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Nepotism: The good, bad and ugly

Undoubtedly favouritism of any sort generally evokes negative feelings; and this is mostly when it happens in the workplace where people can clearly see, or they experience its negative affects. Perhaps one of the reasons why *favouritism* is so controversial -- otherwise known as *nepotism* or *cronyism* in the workplace environment -- is because it tends to defy logical thinking and is replaced by selfish, emotional behaviour. Both can wreak havoc in a business and amongst its employees.

Typically, blatant favouritism and the favourable treatment of family members in the workplace (as opposed to the appointment of more competent people) is what one would refer to as *nepotism*, while the appointment of friends is called *cronyism*. Either way, these practices often lead to far greater problems within companies because fairness and transparency tend to be ignored. Moreover, the people who are appointed on this basis are often incorrectly rewarded and allowed privileges to which they are not entitled, with no logical basis of merit and competence.

Clearly the subject of nepotism needs to be understood in the context of the business environment in which it may be practised. Rather interestingly, nepotism -- when practised well -- can in fact be positive. Nepotism is usually understood as a counter-productive and discriminatory practice which goes against the values of equality, merit, independence and competition and it is simply stamped as being unethical. However, there are grounds for arguing that nepotism practised in the correct environment and context, could in fact be regarded in a more positive light, particularly in small businesses and where there is no public funding, nor an expectation to employ an individual with the requirement of certain qualifications or experience. Naturally the test must be able to withstand the scrutiny of the following criteria; the process and occurrence of such appointments must be transparent, there should be no sign of any forms of abuse and there should be no conflict of interest (not least of course that the person being appointed should offer some degree of skill and experience). Such appointments are often based upon a 'trust factor' and when executed well, the benefits may lead to further employment of other people as the company grows.

Critical to the success of such practices; which at the best of times is super sensitive, lies the need for business leaders to:

- ✓ avoid any conflicts of interest, and
- ✓ ensure that they have placed the company's interests first (being before theirs and those of the favoured employees).

That said, if a company is receiving public funding, nepotistic behaviour would clearly be wrong as the best interests of the shareholders may not have been placed above those of the family members or friends being employed.

Generally, the practice of nepotism in large companies and governmental organisations is not done with positive intentions and corruptive tendencies may be the ulterior motive. In this context, nepotism may be grouped with other types of corruption such as bribery, embezzlement, theft, fraud, extortion and the abuse of privileged information. The latter of course could explain how and why business contacts and tenders are often awarded to inappropriate parties who lack the requisite skills and experience for the task at hand.

Whilst larger organisations take this practice very seriously, clearly it will also depend upon the

governing laws of a country, including its cultural values, to determine the extent to which nepotism is dealt with. Take for example the case of the World Bank president, Paul Wolfowitz who recently had to resign as he was accused of awarding a large bonus and promotion to a lady with whom he was having a relationship within the bank. This incident and its treatment in a first world country differs vastly to the manner in which large businesses and governments secretly award contracts to family, relatives and friends in developing countries such as South Africa, Zimbabwe, Nigeria and the DRC to mention a few.

Inappropriate practices of favouritism clearly spell DANGER for companies, and these risks may include major disruptions in the business and its operations, including personal risks where criminal proceedings could be laid against the perpetrators. The risks may also extend to increased professional risks and even company reputational damage. Companies -- irrespective of their size -- should vigilantly be on the look out for the detrimental effects of inappropriate nepotism and cronyism. Protection mechanisms and measures should include proper employment policies, following proper selection processes, applying ethics policies and being committed to appointing people based upon the values of merit, fairness and efficiency.

As business leaders, they are committed through the principles of common law to act in the best interests of a company. One of a business leader's many fiduciary duties is to place the interests of the company ahead of their own. Of course the question begs then as to why so many business leaders and governmental employees choose to flout the principles of accountability and transparency and disregard the rule of law? When these principles are undermined, so too is the constitutional state of a country.

Leaders should be accountable to their subjects, and when leaders undermine the principles of law and democracy, and such where these are not embodied, promoted and protected by the people elected as leaders; strict disciplinary action should be imposed against them for this improper behaviour.

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