



Nonfamily Employees

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Very little is known about the experience of non-family employees (Sharma, 2004). Many studies have looked at complex theories based in Erickson's theory of social exchange, and some have addressed resource based theories and social capital (Portes, 1998). While these theories seem promising, they are complex and still require more investigation as to their relationship to nonfamily employees. But there are some ideas that seem to be gathering some support, and therefore are worth mentioning.

Prevalence and Facts

What we do know is that more than one-third of FOBs (37.8%) allow ownership beyond the controlling families (Raymond Institute/MassMutal, 2003). Also, family businesses are widely viewed as being loyal to non-family key managers. In fact, FOB managers rank attracting new managers (45%) as their greatest challenge related to non-family employees, with providing advancement opportunities (44.6%) for and motivating nonfamily employees (43.8%) the second and third greatest concerns for nonfamily employees.

Challenges

One of the biggest challenges that FOBs face is the effective management of nonfamily employees (Chua, Chrisman & Sharma, 2003). While most family businesses have numerous family members employed throughout the organization, most FOBs employ a greater number of nonfamily members than family members (Deloitte & Touche, 1999). There are usually more jobs than family members. Therefore, attracting qualified non-family employees can be a major factor.

Second, according to the 2003 American Family Business Survey fostering a shared with nonfamily employees is important to most family businesses. Which is good because, fostering value-creating attitudes and behaviors among nonfamily employees is a major factor in the success and health of FOBs (Chrisman, Chua & Litz, 2003; Chua et al., 2003). Luckily, FOBs tend to excel at creating value in their employees and their customers. For example the 2007 American Family Business Survey found that 87 percent of FOBs say that the owning family has a high degree of unity in values, and 85 percent of FOBs say that the family shares similar values with their employees and their customers. This is good, because Pieper (2007) found that family commitment to the business, past and projected sales, and the projection of future growth all increase exponentially, when there is unity in family and business.

Future Research

The field of research on family business seems to be concentrating more and more on this issue. Because of this, and the current lack of information available at this time, we will continue to update this article as new information becomes available.

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