Spotlight
by CeFEO

Could non-family connections be the secret ingredient for family business success?

Non-family social capital drives firm performance more strongly than family ties and amplifies their effect

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Family firms draw strength from the bonds between their members. Shared history, mutual trust, and a common sense of purpose create a foundation of social capital that most non-family organizations cannot replicate. But this study asks a question that many family business leaders would rather not confront: what if the relationships that matter most for firm performance are not the family ones?

Using survey data from **172 Spanish family firms**, collected through dual interviews with one family and one non-family senior executive per firm, the researchers measured two distinct pools of social capital—family and non-family—and tested their effects on perceived business performance. The findings challenge the assumption that family cohesion is the primary relational driver of success.

WHAT WE STUDIED

Each form of social capital was measured across three dimensions: structural (the extent and density of network connections), relational (the quality of trust and reliability between people), and cognitive (the degree to which people share values and goals). This multidimensional approach captures not just whether relationships exist, but how deep and aligned they are. Performance was assessed through subjective measures of profitability and financial strength relative to competitors—a common approach in family firm research where objective financial data is often unavailable for private companies.

The analytical method was structural equation modeling, which allowed the researchers to test both direct effects and mediation—whether non-family social capital not only contributes to performance independently but also serves as a channel through which family social capital operates.

KEY INSIGHTS

Non-family social capital has a stronger direct effect on performance

The most striking result is that the trust, cooperation, and shared objectives among non-family employees had a larger direct effect on firm performance than the equivalent bonds among family members. This does not mean family relationships are unimportant. It means that non-family employees bring something the family circle alone cannot provide: professional diversity, external perspective, and performance-driven orientation. Their compensation is typically tied to results rather than kinship, and their networks extend beyond the family's social world. These characteristics make non-family social capital a particularly potent driver of competitive behavior.

Non-family social capital mediates the family effect

Family social capital does contribute to performance—but partly through its effect on non-family relationships. When family members model trust, openness, and shared purpose, these behaviors spread outward into the non-family workforce. The family sets the cultural tone; non-family employees translate that culture into operational execution. Without strong non-family relationships to carry the signal forward, even a deeply cohesive family may struggle to convert its internal unity into business results. The mediation finding implies that investing in family cohesion alone

is insufficient. The return on that investment depends on whether the organizational culture extends the same trust and alignment to non-family members.

Diversity of perspective is the mechanism

Non-family employees enter the firm through competitive hiring and bring training, networks, and experience from other organizations. This cognitive diversity challenges the insular thinking that can develop in family-dominated teams. Combined with the stability that family ownership provides, it produces the balance of continuity and adaptability most associated with sustained performance.

TAKEAWAYS

Invest deliberately in non-family relationships

Family firms should treat non-family social capital as a strategic asset that requires active cultivation. This means creating opportunities for non-family employees to build trust with each other and with family members—through joint projects, shared governance forums, and transparent communication about the firm's values and direction.

Hire for cultural compatibility, not just technical skill

The study highlights the importance of what the authors call "cultural competence"—the ability of non-family employees to understand and work within the family's value system while still contributing their professional perspective. Hiring processes should assess this fit alongside functional qualifications.

Extend the circle of trust

Family firms that reserve trust, information, and decision-making authority for family members are limiting the performance potential of their workforce. The research shows that the strongest outcomes come when the collaborative culture that characterizes the family extends to the entire organization.

IMPACT

This study challenges the common assumption that family cohesion is the defining relational advantage of family firms. It shows that non-family social capital is not a substitute for family bonds but a complement that amplifies their value—and, on its own, may contribute even more to performance. For practitioners, the implication is that professionalization is not just a governance question. It is a relational one. Building trust, shared goals, and strong networks among non-family employees is one of the highest-return investments a family firm can make.

RECOMMENDATIONS

1. **Assess social capital across the organization.** Map the quality of relationships among family members, among non-family employees, and between the two groups. Identify where trust is strong and where silos or distance exist.
2. **Integrate non-family employees into the firm's culture.** Develop onboarding and mentoring practices that immerse new hires in the family's values and legacy, building the shared cognitive framework that drives collaboration.
3. **Design governance that includes non-family voices.** Ensure that non-family professionals participate meaningfully in strategic discussions. Their perspectives improve decision quality and strengthen their commitment to the firm.
4. **Align incentives across groups.** Create reward systems that recognize collaboration between family and non-family members, not just individual or group performance.

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