

Nepotism and Family Owned Business

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Abstract:

This study is used to elucidate the various affects that nepotism has on family run business. It shows the results of the ill and unethical practice of nepotism used in human resource activities in the organization and how it hinders growth of the business as well as disrupts the course of actions, using a conceptual framework. It also highlights the fact of voluntary unemployment adopted by individuals due to nepotism and a family owned business background.

Keywords: Nepotism, Family Owned Business.

1. Introduction:

A **family business** is a business that is initially begun and managed by the members of the family themselves. The relatives and successors also join in the workforce of that business in the course of time. They are firmly related to the firm through initiative or possession. Proprietor /administrator entrepreneurial firms are not thought to be privately-owned companies since they do not have the multi-generational measurement.

A privately-run company is a business association in which basic leadership is affected by different ages of a family related by blood or marriage or selection who has both the capacity to impact the vision of the business and the eagerness to utilize this capacity to seek after particular objectives. (De Massis, Alfredo; Josip Kotlar; Jess H. Chua; James J. Chrisman (2014).

Business owned by family is the most established and most basic model of financial association. By far most of organizations all through the world from kirana shops to multinational organisations recorded associations with a huge number of workers can be thought about as companies run by families. (Carlock, Randel S; Manfred Kets de Vries; Elizabeth Florent-Treacy (2007)

Nepotism is referred to the situation where kith and kin of the one in the position of power are benefitted in certain ways and enjoy certain benefits which deprives the rest of them in competition. It kills healthy competition among eligible candidates. Nepotism is one of the least-studied and most ineffectively comprehended topic, yet its effect on family-owned organizations, which as often as possible contract relatives, is tremendous.

Nepotism is gotten from the Latin word nepotus, which implies nephew or grandkid. This implies undue connection to relations. In the working environment, when somebody or maybe a gathering of individuals - seems, by all accounts, to be dealt with superior to others, and not really for reasons identified with predominant work execution it is alluded as Nepotism. In the present circumstances, this subject has turned into an extremely delicate issue making a considerable measure of pressure driving

drop of duty level of the workers, disappointment in the organization and extreme choice to change the activity. (Basu, Sayani, (May 23, 2009)

2. Literature Review:

The author said in contrary to the popular stereotype that it is usually troublesome to implement nepotism and had developed a conceptual framework to elucidate the reason behind certain families getting advantaged from it while the rest are not. He has characterized two ways by which nepotism is applied. He suggests after his study that, tactic-know how gained through general social interchange is precious to organisations. (Jaskiewicz, P., Uhlenbruck, K., Balkin, D. B., & Reay, T. (2013).

The author had focused the article on finding the characteristics of family owned business as a separate study within the sphere of management, for that purpose the author used different research models within the sphere of management. His results showed that the literary content was being broken in various parts depicting a disagreement. (Casillas, J., & Acedo, F. (2007)

The authors study on nepotism had made known that it is a very unethical human resources management practice which delivers advantages only to the kith and kin of the one in power or status. It prevents the growth of man power practices in the organisation also shunning the level of satisfaction the employee's. He has done his study based on the hotel industry in the country of Cyprus, the north side of its location, where the employers are focused on the employees satisfaction, as their dissatisfaction with the industry be it their attitude or word of mouth may affects its customers way of perceiving the industry. (Arasli, H., Bavik, A., & Ekiz, E. H2006)

The author says that Nepotism is an amateurish work about giving special treatment to relatives and companions in business. An investigation was at that point led to evaluate the effect of these practices on work pressure, work fulfilment, and aim to stop conduct of representatives, and in addition verbal remarks in their work environments. Consequences of this examination demonstrate that nepotism makes work worry in the working

environment and this builds disappointment of the staff about their associations. Nepotism has the best negative impact on work pressure. (Arasli, H., & Tumer, M. (2008)

The author in his study has said that in the course of the most recent, the extended preference and nepotism in Russia started creating threatening extents there through endangering the nation's social and financial improvement. Generally they were thought to be socio cultural wonders and were basically contemplated by students of history, political examiners, sociologists and clinicians. The creator arrives at conclusion that further headway of partiality and nepotism prompts brain drain. (Safina, D. (2015)

Nepotism In Family Business: Jobs given based on relations or unfair recommendations are a proof that the person is un deserving or just not willing to compete. Whereas any talented person will want to be self made. Joining a family business is always a tricky business.

Managers cannot be effective when normal rules can be applied to some, but not to others. Treating relatives better than non-relatives creates a deep feeling of resentment among the staff.

3. Ill Affects Nepotism Causes:

1. First, talent and efficiency is killed.
2. Second, this will bring bad name and bad days for the firm, simply because, the firm will have people who are not willing to struggle for self made progress.
3. Third, its unfair because this way fair and talented people are de motivated seeing that their honesty and talent couldn't help them achieve their desired goals.

Challenges Faced in Family Owned Business Due To Nepotism:

1. Allegations of Nepotism:

In a family-claimed business, individuals are regularly given occupations only in light of the fact that they're identified with the proprietor. This can stretch out to a proprietor's kin, companion, youngsters, cousins, and nieces and nephews. These specialists may think that it's important to substantiate themselves, particularly in family-possessed organizations that contract non-relatives. For the individuals who acquire responsibility for business after a relative resigns, representatives and others in the network may experience issues tolerating the new proprietor. For best outcomes, pioneers in family-possessed organizations must endeavour to authorize strategies consistently to guarantee things are reasonable for non-relatives.

2. Lack of passion: The person who has been employed might not be really interested in the job that has been offered to him. He might has varying passions and interests, when these don't go in sync with the organisational goals then there might be lack of interest on the side of the favourably employed person.

3. Responsibility 24*7: The client may call you when you are out of your work timing such as your vacation. There might not be any personal or family time any more.

4. Disagreement with siblings/ parents: The frustrations and disagreements of work may spill over and affect the peace and harmony of their personal relations, causing a strain.

It might also give rise to sibling rivalry and quarrels among the family itself on various matters pertaining the business. Company problems between relatives will invariably follow them home

where bad simply gets worse with the addition of day-to-day domestic problems.

5. High turnover of non-family workers: Non-family representatives may feel that more noteworthy open doors exist inside the business for the individuals who are a piece of the family and may become sick of the way of life.

6. Absence of an outer view: While relatives may not generally have similar feelings, they regularly have comparable childhood and educational encounters which may prompt a uniform perspective of the business. Organizations need outer perspectives of their organization and their opposition so as to flourish.

7. No leave design: Privately run companies regularly do not have a characterized methodology for what will happen if a proprietor needs to resign, offer the business, or exchange duty. This runs as an inseparable unit with progression design issues. All organizations require an arrangement for what's to come.

8. Strain to hire relatives: It can be hard to oppose the weight that joins demands from relatives who need to join the business. This turns out to be particularly entangled in the event that they do not have the essential aptitudes and experience required for the position.

4. Conclusion:

Nepotism is a very unhealthy practice be it in any field, here in the case of management of family run businesses it causes a huge amount of havoc. It disrupts the natural course of man power recruitment bringing down the morale of the non family members working in the organisation. It is also true and undeniable that succession in certain cases has yielded good leaders to the organisation providing it fame and ethical conduct but most of the cases it is seen that people recruited through nepotism are not worthy of it and only exploit their positions . Henceforth, nepotism should be highly avoided in family businesses unless and until the candidate is very much deserving of the position and acquires appropriate aptitude and know how.

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