

Which Kinds of Workers Leave Family Firms?

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Working in a family firm can be either satisfying or stifling for someone who's not a relative. Interpersonal relationships can be stronger than they would be in non-family firms, and the work environment can feel less formal and more collegial. On the other hand, ambitious workers who aspire to more responsibility and better career opportunities can feel hampered by the entrenched family hierarchy and a perceived preference given to relatives.

We wanted to take a close look at which types of workers were more likely to leave a family firm, and compare them with the same kinds of workers employed in non-family firms. Building on what other researchers have found, we sought to compare non-family blue-collar and white-collar workers, with management responsibility and without, who wanted to leave the family firm. Our main finding: In family firms, non-family white-collar managers were more likely to aspire a job with another company than their peers at a non-family firm. However, blue-collar managers at family firms were *less* likely to leave their jobs than their peers at non-family firms.

Building on the linked employer-employee panel of the Research Data Center of the German Federal Employment Agency, we conducted separate analyses for owners and workers of 782 German firms with more than 50 employees. These included 394 family firms (where more than half of the company was owned by a family), 388 non-family firms and a total of 4,245 non-family employees, both blue-collar and white-collar.

The survey asked employees to indicate their "turnover intentions" by responding to the question, "how many times in the past 12 months have you thought about changing your job?" The answers ranged from 1 for "never" to 5 for "daily." Respondents were also asked whether they had a leadership role and whether they

were a blue-collar or white-collar worker. Other questions measured their feelings of commitment to their company and perceptions of whether they were treated fairly and had a chance to get ahead.

The Takeaway

Our survey results showed that turnover intentions in family firms varied for blue-collar and white-collar workers with leadership responsibility.

- In general, blue-collar workers were less likely to leave any firm, family or non-family owned, than white-collar workers. We saw little difference in turnover intentions based on whether the firm was owned by a family or not.
- White-collar workers in leadership roles in family firms were more likely to leave than their counterparts in non-family firms. Because they are acquiring knowledge and experience at the family firm, these employees become more marketable. At the same time, they may feel restless if they perceive that opportunities for advancement might be limited because relatives dominate the management ranks.
- Blue-collar workers with leadership responsibility in family firms were less likely to leave than their peers in non-family firms. Leadership responsibility and family-owned status enforced a feeling of "embeddedness" among these workers.
- However, the turnover intentions of all managers, both blue-collar and white-collar, were lower at family firms than at non-family firms. Past research has shown that the social climate at family firms helps people feel more connected and committed.
- These findings suggest that family firms who want to retain valuable leaders should have different strategies for blue-collar and white-

collar managers. Firms should capitalize on camaraderie and feelings of connectedness that a family business provides, but be mindful that ambitious white-collar workers may also need to see a path for advancement. Family firms should make room for them in the leadership ranks, even if it means favoring them over relatives.

Read the Full Study
(<https://www.sciencedirect.com/science/article/abs/pii/S1877858518302134>)