



Chapter 10

Human Resources Management Understanding and Nepotism in Family Businesses

Meral Erdirencelebi

 <https://orcid.org/0000-0002-7705-6067>
Necmettin Erbakan University, Turkey

Mehmet Akif Cini

 <https://orcid.org/0000-0001-7619-978X>
Selcuk University, Turkey

ABSTRACT

Family businesses have locomotive power in the economic life of countries. As a matter of fact, one of the main problems in family businesses is experienced in the management of human resources. In contrast to an institutional system in particular, favouritism on issues such as recruitment, promotion, etc. adversely affect the merit, fairness, and trust understandings of other professional internal stakeholders other than the favoured employee. The general perception of nepotism in family businesses and as stated in many studies in the literature is the favouritism of family members towards non-family professional workers. However, one issue that has not been emphasized in the literature is that the unqualified family member can also be favoured against another family member with expert knowledge. It is thought that the chapter will contribute to the literature in this regard. How a successful global family business was divided and destroyed as a result of nepotism practices has been dealt with as a case study.

INTRODUCTION

In today's intense competition environment, all functions of enterprises should serve a common purpose in order to ensure their sustainability. Elements such as speed, flexibility, innovation, low cost and teamwork are of integrated importance in intercompany competition. Starting from the R & D stage to the after-sales services, providing efficiency and productivity at every stage of a product gives the company

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a competitive advantage. It is not possible to escape from the rapid and continuous change in the competitive environment. In fact, the only condition of being able to get away from the competitors in the intense competition is to adapt to the change. Family businesses have locomotive power in the economic life of countries. While these enterprises struggle to keep up with the changes that are mandatory for each enterprise, on the other hand, they strive to fulfil the requirements of being a “family business”. False decisions taken by family members pose an obstacle to the sustainability of family businesses.

As a matter of fact, one of the main problems in family businesses is experienced in the management of human resources. It is frequently encountered in family businesses where the values and beliefs of the family system take precedence over the business values. Prioritization of the emotional dimension can cause a number of problems related to human resources management. However, in today’s market conditions where there is an intense competition condition, the value added by the expert employees’ presence in the enterprise and the sustainability in this environment is critically important. On the other hand, in line with the technological developments, the rise in the awareness of its internal stakeholders, like other stakeholders, increases by diversifying its expectations from the organization. At the same time, policies carried out within the organization, organizational culture, organizational climate, an institutional structure and etc. factors influence the performance of the internal stakeholder. In contrast to an institutional system in particular, favouritism on issues such as recruitment, promotion, etc. adversely affect the merit, fairness and trust understandings of other professional internal stakeholders other than the favoured employee. This situation has some negative consequences for both the professional employees and for the organization. However, the nepotism understanding and attitudes that have continued throughout the history are fed by the cultural structure of the society. Nepotism is increasingly experienced in today’s business life just like in the past (Arasli, Bayik & Ekiz, 2006; Bute, 2011). The most common type of favouritism in organizational life is nepotism (relative favouritism) (Ozler, Ozler & Gumustekin, 2007). In organizations where nepotism practices (especially old nepotism) are exhibited, it is very difficult to perform human resource management (HRM) functions effectively and efficiently (Karacaoglu & Yoruk, 2012; Erdirencelebi & Erturk, 2018; Erdirencelebi, 2020).

In this context, many studies have been conducted in the literature on the effect of nepotism on human resources (Hayajenh et al., 1994; Abdalla et al., 1998; Firfiray et.al, 2018). The main purpose of this study is to determine how nepotism in family businesses affects human resources and how it triggers conflicts. In the study, real events experienced by a family business were analyzed and interpreted using the case study method. When the literature is examined, it has been determined that the effect of nepotism is generally measured by quantitative analysis and between family members and non-family employees. In this study, it is examine that nepotism can also be seen among family members, through the real experiences of the family business and it is aimed to contribute to the literature in this way.

CONCEPTUAL FRAMEWORK

1.Human Resources Management Understanding in Family Businesses

Human Resources Management is a discipline that includes policy making, planning, organizing, directing and supervising activities related to the provision, employment and development of the necessary human resources in order to provide competitive advantages in the enterprise (Saldamli, 2008).

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