

Family Loyalty vs. Meritocracy

Jack O'Reilly, appointed president of the newly-acquired Philippine subsidiary of a large American company, was reviewing the organization with the company's head of human resources. One thing Jack noted was that the same names reoccurred frequently in several departments. "It is our tradition," commented the HR head, "families take care of their own. If one family member gets a good job in a Philippine company, other members of the family apply to join that company and the first member there can help the whole family become successful by helping them get hired and by coaching them to be successful."

"The company benefits," said the HR head. "Our costs of recruiting are lower, we know more about the people we hire, and the commitment to family success results in fewer performance and discipline problems because family members want to please their older relatives." Jack O'Reilly wondered how these practices would be regarded in a large American firm, and whether or not he should take action to change them.

(Case prepared by Kirk O. Hanson, Markkula Center for Applied Ethics, Santa Clara Univ., USA, And Oscar Bulaong, Jr., Gov. Jose B. Fernandez Jr. Ethics Center, Ateneo de Manila Univ., Philippines)