelines reasonable? Did the intern have the skills or company knowledge to tackle to assignments? Was the company Document Management System adequately explained to the intern?

Reducing the chance of repeating the three mistakes in no way solves the underlying problem, but it certainly cools the situation while more fundamental steps can be taken.

The next phase includes defining the current job. It is unlikely that there is a Job Description. Without a Job Description, the employee and supervisor have no way of knowing what is expected, or of measuring performance. The HR Manager, together with the supervisor, will write the Job Description.

The Job Description will depend on the company, but an example is shown here:

Administrative Assistant – Accounts Payable Department

- Work in the main office, 5 days per week from 08: 30 to 17: 00 with 1 hour for lunch and two 15 minute breaks.
- Report to the Supervisor of Accounts Payable (Ms. Jones).
- Perform routine copying, phone answering, and related business activities.
- Undertake special assignments as indicated by your supervisor and complete the assignments in the defined timeframe.
- Consult regularly with your supervisor concerning extra information or difficulty with assignments or regular work.
- Prepare a half page summary of your week's work to be given to your supervisor each Friday lunchtime.

Then the supervisor should take the intern under her wing. The supervisor will explain job details on a day by day basis until the intern is working smoothly, without errors or missed work.

After perhaps 2 months, the time is ready to give a Performance Review. If the intern has proven energetic, and tackled the work well, the tone should be on personal career growth within the company. If performance has been mediocre, the tone should focus on making modest improvements.

Then the HR Manager should request a meeting with the founder. If the intern is doing well, this should be stated, and increasingly more important positions for the intern should be suggested. The founder, the intern, and the company will quickly realize that the daughter is being groomed for senior management. Both founder and daughter will have a very positive view of how this situation has been handled.

If the intern is not doing well, that should also be stated, but in a positive tone of next steps for improvement. Though perhaps a little disappointed, the founder will realize that the HR Manager and supervisor have given the daughter a chance, and have acted in a forthright and professional manner. If there is no HR Department, it will be very difficult for the supervisor. The same steps should be followed. However, an Accounts Payable Supervisor is often a person who is good at managing accounts payable, not awkward personnel problems. Under pressure from irate staff members, it is more difficult to make decisions and take actions dispassionately in a politically charged environment.

In a broader context, is this style of nepotism either a frequent or a serious occurrence? Though people generally think nepotism is widespread, it is difficult to find a definitive study. A study was done among Italian Academia. It was found that 9 out of 28 disciplines had significant levels of nepotism (Allesina, 2011).

Whether nepotism seriously affects the performance of a company is also difficult to tell. Apart from the effect on company performance, nepotism raises an ethical issue. One of the basic themes in ethics is fairness.

Nepotism interferes with fairness because it gives undue advantage to someone who does not necessarily merit it (Nadler and Schulman, 2006).

There are vivid anecdotes, such as Christie Hefner, daughter of the Playboy Enterprises founder, who presided over one of the more visible business declines of recent years (Bloomberg, 2012). However, at very successful Southwest Airlines, seven percent of the workforce is married to one another (Bolstad, 2013). Marie Curie hired her husband and daughter, who between

them won 3 Nobel Prizes (Nobel Committee, 2014).

Nepotism generally degrades company performance. In a study of CEOs who were related to the founder, the companies performed worse (Perez-Gonzales, 2006). If nepotism rises to the level of unfair labour practices, then that has very serious adverse consequences. In the case *Thomas v. Washington County School Board*, the judge stated “ Nepotism which operates to exclude outsiders may discriminate as effectively as an intentionally discriminatory policy.” (US Federal Court, 1999)

In conclusion, it is likely that a company founder will hire her children, perhaps with the notion of a succession plan. Even if they do not particularly like it, the other company employees should work to make this new employee successful. There is some evidence that nepotism degrades company performance. But there is not enough evidence to say that nepotism is always wrong in every circumstance.

References