Spotlight
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How can family firms deepen non-family employees' emotional connection

Can corporate responsibility and shared values turn outsiders into insiders?

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At the heart of every family business lies a powerful identity: a combination of heritage, long-term orientation, and emotional attachment that binds family members to the enterprise. For many owners, their business is not only an economic engine but also a living symbol of family legacy. But what about the people who don't share the family name?

Non-family employees—whether they are managers, technical experts, or front-line staff—are often the backbone of family firms. They bring in skills, perspectives, and capabilities that families alone cannot supply. Yet, research has consistently shown that they sometimes face a **relational disadvantage**. Compared to their family colleagues, they may receive fewer opportunities for advancement, less training, or even lower pay. They may also feel excluded from decision-making processes that are reserved for family insiders .

These imbalances can create a **weak emotional bond** between non-family employees and the firm. In organizational theory, this bond is described as **organizational identification**—the degree to which employees feel a sense of oneness with the company. Strong identification fuels motivation, engagement, and loyalty. Weak identification, on the other hand, can lead to disconnection, lower performance, and higher turnover.

For family businesses that want to remain competitive across generations, this represents a major challenge. How can they ensure that non-family employees—who might never fully share in the "family legacy"—still feel emotionally committed to the business?

A recent study published in *Long Range Planning* by Josh Wei-Jun Hsueh, Giovanna Campopiano, Elizabeth Tetzlaff, and Peter Jaskiewicz provides valuable answers. By conducting a series of carefully designed experiments with non-family employees in U.S. family firms, the authors identify **three powerful approaches—shifting, compensating, and leveraging—that help families cultivate stronger emotional ties with their non-family employees** .

WHAT WE STUDIED

The research is grounded in **organizational identity (OI) theory**. This theory suggests that every organization develops a set of central, distinctive, and enduring attributes—such as values, capabilities, and traditions—that define "who we are" as a collective. For employees, connecting with these attributes provides meaning and motivation.

Two attributes are particularly important for how employees evaluate an organization:

- **Organizational competence**: the perception that the company is skilled, innovative, and able to deliver quality products and services.
- **Organizational moral value**: the perception that the company cares about stakeholders, treats people fairly, and acts responsibly toward society.

When employees—family or non-family—perceive that their organization is competent and moral, they are more likely to identify strongly with it. But if they perceive favoritism, unfairness, or incompetence, their identification weakens.

To investigate how family firms can strengthen non-family employees' identification, the authors

conducted **three vignette-based experimental studies**:

1. **Study 1** tested whether adopting a proactive Corporate Social Responsibility (CSR) strategy improves non-family employees' evaluations of competence and moral value.
2. **Study 2** tested whether giving non-family employees a voice in CSR decision-making further strengthens their connection.
3. **Study 3** examined whether non-family employees who share the controlling family's values evaluate the firm more positively.

Across all three studies, employees were presented with realistic scenarios describing family firm strategies and practices. Their reactions were then measured in terms of perceived competence, moral value, and organizational identification.

This approach allowed the authors to pinpoint which strategies truly resonate with non-family employees—and why.

KEY INSIGHTS

1. Shifting: Using Proactive CSR to Reframe Identity

One of the strongest findings across the studies is that **proactive CSR strategies improve non-family employees' perception of a family firm's moral values**.

CSR can take different forms:

- **Reactive CSR**: doing the minimum required, often reluctantly.
- **Defensive CSR**: complying with legal obligations to avoid penalties.
- **Proactive CSR**: anticipating social and environmental issues, leading change, and making CSR part of the core mission.

When non-family employees were told that their firm was embracing a **proactive CSR strategy**, they reported higher evaluations of the firm's moral value. For example, initiatives like reducing environmental footprints, engaging in community development, or championing human rights signaled to employees that the company cared about more than profit or family control .

This boost in perceived moral value translated into a stronger emotional bond with the firm. In other words, **CSR became a bridge for belonging**.

Importantly, the study found that CSR's effect was primarily on moral value, not competence. Non-family employees were not necessarily convinced that CSR made the firm more technically capable. But they did see it as evidence of fairness, benevolence, and responsibility—qualities that foster identification.

Practical implication: Family firms that want to deepen non-family employees' attachment should not treat CSR as a superficial add-on. Instead, they should make it a central and proactive part of their identity.

2. Compensating: Including Non-Family Employees in Decision-Making

CSR strategies become even more powerful when non-family employees are **involved in shaping them**.

Study 2 showed that when non-family employees participated in CSR decision-making, their evaluations of both competence and moral value improved. Participation gave them:

- **A voice**: They felt heard and included in meaningful conversations.
- **Recognition**: Their expertise was acknowledged, especially when family firms relied too heavily on a small pool of family managers.
- **Contribution**: They could actively influence initiatives they cared about, from environmental programs to community projects.

This involvement directly compensated for the relational disadvantage many non-family employees feel. It reassured them that, while they may not be family, their perspectives mattered.

Interestingly, the study also found that participation mattered **more for non-family employees than for family employees**. Family insiders already had strong identification and influence; non-family employees gained the most when finally given a seat at the table .

Practical implication: For family firms, including non-family employees in CSR decisions offers a "win–win." It strengthens employees' sense of fairness and belonging without threatening family control over core strategic areas.

3. Leveraging: Hiring and Retaining Employees Who Share Family Values

The third approach is subtler but equally important: **non-family employees who share the controlling family's values are more likely to identify strongly with the firm**.

In Study 3, the authors measured **cognitive social capital**—the degree to which non-family employees internalized the family's values, such as long-term orientation, care for stakeholders, or commitment to legacy.

Results showed that employees with higher value alignment perceived the firm as more moral and,

consequently, felt more emotionally connected. For example:

- A non-family manager who believes in sustainability would resonate strongly with a family firm prioritizing environmental stewardship.
- An employee who values long-term stability would identify with a family firm known for patient, generational investments.

By contrast, employees who did not share the family's values were more skeptical of its strategies and less likely to feel attached.

Practical implication: Family firms can strengthen bonds by **hiring for cultural fit**, not just technical skills. Training and socialization can also help existing employees internalize family values over time.

TAKEAWAYS

For Family Business Owners

1. **CSR is not optional**: Treat proactive CSR as an integral part of identity, not as philanthropy on the side.
2. **Create participatory spaces**: Invite non-family employees into CSR-related decision-making forums to strengthen their sense of competence and fairness.
3. **Recruit for value alignment**: During hiring, look for employees who resonate with the family's long-term vision and values.
4. **Avoid "one-size-fits-all" approaches**: Recognize that family and non-family employees react differently to the same strategies. Tailor engagement accordingly.

For Non-Family Employees

1. **Seek involvement in CSR**: Participating in socially meaningful projects can elevate your visibility and identification with the firm.
2. **Align with values**: Understanding and embracing the family's values can improve your own career satisfaction and sense of belonging.
3. **Communicate openly**: If you feel disadvantaged, advocate for participatory opportunities that demonstrate fairness and competence.

IMPACT

The study's findings have wide implications for family firms globally. Many businesses pride themselves on their strong family identity, but this identity can inadvertently **exclude non-family employees**. When this happens, the firm risks losing loyalty and commitment from individuals who may be crucial for innovation, growth, and continuity.

By adopting the three approaches—shifting, compensating, and leveraging—family firms can **turn a potential liability into a source of competitive advantage**. Non-family employees who feel recognized and included are more motivated, more loyal, and more likely to contribute to long-term success.

At the industry level, these findings highlight the growing importance of **CSR as a lever of talent retention and organizational cohesion**. In an era where employees increasingly seek purpose and fairness, CSR is not just about external reputation—it is also about internal engagement.

RECOMMENDATIONS

Family businesses should:

- **Start small with CSR**: Even modest proactive initiatives (such as eco-friendly operations or community partnerships) can positively shift perceptions.
- **Institutionalize participation**: Establish committees, workshops, or feedback channels where non-family employees co-design CSR activities.
- **Measure value alignment**: Incorporate questions about long-term orientation, fairness, or stakeholder care into recruitment interviews.
- **Communicate openly**: Narratives about the family's values and legacy should emphasize inclusivity, showing how non-family employees are part of the ongoing story.

By weaving these practices into daily operations, family firms can ensure that their unique identity becomes a shared asset, not a divisive one.

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