

## Is scaling your venture leading to burnout and dissatisfaction among your employees?

*Growing pains. How scaling affects employee well-being in scale-ups*

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Scaling is a dream for many new ventures—it signals growth, success, and new opportunities. However, rapid scaling also creates significant internal changes, many of which impact employees in ways that are often overlooked. Family business leaders and entrepreneurs need to be aware of the potential downsides of scaling, especially when it comes to employee well-being. As ventures grow, burnout and dissatisfaction can become widespread, creating new challenges for retaining talent and maintaining a positive work environment.

### WHAT WE STUDIED

In a study published in the *Journal of Business Venturing*, researchers examined how scaling impacts employee burnout and job satisfaction. Using a sample of over 10,000 employees from new ventures in Sweden, the study analyzed data from the Swedish Work Environment Survey. The goal was to understand the relationship between scaling and employee well-being, and to determine whether employees in different roles or with prior experience in new ventures experienced these effects differently.

### KEY INSIGHTS

#### **1. Scaling Leads to Burnout**

The research found a direct link between scaling and increased employee burnout. Employees in fast-growing ventures often face heavier workloads, shifting roles, and organizational chaos as new structures and processes are implemented. This often leads to stress and exhaustion.

#### **2. Job Satisfaction Declines**

Contrary to the positive image of scaling, the study revealed that employee satisfaction drops during

periods of rapid growth. The uncertainty, increased job demands, and lack of clear communication within scaling ventures make it difficult for employees to maintain enthusiasm for their roles.

#### **3. Managers Cope Better**

Interestingly, employees in managerial positions were less affected by the negative consequences of scaling. Managers, who typically have more control over their work environment, experienced lower levels of burnout and higher job satisfaction compared to their non-managerial counterparts.

#### **4. Prior Experience Mitigates Negative Effects**

Employees with prior experience in new ventures were more resilient to the challenges of scaling. Their familiarity with the dynamics of a growing business helped them navigate the increased demands with less impact on their job satisfaction.

### TAKEAWAYS

#### **1. Recognize the Impact of Scaling on Employees**

For family businesses and startups, it's crucial to understand that scaling isn't just about adding new customers or expanding operations—it's also about how these changes affect the people doing the work. Scaling often means more responsibilities, tighter deadlines, and evolving roles, all of which can lead to stress.

#### **2. Prioritize HR Development**

Many scaling ventures lack structured HR practices, which can exacerbate employee dissatisfaction. Leaders should focus on developing effective HR management strategies to support their teams during periods of growth. Offering stress management programs, flexible working arrangements, and clear

communication channels can make a significant difference.

### 3. Support Non-Managerial Employees

Employees who aren't in leadership roles often feel the brunt of scaling's negative effects. Providing them with additional resources and support—such as mentoring, training, and opportunities to give feedback—can help them adapt and thrive in a rapidly changing environment.

### 4. Leverage Experience in Hiring

When hiring new employees for a scaling venture, consider their previous experience in similar environments. Employees with prior exposure to new ventures or startups are likely to handle the demands of scaling more effectively than those who are new to the business.

## IMPACT

The broader implications of this study point to the need for family business owners and entrepreneurs to reconsider how they approach scaling. While scaling brings financial growth, it also introduces significant challenges for employee well-being. Ignoring these challenges can lead to high turnover, low morale, and

ultimately hinder long-term success. As more businesses strive for rapid growth, understanding the human side of scaling becomes essential for sustainable development.

## RECOMMENDATIONS

1. **Implement Structured HR Support:** As your venture grows, ensure that employees receive adequate support, including clear communication about their roles and responsibilities.
2. **Focus on Manager Training:** Equip managers with the skills to handle both the operational and emotional challenges of scaling.
3. **Evaluate Employee Satisfaction Regularly:** Conduct regular surveys to assess employee morale and make adjustments to your scaling strategy as needed.
4. **Consider Experience in Hiring:** When expanding your team, prioritize candidates with experience in scaling environments to help ease the transition.

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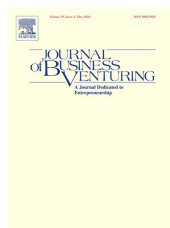
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