Employment of Relatives

Policies dealing with the employment of relatives are often referred to as "nepotism" policies, and they can work both ways; that is, there are pro-nepotism policies and anti-nepotism policies. While there are some employers who feel that by hiring relatives of existing employees they can strengthen employee loyalty, create goodwill, and perhaps even build a more cohesive work force, it is far more common to find anti-nepotism policies in effect. The majority of employers seem to feel that while hiring friends and acquaintances of employees is one thing, hiring close relatives is quite another. For example, what if two relatives end up working in the same department—are their interpersonal quarrels or rivalries likely to disrupt their co-workers? And what if a husband has to supervise his wife? Isn't everyone else bound to assume that he's favoring her when he assigns a particularly tedious project to someone else? And these are only a few of the difficult situations that can arise when close relatives or spouses work in proximity to each other.

Most anti-nepotism policies were established out of a sincere desire to avoid situations in which favoritism or interpersonal conflicts might interfere with production or decision-making. But now there is a new kink in an already tangled issue: discrimination. For instance, what if your existing policy states that spouses cannot work in the same department? Suppose that two employees who are already working in the same department decide to marry. It's always been assumed that when this happens, it's the wife who must leave her job or apply for a transfer to another department. But some courts have already found that discrimination on the basis of marital status is the same thing as discrimination on the basis of sex - when the injured party usually happens to be the woman. While the original reason for the policy - avoiding potentially damaging morale problems - might have been justified, the effect of the policy has been to inhibit the employment and advancement of women.

So nepotism policies, whether pro- or anti-, are not as simple as they seem. And sex discrimination isn't the only danger. Suppose that summer employment is the only exception to your otherwise stringent anti-nepotism rule. In fact, it is quite common for the sons and daughters of your employees to apply for summer jobs. But if most of your employees are white, then what you're actually doing is encouraging their children to take the summer jobs that their minority peers would like to have. The result? Race or national origin discrimination charges are likely to be filed the day someone in a protected group is refused a summer job because employees' children are given first priority.

POINTS TO COVER

With all these legal pitfalls in mind, here are the points your anti-nepotism policy should cover:

- **Rationale.** It's important to open your policy with a carefully phrased statement of the reasoning behind it. Supervisors should understand why the company forbids or discourages the employment of relatives in certain situations so that they can explain their employment or transfer decisions involving relatives to employees.

- **Definition of "relative."** Be sure to list the relationships that are covered by the policy.

- **Limitations.** This is the core of the policy, where you explain the exact circumstances or situations in which employment of relatives is forbidden. It is common, for example, to ban relatives from positions in the same department and from jobs in the same supervisory line, where an existing employee would end up supervising the relative.
• **Marriage while employed.** Don't overlook situations in which two employees become relatives after they have both been hired. And be especially careful about establishing any rules or guidelines that might come under fire for being discriminatory.

• **Summer employment.** Are relatives eligible for summer jobs?

• **Exceptions.** Under what conditions might an exception to your policy be granted? Who must authorize the granting of exceptions?

• **Responsibility for administration.** It is customary to assign the responsibility for administering the policy to the personnel manager or human resources executive. This is also the individual to whom questions and conflicts should be addressed.

**THINGS TO CONSIDER**

Chances are you already have a widely accepted practice (if not a formal policy) in this area. What you should do, therefore, is to sit down with your policy committee and discuss this practice in light of the following considerations:

1. **EEO impact.** Ask yourselves if your current policy or practice is likely to lead to discrimination charges. Rules regarding employees who marry are usually the most dangerous. Even if you specify that the less productive, less senior, or more expendable half of the couple be asked to leave, you can still face discrimination charges if this partner is usually the wife. Here are a few simple rules to follow to stay on the safe side of Title VII:
   - Make sure that all your employees know that your policy exists and what limitations it imposes.
   - Apply the policy consistently; make no exceptions.
   - Let the couple decide which one of them will quit or accept a transfer.
   - If possible, do your best to find the displaced partner another suitable position within the company.

2. **Employee morale.** What kinds of morale problems can you realistically anticipate as a result of hiring relatives? Are there ways of circumventing such problems without imposing a total ban on the employment of relatives? For example, if you're really worried about spouses supervising each other more than you are about employees working alongside their first cousins or aunts and uncles, then limit your policy to the situations that you think are going to be the most destructive to morale and productivity. If it turns out later that you underestimated the impact on morale from some of these other employment situations, then you can consider revamping your policy.

3. **Past experience.** No doubt you have already encountered problems in this area. While it's a good idea to let past experience be your guide here, don't let it blind you to alternative solutions. And don't let one bad experience drive you into a straitjacket policy that might do more harm than good.

All three sample policies that follow take an anti-nepotism stand. The "strict" policy bars the employment of spouses altogether, and allows two employees who become husband and wife to remain in their jobs as long as they're not in the same department and don't share a supervisor-subordinate relationship (with no mention made of which partner should leave if one of these conditions is violated).
Other close relatives are barred from employment in this latter situation as well. The "standard" policy is aimed at avoiding favoritism, conflicts of interest, and threats to confidentiality. In some ways it is even more strict, barring all close relatives (not just spouses) from summer employment and jobs in the same department. It does, however, allow exceptions under extenuating circumstances. The "progressive" policy, finally, is aimed squarely at preventing the hiring of relatives of employees who hold positions of authority or influence; it therefore applies only to employees in the personnel department and those at the managerial level and above.
Subject: Employment of Relatives
Organization:
Example of: Strict Policy

PROCEDURE:

A. No spouse of any employed person shall be hired.

B. If two persons should marry while both are employed, they both may continue their employment provided section C and D below are not violated.

C. Husbands and wives who are employed in salaried or management positions may not work in the same department.

D. No close relative (husband, wife, son, daughter, mother, father, sister, brother, or in-laws) shall be hired or promoted into a position that would place him or her in a (supervisory relationship with another close relative.

E. Summer employment is not covered by this policy; it is up to the division to establish a procedure.

RESPONSIBILITY:

Corporate Personnel will establish the policy and the Division Personnel Manager will administer same.
Subject: Employment of Relatives of Employees
Organization:
Example of: Standard Policy

EFFECTIVE: ________________________ POLICY NO. _____________

I. SCOPE

This policy applies to all System employees and all applicants for regular, temporary, and part-
time employment. It does not apply to summer employment as relatives of System employees may not
be hired into summer positions.

II. POLICY

It is the policy of the System to avoid the hiring, transfer, or promotion of relatives of employees
into situations where the possibility of favoritism or conflicts of interest might exist. Therefore,
applicants will not be hired or employees promoted or transferred into the same department at a location
where a relative is already employed. In addition, applicants will not be hired or employees promoted or
transferred into a position where a relative occupies a position in the supervisory chain of command
under which the individual applicant or employee would work (no matter how far removed
geographically). Also, employment will not be offered anywhere in the System to relatives of System
trustees or officers, or employees who have access to confidential information (such as wages and
salaries, employee benefits, personnel records, etc.) or employees who are in a position to influence or
appear to influence employment or personnel decisions that might be made on behalf of the related
applicant.

Relatives of employees will not be eligible for summer employment positions.

For purposes of this policy, relatives are defined as:

- Father
- Wife
- Uncle
- Mother
- Father-in-Law
- Aunt
- Son
- Mother-in-Law
- Nephew
- Daughter
- Son-in-Law
- Niece
- Brother
- Daughter-in-Law
- Grandfather
- Sister
- Brother-in-Law
- Grandmother
- Husband
- Sister-in-Law
- Grandchild

For purposes of this policy, departments are as designated in the organization charts published by
the Corporate Performance Services and Organizational Control Department.

III. PROCEDURE

1. Before an offer of employment is made to a relative of a System employee, authorization
to make such offer must be obtained from the Vice President of Human Resources or
designated representative. A written request for authorization is to be obtained through
use of the sample memorandum attached (Attachment A).
2. Before a position involving promotion or transfer is offered to a relative of a System employee, authorization to offer such promotion or transfer must be obtained from the Vice President of Human Resources or his designated representative. A written request for authorization is to be obtained through use of the sample memorandum attached (Attachment B).

3. Upon granting such authorization, the Vice President of Human Resources or designated representative will complete and forward to the requesting Human Resources Group representative written authorization through use of the sample memoranda attached (Attachments C or D).

4. The Chief Executive Officer may authorize an exception to the provisions of the policy if it is found that: (1) the position to be filled requires a person with specialized training and experience not generally available in the employment market; (2) there is a vital corporate need to fill the position; (3) substantial bona fide efforts have been made to locate and employ such a person who is not a relative of an employee; and (4) the relationship between the relative and the applicant or employee is unlikely to materially affect their employment by the System.

5. Each request to the Chief Executive Officer for an exception to the policy shall be accompanied by (1) a statement of the senior officer of the functional department requesting the employee (in which each of the criteria to be considered by the Chief Executive Officer is discussed); and (2) the recommendation of the Vice President of Human Resources regarding the situation.
TO: Vice President, Human Resources  
FROM: Human Resources Group Representative  
SUBJECT: Authorization Request - Offer of Employment to a Relative of a System Employee

Authorization is hereby requested to make an offer of employment to an applicant who is a relative of a System employee.

I. APPLICANT INFORMATION

A. Name of applicant: ______________________________________________________________

B. Classification for which the applicant is being considered: ____________________________

C. Classification category: (i.e., Regular-Exempt, Regular Nonexempt, Non-regular) _________

D. Department to which the applicant would be assigned: ________________________________

E. Reporting headquarters* to which the applicant would be assigned: ______________________

*If work site is different, so indicate.

II. EMPLOYEE INFORMATION

A. Name(s) of the employee(s) related to the applicant: ________________________________

B. Nature of the relationship: ________________________________________________________

C. Classification(s) of the employee(s) related to the applicant: ____________________________

D. Department(s) to which the employee(s) related to the applicant is assigned: ______________

E. Reporting headquarters* of the employee(s) related to the applicant: ____________________

*If work site is different, so indicate.

Human Resources Group Representative Requesting Authorization:

____________________________________________________  ________________________________  __________
Signature                     Print Name                      Date
TO: Vice President, Human Resources

FROM: Human Resources Group Representative

SUBJECT: Authorization Request - Offer Involving Promotion or Transfer of a Relative of a System Employee

Authorization is hereby requested to make an offer involving promotion or transfer of a relative of a System employee.

I. APPLICANT INFORMATION

A. Name of applicant: (employee for whom this request for promotion or transfer is made) _______
   ___________________________________________________________________

B. Classification for which the applicant is being considered: _______________________________
   ___________________________________________________________________

C. Department category: (i.e., exempt, nonexempt) _______________________________________
   ___________________________________________________________________

D. Department to which the applicant would be assigned: __________________________________
   ___________________________________________________________________

E. Reporting headquarters* to which the applicant would be assigned: _______________________
   ___________________________________________________________________

*If work site is different, so indicate.

II. EMPLOYEE INFORMATION

A. Name(s) of the employee(s) related to the applicant: ___________________________________
   ___________________________________________________________________

B. Nature of the relationship: _________________________________________________________
   ___________________________________________________________________

C. Classification(s) of the employee(s) related to the applicant: _____________________________
   ___________________________________________________________________

D. Classification category: __________________________________________________________
   ___________________________________________________________________

E. Department(s) to which the employee(s) related to the applicant is assigned: ________________
   ___________________________________________________________________

F. Reporting headquarters* of the employee(s) related to the applicant: ______________________
   ___________________________________________________________________

*If work site is different, so indicate.

Human Resources Group Representative Requesting Authorization:

_____________________________ ____________________________________ ___________________
Signature     Print Name     Date
ATTACHMENT C

TO: Human Resources Group Representative
FROM: Vice President, Human Resources
SUBJECT: Authorization Request - Employment of a Relative of a System Employee

Authorization (is or is not) granted to make an offer to (Applicant's Name) who is a relative of a System employee as requested in your (Date of Written Request) memorandum seeking such authorization.

NOTE: In the event the request is denied, the reasons for denial will be explained.

ATTACHMENT D

TO: Human Resources Group Representative
FROM: Vice President, Human Resources
SUBJECT: Authorization Request - Offer Involving Promotion or Transfer of a Relative of a System Employee

Authorization (is or is not) granted to make an offer involving promotion or transfer of (Applicant's Name) who is a relative of a System employee as requested in your (Date of Written Request) memorandum seeking such authorization.

NOTE: In the event the request is denied, the reasons for denial will be explained.
Our Company's policy is to hire, promote, and transfer employees on the basis of individual merit and to avoid any hint of favoritism or discrimination in making such decisions. The employment of relatives at certain levels of the company or in positions where one might have influence over the other's status or job security is regarded as a potential violation of this policy. Even if favoritism or discrimination is not shown, the existence of the situation may precipitate questions difficult to answer or may cause some discomfort for the individuals involved.

It is therefore our policy to prohibit the hiring of relatives according to the guidelines below:

1. A "relative" in this context is defined as either a Group A or a Group B relative.

   A Group A relative is a father, mother, son, daughter, brother, sister, wife, husband, grandparent, grandchild, or individual who has acquired such a relationship through marriage or who makes his/her home with an employee and is in any way related to that employee.

   A Group B relative is any of the above, with the addition of niece, nephew, aunt, uncle, and first cousin.

2. The table below summarizes employment eligibility for these groups.

<table>
<thead>
<tr>
<th>Category</th>
<th>Eligibility</th>
<th>Position in Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group A</td>
<td>Not to be employed where relative would be under direct or general supervision as…</td>
<td>Unit, section, or department manager</td>
</tr>
<tr>
<td>Group A</td>
<td>Not to be employed where relative's status or employment might be influenced as…</td>
<td>Member of Personnel Department</td>
</tr>
<tr>
<td>Group B</td>
<td>Not to be employed as…</td>
<td>President or functional manager</td>
</tr>
</tbody>
</table>

The rationale here is that certain positions encompass a sphere of influence that might lead to accusations of favoritism or discrimination in employment- or compensation-related decisions. By adopting a policy that prohibits relatives from working in positions where they might have such influence over each other's status in the company, a potentially discriminatory situation is avoided altogether.

When a situation that runs contrary to the above policy arises through promotion, transfer, or marriage, the affected individuals have six months in which to settle the issue voluntarily - that is, by having one of them request a transfer or termination. If the affected parties are unable to resolve the situation on their own, their immediate supervisors will get together and review the case at the end of the six-month period. Their decision concerning which employee is to be transferred or terminated will be
binding, unless a special exemption is granted by the company president:

NOTE: The company realizes that there may be existing relationships among employees that run contrary to this policy. Most of these have been the result of mergers or corporate acquisitions. It is the purpose of this policy statement to avoid creating any new situations where relatives are employed in "sphere of influence" relationships.