

## Is There A Good Kind of Nepotism?

Nepotism is the practice of showing favoritism toward one's family members or friends in economic or employment terms. For example, granting jobs to friends and relatives, without regard to merit. Such practices can and do have damaging effects on businesses, such as eroding the support of non-favored employees, reducing the quality and creativity of management' and introducing criteria other than competence coupled with high-level performance as appropriate measures for contributions within the business.

Some family businesses have instituted "anti-nepotism" policies, which prevent relatives related by blood or marriage, from working in the same department or firm. But in many smaller family-owned businesses, nepotism is viewed in more positive terms, often because it is a cheap source of labor. Supposedly, family members are trained in various aspects of management to ensure the continuity of the company when members of the earlier generation retire or die. In fact, in many small businesses nepotism is considered a synonym for "succession."

This rationale is a mistake. Competence must be the criteria for employment, followed by years of consistent, high level performance that can lead to succession. No business can tolerate less than competent employees. Nepotism is neither good nor bad, in and of itself. It only takes on a positive or negative charge in the context of how one has raised one's children.

Experience has shown that nepotism works IF and ONLY IF the values of the family members are congruent and the successor is fully competent. In my more than forty years of serving family enterprise, I have mediated countless problems that were precipitated because one or more family member was less competent that they needed to be to meet the challenges of their job and the responsibilities it carried. Perhaps the most important thing parents can teach their children is to take a task and carry it through to completion, having done it well and to the best

of their abilities. In the larger sense, the task of being a parent is simply this:

***“To raise responsible adults who have high self esteem and can function independently in this world.”\****

This process begins with the values of the parents. They must teach their children the eternal values such as honesty, integrity, dependability, and fundamental respect for others. They almost most teach the importance of being industrious and competent’ and of doing your best in every endeavor. These are a few of the eternal values found in every culture. You will note that all of these values are also characteristics of a good employee.

Failure to teach one’s children these principles opens the door to children feeling entitled, believing that they are the privileged ones who should be given everything because of who they have been led to think they are. Entitled children do not understand the relationship between effort and reward. This deficiency becomes a ripe incubator for problems to emerge when the child works in the family business. Children who come to the business with an attitude of entitlement will think they are exempt from the rules that apply to “ordinary people.” A seemingly small thing like coming to work on time is an example. They will not think they have to produce and perform like other employees, nor will they think they must earn their place in the company through hard work and consistently demonstrated competence.

### **The GOOD Kind of Nepotism**

There is another kind of nepotism that I have seen work in many companies. Every company needs a source of competent, dependable employees. The “good nepotism” works like this: You have a very competent employee who has worked for you for many years. He/she is loyal and dependable as well. It is clear that this employees’ values are fully compatible with your own. The next step is to ask if they know anyone like themselves who might be looking for work. Perhaps they have a friend, a brother, son or daughter with those same values?

This should precipitate a discussion about the values you hold, those of the company, and ultimately, the values of the employee. In your discussion you look for opportunities to reinforce examples of how the employee has used those values in the execution of their responsibilities. Keep in mind it is the discussion that is important. You seek to connect with the employee at the values level. When you have a “meeting of the minds” about values, then you can push further for names of persons, relatives or friends, who might be looking for a job.

When you have the name of that individual, book an appointment with them and tell them the story of how the company was founded, the values that you and your family hold and how those values have served you and the company well. Relate your experience to the values and performance of the individual making the referral. As the discussion goes, look for an opportunity to ask the question, “What has been your experience with using values to inform your decisions in the work place?” Ask the question, and then WAIT for a response.

This process will open a huge window into the thinking of the individual, their priorities in and out of the workplace and the kind of person they really are. It might even be interesting to explore with them the possibility that they have had to compromise their values. This discussion will make the window even larger. There is hardly a person alive who has not found it necessary to compromise their values at some time. If I find someone who says that it has never happened to them, I usually suggest, “That’s curious to me. How have you lived in such a perfect world?” Then I tell them an appropriate story of how I have had to make compromises at various points in my life. Invariably, my sharing such experience opens the discussion even further. With that level of discussion, you can make an appropriate decision about potential employment opportunities. This process all began with your trusted employee whose performance and values were compatible with your own. Further, if you employ the individual you have just interviewed, he/she will never forget the values conversation you have had. It will be the basis of his relationship with you and the company for years to come,

and he will likely tell others about this experience and what a fine place your company is to work. He will describe it as a place where the employer really cares about the employees.

So – a quick review:

1. Teach your children values that are eternal and remember the task of parents. If you fail at that task, you have failed as a parent.
2. Never deny your children the opportunity to learn and understand the connection between effort and reward.
3. Make competence and proven, sustained, high-level performance your criteria for employment of any individual.
4. Understand your own values and capture every opportunity to have discussions with others about them and how they inform your decision-making and how you live your life.