

ISSN : 2321-9602



Indo-American Journal of Agricultural and Veterinary Sciences



editor@iajavs.com
iajavs.editor@gmail.com



EFFECTS OF NEPOTISM AND FAMILY OWNED BUSINESS: A CONCEPTUAL STUDY

Afshan Banu, Mr. D. Krishnsmoorthy (Assistant Professor)

MBA, Finance, Saveetha School of Management

ABSTRACT:

The purpose of this study is to shed light on the numerous ways in which nepotism affects family-owned businesses. For example, it explains how the use of nepotism in human resource operations has a negative impact on corporate development and the ability to carry out tasks, utilising a conceptual framework. It also brings to light the phenomenon of people voluntarily leaving their jobs because of family ties and the history of a family-owned firm.

Keywords: Parental favouritism and other unethical behaviours a family-owned firm and a choice to leave the workforce

INTRODUCTION:

A family-owned firm, on the other hand, is a business that is first created and managed by members of the same family. Over time, the business's heirs and assigns have also joined the ranks of its employees. These persons have a strong connection to the company, either via their work or ownership. Because they don't have a multi-generational estimate, proprietor/director innovative enterprises are not considered exclusive organisations.

Forebears who are linked by marriage, selection, or blood have the ability to influence the conception of the company, as well as the desire to use the same capability to pursue certain goals, in a privately-owned business partnership. Alfredo De Massis, Josip Kotlar, Jess H. Chua, and James J. Chrisman all contributed (2014).

The most stable and well-established kind of financial affiliation is a family-owned business. The vast majority of companies across the world, from kirana shops to worldwide associations, may be categorised as family-run businesses.... (Carlock, Randel S.; Kets de Vries, Manfred; Florent-Treacy, Elizabeth) (2007).

The term "nepotism" refers to a scenario when a person in a position of power benefits his or her family members in a manner that deprives others of the opportunity to compete. It stifles healthy rivalry among qualified applicants. Despite the fact that nepotism is one of the least researched and most poorly understood topics, it has a significant impact on family-owned businesses that often hire relatives as employees.

To be a nepotist is to be a person who favours one's own nephew or grandkid. This conveys a closeness to others that is unwarranted. In the workplace, Nepotism is referred to when someone or a group of people seems to be treated better than others and not for reasons associated with greater job performance. In today's environment, this problem has become particularly sensitive, resulting in a decline in the degree of responsibility of employees, a lack of faith in the company, and an excessive desire to change jobs. the Sayani twins) (May 23, 2009)

LITERATURE REVIEW:

A conceptual framework created by Jaskiewicz, P et al (2013), in contrast to the prevalent belief that nepotism is difficult to adopt, explained why some families benefit from it, while others do not. There are two methods in which nepotism is used, according to him. Tactics learned via broad social exchange are valuable to businesses, according the findings of his research.

For this essay, the author employed a variety of research methods from the field of management in order to concentrate on the peculiarities of family-owned businesses as a distinct study. His findings revealed that the literary substance was being split into several sections expressing disagreements.

A research by Arasli, H. et al. (2006) on nepotism revealed that it is a highly unethical practise in human resources management that benefits exclusively the family members of those in positions of authority or prestige. It hinders the expansion of the organization's human resources operations while also disregarding employee pleasure. On the north side of Cyprus, where he has done his research, hotel owners are concerned about their staff' contentment because their displeasure with industry may damage consumers' perception of the sector.

Nepotism, according to Arasli, H. et al. (2008), is a sloppy practise of offering preferential treatment to family members and close associates in business. At that moment, a research was launched to examine the impact of these activities on the stress of work and the satisfaction of workers, as well as the verbal comments made in their workplaces. Nepotism has a negative effect on the work environment, which in turn has a negative effect on the employees' satisfaction with their affiliations. Pressure at work is worsened by nepotism.

A research by Safina, D. (2015) found that Russia's extended favouritism and nepotism were hurting the nation's social and financial progress by threatening the nation's social and financial stability. As a general rule, they were considered sociocultural marvels by historians, political analysts, sociologists, and therapists.

The inventor concludes that any further progress in favouritism and nepotism would lead to a brain drain.

NEPOTISM IN FAMILY BUSINESS: Jobs given based on relations or unfair recommendations are a evidence that the individual is unwilling or unable to compete, or both. If you're a creative person, you'll want to be your own boss. When it comes to joining a family company, it's never easy.

In order for managers to function effectively, they must be able to apply the same rules to everyone. Employees sense animosity when relatives are given preferential treatment over non-family members.

ILL AFFECTS NEPOTISM CAUSES:

You're suffocating talent and efficiency, for starters. 2.

Second, this will harm the company's reputation since it will have employees who are unwilling to work hard for their own advancement.

Third, it's unjust because it discourages honest and talented individuals from pursuing their objectives since they can't utilise their good character and abilities to help them get what they want.

CHALLENGES FACED IN FAMILY OWNED BUSINESS DUE TO NEPOTISM:

The individual who has been hired may not be enthusiastic about the position he has been given. This individual may have different interests and passions that may not align with the aims of the organisation, which may lead to a lack of engagement on his or her part.

The customer may phone you when you are on vacation, therefore you have to be available 24 hours a day, seven days a week. There may be no more time for personal or family activities.

It's possible that their work-related frustrations and arguments may flow over into their personal relationships, resulting in a strain.

As a result, there may be sibling rivalry and disagreements within the family over different aspects of the company's operations. Problems at work will inevitably spill over into family life, where they will be compounded by the pressures of everyday life.

Non-family employees have a high percentage of job churn. Non-family employees have a high turnover rate. Non-family delegates may believe that the company has more important open doors for those who are part of the family, and they may get weary of their lifestyle.

Despite the fact that family members may not have the same feelings, they often share similar adolescent and instructional experiences, which may lead to a common point of view within the group. In order to be successful, organisations need the input of outsiders who have a different perspective on the organization's goals and objectives.

Privately held businesses sometimes lack a defined process for what happens when an owner decides to quit, try out the firm, or swap a financial commitment. With movement configuration difficulties, this continues to operate as an indistinguishable unit. Having a strategy in place for the future is essential for all organisations.

7. The pressure to recruit family members: It might be tough to oppose the burden of family members requesting to join the organisation. In the case that they don't possess the necessary skills and expertise for the post, this becomes much more of a problem.

Nepotism is a dangerous practise in any industry, but when it comes to family-owned firms, it can be particularly damaging. Morale among non-family employees suffers as a result of this disruption of the normal flow of human resources. Succession has, in some occasions, given the organisation supplying it with famous excellent leaders, but most of the time it is apparent that individuals hired via nepotism are not deserving of it and merely abuse their positions. So long as the applicant for the job has the required ability and know-how, nepotism should be avoided in family enterprises.

BIBLIOGRAPHY:

"Astrachan & Ward" is an acronym for "Aronoff-Astrachan-Ward" (1998). Creating a policy for the family company. Family Enterprise Publishers is based in Marietta, Georgia.

(The impact of nepotism on human resource management: the example of three, four, and five-star hotels in Northern Cyprus.) H2006). 26(7/8): 295-308 in International Journal of Sociology and Social Policy.

By H. Arasli (and M.Tumer) (2008). The impacts of nepotism, favouritism, and cronyism on employment stress and job satisfaction in the north Cyprus banking business were examined. Publication Information: An International Journal of Social Behavior and Personality. Volume 36, Number 9, Pages 1237-1250.

J. A. Barach, J. B. Gantisky, J. A. Carlson, and B. A. Doochin are the authors of this paper (1988). It is a strategic difficulty for a family firm when the next generation enters. Iss. of the Journal of Small Business Management, 26(2): 49–56.

In this study, Casillas, J., and Acedo, F. (2007). A bibliometric analysis of the literature on family business has shown the development of the field's intellectual structure. The Family Business Review, 20(2), 141-162.

P. Jaskiewicz, K. Uhlenbruck, D. B. Balkin, and T. Reay are the authors of a study published in the journal Psychological Science (2013). There has been debate about whether nepotism is beneficial or detrimental. Nepotism and its effects on knowledge management are discussed. The Family Business Review, 26(2), 121-139.

Theodore D. Safina (2015). Organizational favouritism and nepotism: causes and consequences. Economic and financial research journal Procedia, 23, 630-634

What would you do if you had the opportunity to hire your own son? P. 228 of Fortune, March 1957. P. 74 in the Dec. 20, 1963, issue of Time.

Sharma, P., and Irving, P. G. (2001). (2005). Antecedents and consequences are two of the four foundations of family business succession commitment. Entrepreneurship Theory and Practice, 30(1), pp. 13–33.