Abstract: I am studying performance and job satisfaction of family member and non-family member employees in a family-run business. The purpose of this study is to see how employees are affected when they work for a family business and to explore whether employees are more or less motivated to work for the family firm. This study shows how working for a family business has an impact on an employee’s performance based on the care and consideration received from the family that owns the business, and whether it leads to more or less organizational commitment. To gather data for my research project, I conducted interviews with 15 employees of a local family restaurant. The interviewees included both family-member and non-family-member employees to compare perceptions of management as well as general morale and satisfaction working for the company. The study found that nonfamily employees were more motivated to serve customers and were more committed to their work than family members. My research project helps to identify the advantages and disadvantages of working for a family firm. It also creates a deeper understanding of how different business operating structures impact employees and overall business performance.

Keywords: Family; Business; Management; Performance; Satisfaction
INTRODUCTION

Family firms represent a significant portion of our economy and the business industry itself. “Around one-third of all companies in the S&P index are family-controlled” (Wiemann & Groth, 2011). Two well-known family businesses include Duck Commander (Duck Dynasty) and Wal-Mart. Duck Commander began when Phil Robertson, father of the current CEO, started selling duck calls made for hunting; now, the ‘Duck Dynasty’ includes TV shows, clothing lines, restaurants, vitners, music albums. Wal-mart, which reported a $482.1 billion revenue last year, has a similar origin story and the family still controls more than 50% of the Wal-Mart Corporation (Willett & Nudelman, 2013). The number of family members involved in the business is key to the definition of a family business, which is defined as “a business actively owned and/or managed by more than one member of the same family” (“Family Business”). Because the family business incorporates two systems—the family nested inside the business—it operates differently than businesses without family member involvement (Habbershon, Williams, & MacMillan, 2003).

Several studies have already shown differences between both family and non-family companies as well as between family employees and non-family employees in a family firm. The main differences between family and nonfamily companies often center on organizational structure (De Vries, 1993) and culture (Azoury, Daou, & Sleiaty, 2013), particularly within family-run organizations that center on values (Garcia-Alvarez et al., 2002). Additionally, family and non-family employees can have different perceptions of organizational justice and management decisions (Barnett & Kellermanns, 2006). They can also differ in job satisfaction and job performance, and these different
experiences between family and non-family employees can have a significant impact on the business’s success and longevity (Ramos, Sim, & Mustafa, 2016).

One topic that has not been widely researched in family firms includes the difference between family and non-family employees’ stake in the values of the company. My research project compares the family employees’ connection to and investment in the company’s values to that of non-family employees, and then explores the outcomes of that level of connection. The primary research question guiding my project is, “Does working for a family business impact employee’s motivation and performance?” My secondary question is, “If it does affect them, are non-family employees more or less motivated to have a strong work performance?” To answer these questions, I conducted one-on-one interviews with 15 family and non-family employees at a local family firm in Eastern North Carolina and found that management and owners of the family firm tend to assume that family members are connected to the company’s values while non-family employees are assumed by management to be distanced from it. However, my research suggests that non-family employees are more closely connected to the organization’s values, have a better understanding of it, and base their performance off of it significantly more than the family employees do.

Therefore, this study makes three contributions to the family firm literature. The first is that the family firm literature assumes that family members are more connected to the firm than are non-family members; however, my study finds that non-family members communicate a deeper sense of connection to the firm than family members do. Second, given that a family firm is created and led by the family, the firm’s values are expected to be reflections of the family’s values. In contrast, my results show that family
members cannot reference the firm’s values as thoroughly as non-family members.

Finally, many studies assume that family members’ performance will exceed non-family members’ performance on the job because family members’ performance support them in two ways. My study finds that non-family members strive to uphold the values of the firm in their daily performance more often than family members do.

**LITERATURE REVIEW**

Many family businesses differ from non-family businesses because of the culture and set of values the family system introduces into the company (Azoury et al., 2013). Family firms have a reputation for having more positive relationships amongst employees due to their family-oriented company culture (Azoury et al., 2013), for which the principle driver is emotion rather than money. In such firms, non-family members tend to form attachments to the business and other employees. Family businesses also thrive off when they address their core values; in turn, employees are more likely to fit into the company culture because of it (Azoury et al., 2013). Furthermore, values-centered family businesses tend to care more about their employees’ well-being compared to non-family firms and this friendliness promotes job satisfaction: “In well-run family firms, the employees feel like part of the family. Access to senior management comes easier. There is often less bureaucracy and thus, quicker more effective decision making” (De Vries, 1993). The family tends to be senior management in a family firm, so it’s easier and quicker for employees to ask questions and make decisions.

**Value-Based Organizations**

Values can be defined as, “standards that guide our behavior and lead us to take a particular position on social issues and influences others. Values guide our daily
activities, and in the long term, display our human need.” (Garcia-Alvarez & Gonzalvo, 2002) When a company implements a set of values into its business practices, there is a strong focus on better decision making at all levels within the organization by using a value-based performance metric. (Koller, 1994) The focus of a value-based organization is not on optimizing profit but making sure decisions align with the company’s values. These values can include personal growth, collective wellness, supporting the community, and collaboration amongst employees (Prilleltensky, 2000); further, to have an effective value-based organization, top management must “clarify values, engage stakeholders of ways to balance personal and organizational values, enhance congruence amongst workers and leaders of organization, and confront people and groups that subvert values” (Prilleltensky, 2000). Focusing on core values of the business as a guide for decision making and interacting with customers will in turn create value for the business by influencing customer satisfaction, cost, capital expenditures, and other key indicators (Koller, 1994).

**Job Satisfaction between Family and Non-Family Employees**

Job satisfaction as it relates to my study can be defined as “an attitudinal evaluative judgment of one’s job or job experiences.” (Ilies, Wilson, & Wager, 2009) In family firms, family and non-family employees’ job satisfaction are not dependent on the same factors. Family employees’ job satisfaction tends to center around levels of work-family conflict, family cohesion, and family adaptability (Sieger, Bernhard, & Frey 2011; Panatik, Badri, Rajab, Rahman, & Shah 2011). For non-family employees, favorable work attitudes come from psychological ownership in the company (Sieger et al., 2011). This ownership comes from the non-family employee’s favorable perceptions of management and the owners as well as from fairness and interpersonal relationships with
the family. If non-family employees perceive managers as being fair and have good relations with family employees, they tend to be happier with their work, especially if their personal needs align with the organization’s needs (Venter, Farrington, & Sharp, 2013). When employees are satisfied with their jobs, they tend to have higher performance and care more about their work performance (Venter et al., 2013).

**Job Performance between Family and Non-Family Employees**

Core job performance includes executing the required duties of a particular job. Job performance as it relates to my study focuses on performance by values. This will explain how employees perform and interact with customers in relation to the company’s set of values and mission statement. In a family firm, non-family employees’ job performance can differ from family members’. For a non-family employee, strong support from family to non-family employees engenders employees to reciprocate this to the firm through higher levels of work performance (Ramos et al., 2016).

The stewardship perspective also shows that non-family employees who act in the interest of the firm have higher levels of commitment to the company; in turn, this leads to non-family employees maximizing their potential performance (Vallejo, 2009). On the other hand, family employees’ job performance is dependent on having collectivistic orientations with the family business (Eddleston & Kellermanns, 2007). If family employees align what they want with what the family firm wants, they will be more inclined to do what’s in the best interest of the firm (Venter et al., 2013); in contrast, if a family employee has different interests than what the family business wants, they often disconnect and perform poorly. Having strong cohesion amongst the family and strong bonds between family members in the business also has an impact on family employees’
performance and connection to the firm. (Eddleston & Kellermanns, 2007) In this sense, job performance can be associated with organizational identification.

**Organizational Identification**

Organizational identification can be defined as “a feeling of oneness with a defined aggregate of persons, involving the perceived experience of its successes and failures...often involves the perception of shared prototypical characteristics, virtues, and flaws” (Mael & Tetrick, 1992). Research shows that family and non-family employees identify with the organization in different ways. For family employees, there needs to be a congruence of family identity and the company’s identity for family employees to feel committed to the family firm and identify with it (Zellweger, Nasion, Nordqvist, & Brush, 2011), and non-family employees are more committed to the family enterprise if the family supports them (Ramos et al., 2016). This can include family-oriented HR practices in making non-family employees feel as important to the business as family employees and including them on major decisions for the business (Madden, Madden, & Strickling 2017).

**Gaps**

There is still little known about the difference between the family and non-family employees in a family firm with a strong values-based identity. My project seeks to identify whether and how the values are communicated differently to family versus non-family employees and how the two groups exhibit the values differently in their work performance.

**Research Questions**
To establish the differences identified in the gaps section, the two research questions guiding my study were, “Does working for a family business impact employee’s motivation and performance?” and “If it does affect them, are non-family employees more or less motivated to have a strong work performance?” These two questions will help to identify whether or not working for a value-based family firm does have an impact on family versus non-family employees and if this difference is translated into their work performance. To answer these questions, I interviewed fifteen employees of a local family business in Greenville, NC.

**METHODOLOGY**

In a semi-structured interview, I asked seventeen questions tailored to the employee’s role in the business, expectations of an employer, and how the organization treats its employees. All of these were designed to answer my research questions about job satisfaction and performance, particularly as it relates to the values-based organization. Once the interviews began, I started off each one by asking, “When did you start working for this company?” Following this, I asked more in-depth questions such as “Have you ever asked for a favor from management and what was their response?” as well as “What are your expectations of an employer and are they met working here?” A full list of interview questions can be found in the Appendix.

It was important that I interviewed the employees of this company instead of using surveys to ensure that I accessed the in-depth answers employees provide in a face-to-face setting with the freedom to structure their answers as they wanted. These interviews helped me better understand the employees’ experiences working for the
business and also hear personal stories related their work. Additionally, I was able to ask follow-up questions and clarifying questions that a survey would not have allowed.

**Organization**

The family firm I interviewed is a third-generation family firm with wide family involvement but only one leader. The leader is a direct descendant of the original founder of the organization. The parents of the current leader (the second generation’s leaders) are no longer involved in the day-to-day decision making but still provide input on larger-scale projects. The two youngest family members have been employed for at least four years in various roles as waiters, servers, drive-thru attendants, and cashiers. Non-family employees have a wide range of length of employment in this company from 31 years to less than a year. The organization operates a kitchen 24 hours a day to provide food to its three local-area branches and to supply its mail-order and catering businesses.

The firm is a Christian-based organization and its core values are centered on Christian principles including honor, gratefulness, kindness, collaboration, and positive impact. The organization displays these core values in numerous ways including on the website, walls, menus, and the drive-thru. The company also explains these values in great detail during employee orientation and training, and a big part of their interview process is asking applicants how they relate to each value. The current owner stressed that employees do not have to be Christian to work for the company, but they do need to share the same values. Because of their belief in these core values, the current owner of the company is active in the community and often donates his time, money, and efforts in local Eastern, NC. Because of this, the owner and the restaurant itself is beloved by local citizens.
Sample

The sample included fifteen employees of this firm: eight managers and seven non-managers; four family members and eleven nonfamily members; and six females and nine males. Five interviewees were between the ages of 18-25; three were between the ages of 26-35; five were between the ages of 36-50; and two were between the ages of 51-70. The employees held a wide range of job positions such as waiters, cashiers, and business administrators. Lastly, I interviewed the owner of the business as well. An overview of this can be found in Table 1.

Before I started the interviews, I explained to each participant that these interviews were confidential and no identifying information would be used. I also informed them that their participation was voluntary and they could choose not to participate in the study. If they were uncomfortable at any time in the study, they could end the interview immediately. Each participant then signed an informed consent document as required by the Institute Review Board (IRB). Their responses and participation in the study show both employees and managers the benefits and disadvantages for working for a family business.

Data Collection

The interviews were conducted at the restaurant where the employees worked in an enclosed room where no one could hear or interrupt the interview. I allotted thirty minutes per interview to explain my project, explain their participation in the study, and ask the interview questions. At the end of each interview, I thanked them for their participation and walked them out. I audio-recorded each interview with the voice app on my iPhone and took notes on paper. This allowed me to maintain my own notes of what
happened in the interview as well as verbal clues about how employees felt about certain topics.

**Data Analysis**

Transcriptions of each interview were analyzed using NVivo 11. This permitted me to code key sections of text related to my research questions as well as categorizing interviews along several dichotomous characteristics including gender, managerial and familial status, and organizational tenure. I then compared the list of words most used by each group to verify the findings of my coding. Table’s 2 and 3 provides a list of these words from each group.

**LIMITATIONS**

One condition for this project was that only four family employees and eleven non-family employees were available to be interviewed. Since these were the only people available to be interviewed, the study did not have an even split of family to non-family employees. Additionally, some interviewees did not give as much information as others because this was a one-on-one interview instead of a survey. Since some responses did not have much information, some of the data related to job satisfaction could not be used.

**RESULTS**

To address my first research question about the differences between family and non-family employees’ experience of the work, I focused on the values that form the foundation of the organization. Each participant indicated to what extent they knew what the company’s values were. Of the 15 employees that responded (excluding the owner), only 13%—or two employees—could recite the values verbatim, and these employees were both non-family employees. Eight (53%) of the employees somewhat knew the
values, in that they could reference the terms that anchor the values in general but without quoting from the statements. Seven (88%) of the employees who somewhat knew the values were non-family employees and one (13%) of them were family members. Five (33%) participants did not know the values at all; Three (60%) of those respondents were family members and two (40%) were non-family employees.

To answer the second research question, I aggregated the transcriptions of the interviews and compared the words used by each group of respondents to verify how the differences of experiences between family and non-family employees affected their performance. As seen in Table 3, compared to family members’ most frequently used words, more of the most frequently used words by non-family employees are associated with the organization. In particular, the results of these tests show that non-family employees are more focused on job performance through the fulfillment of the values and serving customers than family employees. This is clearest in the family members’ references to customers and words related to serving customers; only two family
members referenced customers at all, while eight of the eleven non-family employees discussed how they serve customers. One non-family member explained: “If you see a customer that may need something, like an older person… of course you’re going to carry the stuff out to the car. You don’t ask them for anything. It’s just part of the job. You want people to keep coming back.” Later in the same interview the employee stated, “People want you to go the extra mile…even if it isn’t called for. Just the other day, it was raining and a lady locked her keys in the car. We helped her get in the car. We stayed out there and helped her and then went back and reheated her food because she was out there, probably about 20 minutes. Her meal wasn’t hot or edible. Going the extra mile, people will always come back.” This non-family employee's explanation of his experience with the firm is a prime example of how non-employees are more connected to the values and enacting those values to his or her performance.

For non-family employees, the corporate values could be displayed to customers in even briefer interactions: “[I try to greet] people with a smile and make them laugh, maybe crack a corny joke with them while I’m waiting on a table to brighten their day…if there is any way I can kind of give them a little bit of positivity in their day, I definitely want to do that.” Even as little as cracking a joke with a customer, non-family employees try to go above and beyond for the customers to make sure they keep coming back to the restaurant.

In contrast, family employees referred to customers as more distant stakeholders, even when their role was customer-facing. One non-manager family employee stated, “making sure employees are happy because more than anything else, we’re the ones that interact with the customers…showing that they care about their customers… We do have
an impact on the customer, so you kind of keep that in your mind when someone is being
difficult or you’re not feeling it that day.” Although non-family employees gave specific
instances of how they interacted with the customers and performed, family employees
could only give broad answers and did not discuss any specifics.

Another family member addressed customers strategically: “being polite to the
customer is big in this business.” This trend continued in the interview with the current
CEO, whose reference to customers focused on its impact to employee performance and
expectations. He stated, “part of the working at a restaurant is hospitality and getting to
know your customers, getting to know more about them, and engaging them.”

**DISCUSSION**

During the interviews, non-family employees often gave specific instances of how
they impacted customers and served them by the values of the company. On the other
hand, family members, and even the owner, only discussed customers as it relates to
employees expectations and promotions. From the responses and tests, we can prove that
non-family employees are more connected to the values of the company compared to
family members and incorporate these values into their performance more than family
employees do.

**Theory**

My research shows that non-family members are more connected to the family
firm's values than family employees are. As previously discussed, only 25% of the family
employees I interviewed somewhat knew the values while the rest did not know them at
all. Of the non-family employees, one could recite the values, seven somewhat knew the
values, and only two did not know them at all. Since family firms assume non-family
employees are not connected to the business (Westhead & Howorth, 2006), they spend more time training them on what the values are, what the values should mean to the non-family employee, and how to apply these values to the employee’s work performance. Family members are thought to inherently understand the values (Westhead & Howorth, 2006), so the family owners do not stress these values to the family members. In my study, this supposition held true; the family members rarely knew what the values are or how to relate it to their job performance.

Additionally, this study shows that most family business owners tend to assume family employees automatically and inherently identify with the business and its values. Owners of the family business generalize that, because family employees are family, they already know how to apply the family values to their work performance. This non-communication can have specific impacts for family businesses, especially for succession planning, customer interactions, and the business’s longevity. For example, customer interaction is one aspect of the business impacted by non-communication between family employees. If family owners are not properly training family employees, family employees will not know how to treat customers specifically (Westhead & Howorth, 2006). Therefore, family employees will develop their own way of handling customers, which could be the opposite of what the business wants (Westhead & Howorth, 2006). If the family employee’s version of performance varies greatly from the company’s values, this could impact the business’s revenue.

Furthermore, succession planning can also be impacted by non-communication amongst family employees (Lansberg & Astrachan, 1994). Succession planning involves a family member deciding when/how/who to pass the business down to when they retire.
(Lansberg & Astrachan, 1994). This passing of ownership generally moves from one generation of a family to the next. If family owners assume family employees already know how the business operates and are not training them as thoroughly, the company’s values are less likely to transfer when that generation becomes the owners (Westhead & Howorth, 2006). Further, if the family employee develops his or her own method of handling customers and even fellow employees, it could change the business structure and business operations. Additionally, family members of the next generation that are disconnected from the business and values will not be as invested in the company’s success and longevity (Lansberg & Astrachan, 1994) and family employees who take ownership despite low levels of personal investment or interest in the firm are more likely to bankrupt the company (Lansberg & Astrachan, 1994). Likewise, if a family employee does not know how to run the family business consistently, the business is still likely to fail. Even if family employees have good intentions, they can still hinder the company's success if they do not know how to properly enforce the values as owners.

Lastly, non-family employees tend to act in the best interest of the family firm more than family employees do. Non-family employees are trained to be attached to the business and have a stake in the business’s profitability (Westhead & Howorth, 2006). Therefore, non-family employees know how to ensure that the customer is happy in ways that are consistent with the firm’s values (Westhead & Howorth, 2006). Family employees, on the other hand, tend to act in their own best interest, especially because the likelihood of them being fired is lower (Westhead & Howorth, 2006). They are not concerned with the ‘doing’ of customer service; rather, they are more focused on expectations and promotions (Westhead & Howorth, 2006). Although it’s good that
businesses are ensuring non-family employees’ loyalty to the business, it’s bad when they do not instill the same loyalty in family employees as well.

**Practice**

This study has several implications for family business owners for training employees and hiring family members. First, family businesses must stop assuming that because family is family, they will automatically know how the business operates. Family employees will not automatically have the business’s best interests in mind when they are hired and that lack of knowledge may prevent them from knowing how to enact the company's values to their job performance immediately. Therefore, family owners need to make sure that all new employees—family and non-family—go through the same training program. This creates and communicates a standard for how every employee should perform. The company and its employees will then be on the same page for what the business wants and how the business should operate.

Further research could be done to see where exactly the split in family and non-family's opinions and performance comes from, and whether it's specifically from training or if there are other reasons. More research could also be done on what the consequences on the business are from management’s assumptions of employees and employee's performance. A new study could also be done that test if there is split amongst numerous family businesses instead of just one. Since I was unable to find a notable difference in satisfaction between family and non-family employees, additional research could provide insight into whether there is a difference between these two groups of employees in a value-based family organization. With this test, it would be best to test with several family businesses rather than one.
CONCLUSION

Although it seems that family employees are more attached to a family business and its values than non-family employees are, my research has discovered that the opposite is true. Non-family employees tend to be more attached to the business's values and perform better because of it. This study shows that all businesses, not just family businesses, must make sure that they do not assume certain employees will perform how the business wants without proper training.
REFERENCES


# TABLES OF PROJECT

**Table 1:** Demographics Table

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APPENDIX A

Interview Protocol

1. When did you start working for this company?

2. What do you like about working for this company?

3. What is your relationship to the founders/owners?

4. What nice things has the firm done for you?

5. Have you ever had a life event that you needed time off for?

6. Was this time off given to you?

7. Have you ever asked for a favor from management?

8. What was management’s response for the favor requested?

9. What are your expectations of an employer?

10. Have those expectations been met working here?

11. What do you think the qualifications are for job promotions and salary raises?

12. Do you see yourself working here in 10 years?

13. Have you ever been included in any decision making for the company?

14. Do you know what the mission and values of the company are?

15. What does the mission and values mean to you?

16. How do you apply the mission and values to your work performance?

17. How does the organization apply the mission and values?