

Employees With Toxic Traits Can Still Be An Asset at Family Firms

Benjamin McLarty (Louisiana Tech University)

Daniel T. Holt (University of Louisville, College of Business)

KEYWORDS: Family Business Review, family business advice, Help with a family business, Successful family businesses, family business conflict.

The emotional connection that families have with their companies can encourage good performance -- even from employees with narcissism, psychopathy, and Machiavellianism.

EDITOR'S NOTE: This article was produced in partnership with Family Business Review, a leading journal in the field of family business, as part of FamilyBusiness.org's mission to bring research-proven insights and practical advice to our readers.

Family firms are strongly influenced by the behavior of family members in those organizations, thus toxic behavior is a major risk for the continuity and success of any family firm. A great deal of research has been done exploring the role that narcissism, psychopathy, and Machiavellianism (i.e., the Dark Triad) plays in organizations, but only recently has attention been turned to the dark side of family-owned companies. Less formal in their management structure than their larger peers, small family firms in particular may attract more employees with socially undesirable traits. Self-interested behavior is more likely to go unnoticed due to the informal human resource practices that often occur and the favoritism that families might show toward relatives who work there, despite their lack of qualifications.

But that's not the whole picture. Family firms can also create an environment that offsets the negative impact of these traits, for both relatives and non-relatives. They do this by harnessing the emotional connection that family owners have with their business.

The importance placed on this emotional connection, or

socioemotional wealth (SEW), is one of the many unique things that distinguish family firms from others. This concept helps define family firms and includes our understanding of why family members maintain control and influence over the firm, and how the firm obtains benefits from the reputation and image of carrying the family's name. In our study, "[A Bright Side to Family Firms: How Socioemotional Wealth Importance Affects Dark Traits-Job Performance Relationships](https://journals.sagepub.com/doi/10.1177/0894486519888397)," (<https://journals.sagepub.com/doi/10.1177/0894486519888397>) published in *Family Business Review*, we investigated how socioemotional wealth shapes how people work and whether employees' undesirable traits always lead to poor performance. We also tried to explain why individuals with these traits might succeed in family-owned businesses despite their negative behavior.

Our analysis showed a beneficial relationship between SEW and work performance. We saw that employees with a tendency toward self-promotion, emotional coldness, dishonesty, and aggressiveness performed poorly on tasks when SEW played a less prominent role in the workplace. On the other hand, performance improved when SEW importance was high. We found that the emotional connection employees have with a family business can, indeed, mitigate the impact of negative personality traits on job performance.

Background of Study

Studies have shown that the Dark Triad is linked to a wide range of unfavorable job performance outcomes. It's also been observed that individuals with toxic traits tend to feel comfortable in environments where their self-interested behavior may go undetected. Thus, family firms, with their less systematic management practices, may find themselves with a number of employees who

have these darker traits.

While this body of evidence and theory is informative, it overlooks the unique ability of family firms to counter these negative influences. Indeed, family firm owners and managers may not know how to harness their unique abilities to minimize toxic behaviors among their employees. We examined these issues from an *interactionist* perspective, which holds that people's behavior depends on both personal traits and the situation they are in. Even though individuals with inherently negative traits like self-centeredness and manipulation tend to perform poorly, they might act differently depending on the circumstances. For example, even selfish people might volunteer for a good cause if asked to do so publicly. We wanted to understand how a family firm can change the behavior of people with toxic traits.

A critical element of our study was SEW—the non-financial aspects of family businesses that are considered fundamental to their existence. These include family values, traditions, and relationships. Upholding them confers psychological and emotional benefits on family members, encourages genuine concern for employees, and fosters loyalty. By understanding how SEW affects individuals with negative traits, specifically those in the Dark Triad (DT), we were able to challenge the notion that these traits always lead to poor performance. Moreover, we could demonstrate potentially why some family firms are more successful than others.

Our Research

We collected data from both employees and supervisors at family-owned businesses. In order to ensure accuracy, the data was gathered at two different times from a diverse group of individuals in various roles and industries. With the help of undergraduate students enrolled in management courses, we recruited participants who were employed full-time in a family firm. These participants were surveyed to learn more about their personality traits and involvement in the business. Two weeks later, we asked their supervisors about the employees' performance and how much they emphasized SEW in their firm.

Of the 505 employees nominated, 354 responded to our survey. In total, 140 pairs of employees and supervisors from family firms participated in the study. The employees were primarily Caucasian, primarily female,

around 40 years old, and worked over 31 hours per week. They included a mix of relatives and non-relatives. The supervisors were slightly older, mostly male, and came from diverse backgrounds.

We used statistical methods to analyze the relationship between employees' negative personality traits (specifically narcissism, psychopathy, and Machiavellianism) and their job performance in the context of family businesses. We found that DT traits can be mitigated by the importance of the firm's SEW as perceived by its managers, whether they are family members or not. In this study, high SEW importance entailed the following: the family firm emphasizes its reputation, long-term sustainability, and family obligations.

Dark Triad and Job Performance

Before discussing how emotional connection affects behavior, it's important to understand how Dark Triad traits impact job performance. In our study, job performance is divided into three parts: required tasks, helpful deeds (organizational citizenship behaviors or OCBs), and harmful actions (counterproductive work behaviors or CWBs).

People with DT traits have distinct—though often overlapping—characteristics. Narcissists seek admiration and self-love, psychopaths lack empathy and guilt, and Machiavellians manipulate situations for personal gain. All tend to favor workplaces with fewer rules and structure where their behavior can go unnoticed. In this regard, small family firms are a good fit. Studies show that family businesses typically have less formal management practices such as appraisal and training systems, making them ideal workplaces for individuals with DT traits. And yet, despite their informality, these companies can still be successful when socioemotional wealth is prioritized.

We examined the influence of SEW on each of these three traits:

Narcissism

Narcissistic individuals have an inflated sense of self-importance and seek constant affirmation. In family businesses valuing SEW, where reputation is crucial, narcissists might thrive as they focus on maintaining a positive image. Their need for recognition aligns with the firm's focus on reputation.

Psychopathy

People with psychopathic tendencies lack empathy, guilt, and can be impulsive. Surprisingly, in family businesses valuing SEW, these individuals may behave positively. This could be because family firms with high SEW prioritize a supportive environment. Fearing detection, psychopaths may adapt and behave well in such settings.

Machiavellianism

Machiavellians are manipulative and competitive. In family firms valuing SEW, Machiavellians might adapt their behavior to fit the firm's harmonious and supportive environment, using their skills to manipulate others behind the scenes without disrupting the family atmosphere.

We hypothesized that in family businesses valuing SEW, each of the three types of individuals were more likely to perform well (complete tasks, exhibit positive behaviors), and engage less in harmful actions. Our research and analysis confirmed that this indeed was true.

The Takeaway

The results of our work can inform family firm owners and managers in some important ways and help them to do something to minimize the occurrence of toxic behavior in their businesses. We saw that when the family firm emphasizes the importance of SEW, it helps to convince employees who possess narcissism, psychopathy, and Machiavellianism to perform tasks better, display helpful behaviors, and reduce harmful actions. In other words, in family firms where SEW is part of the essence of the organization, employees are more likely to suppress their darker natures and be better performers. Family owners and managers must embrace the elements of SEW and incorporate them into their firms' culture to minimize the negative influence of dark personalities in their workforce and help cut down on bad behavior.

Thus, our findings support the claim that in family firms where SEW is highly valued and expressed by leaders, employees with dark personality traits are less likely to harm the company. When supervisors effectively convey these non-economic values, it improves employee behavior via better overall job performance. This communication fosters a shared understanding among employees, creating a positive work environment and potentially mitigating the negative impact of

challenging personality traits.

Explore the Research

A bright side to family firms: How socioemotional wealth importance affects dark traits-job performance relationships, McLarty, B. D. & Holt, D. T. (2019) *Family Business Review*, 32(4).

References

Barrick, M. R., Mount, M. K., & Gupta, R. (2003). Meta-analysis of the relationship between the five-factor model of personality and Holland's occupational types. *Personnel Psychology*, 56, 45-74.

Berrone, P., Cruz, C., Gomez-Mejía, L., & Larraza-Kintana, M. (2010). Socioemotional wealth and corporate responses to institutional pressures: Do family-controlled firms pollute less? *Administrative Science Quarterly*, 55, 82-113.

O'Boyle, E. H., Forsyth, D. R., Banks, G. C., & McDaniel, M. A. (2012). A meta-analysis of the dark triad and work behavior: A social exchange perspective. *Journal of Applied Psychology*, 97, 557-579.

Debicki, B. J., Kellermanns, F. W., Chrisman, J. J., Pearson, A. W., & Spencer, B. A. (2016). Development of a socioemotional wealth importance (SEWi) scale for family firm research. *Journal of Family Business Strategy*, 7, 47-57.

Holt, D. T., Pearson, A. W., Carr, J. C., & Barnett, T. (2017). Family firm(s) Outcomes model: Structuring financial and non-financial outcomes across the family and firm. *Family Business Review*, 30, 182-202.

Neckebrouck, J., Schulze, W., & Zellweger, T. (2018). Are family firms good employers? *Academy of Management Journal*, 61, 553-585.

EDITOR'S NOTE: This article was produced in partnership with Family Business Review, a leading journal in the field of family business, as part of FamilyBusiness.org's mission to bring research-proven insights and practical advice to our readers.