Spotlight
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What if family ties didn't just influence succession—but shaped every career decision inside and around the family firm?

How do family dynamics shape career paths for both relatives and outsiders in family firms?

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In family businesses, careers do not unfold in isolation. They are shaped by overlapping personal, family, and organizational narratives. Whether it's the expectations placed on a founder's daughter, the career ambitions of a non-family CEO, or the silent influence of an in-law balancing work and household responsibilities, careers in family businesses are far more nuanced than traditional corporate paths.

What makes this even more critical is today's context: increased professionalization, growing diversity in leadership, and the rise of flexible, boundaryless careers. For family businesses seeking to thrive across generations, managing careers isn't just an HR issue—it's a strategic imperative. This article provides a roadmap for understanding these complexities by presenting a conceptual model rooted in the idea of **family embeddedness**.

WHAT WE STUDIED

This article builds on the special issue of the *Journal of Family Business Strategy*, which explores careers in family firms from a multi-disciplinary angle. Drawing from career theory, family systems theory, and empirical case studies, the authors—Massimo Baù, Daniel Pittino, Philipp Sieger, and Kimberly A. Eddleston—propose a new **conceptual framework** that interweaves family systems with career processes and outcomes.

Four empirical studies in the special issue serve as the foundation for this synthesis:

- A signaling theory study on succession.
- A configurational analysis of daughters' career motivations.
- A social capital study of nepotism in show-business families.
- A turnover intention study comparing blue- and white-collar non-family employees.

These contributions collectively support the development of the **family embeddedness perspective**, which explains how family-level transitions, resources, and values affect individual career choices and firm-level career systems.

KEY INSIGHTS

1. Succession Signals Start in Childhood

Traditional corporate careers rely on résumés, interviews, and performance metrics. In family businesses, however, **career paths—especially succession decisions—start much earlier**. The study by Schell et al. (2020) reveals that the "signaling game" of succession begins in childhood and continues throughout adolescence and early adulthood.

Family firms interpret not just formal qualifications but subtle cues like emotional commitment, value alignment, and behavioral consistency. Interestingly, negative signals—such as distancing behaviors—also help families exclude disinterested members from the successor pool early on. This highlights how **career development in family firms is deeply relational and recursive**.

2. The Glass Ceiling Has a Family Shape

While gender equality has gained ground in many business contexts, **family businesses still exhibit unique barriers for daughters**. Akhmedova et al. (2020) identify three motivational profiles—"no barriers," "challengers," and "rational"—that determine whether women reach executive roles.

Ethical motivation, driven by a desire to serve the family and honor its legacy, stands out as a key success factor. However, daughters still face **family-specific hurdles**, such as expectations of male primogeniture or lack of visibility in strategic conversations. Tackling this requires deliberate efforts to **rewrite family norms and redefine success beyond traditional roles**.

3. Nepotism Isn't Always a Dirty Word

Nepotism often carries negative connotations, but **not all nepotism is created equal**. Gorji et al. (2020) distinguish between "direct" and "indirect" nepotism. The latter involves third-party sponsorship and meritocratic endorsement, showing that family social capital can **open doors without compromising on performance**.

Their study of Hollywood families demonstrates that indirect nepotism can be especially beneficial to women, enabling career progression while maintaining credibility. This reframes nepotism not as favoritism but as **a transfer of social capital within a merit-based structure**—a model that family businesses in other sectors can learn from.

4. Not All Non-Family Employees Feel at Home

Non-family employees often walk a fine line in family firms—valued for their skills, yet sometimes excluded from inner circles. Gottschalck et al. (2020) find that **turnover intentions vary by role and leadership level**. Blue-collar workers in leadership roles are more likely to stay in family firms, while white-collar managers often prefer non-family firms where career advancement may seem more equitable.

This underscores the importance of **tailored career strategies** for non-family employees. Aligning job roles with shared values and ensuring perceived fairness are critical for retention and engagement.

TAKEAWAYS

1. Develop Careers Early and Inclusively

Family business leaders should identify potential successors and contributors early in life and **provide structured career development opportunities**. This includes internships, mentorship, and opportunities to explore roles outside the firm before making long-term commitments.

2. Challenge Gender Assumptions Proactively

To overcome the gendered limitations of traditional family dynamics, family firms need to **create formal pathways to leadership for daughters and women** in the extended family. Role clarity, transparent selection processes, and inclusive family governance help dismantle structural barriers.

3. Recognize the Value of Social Capital

Family networks are a strategic resource. Rather than shunning nepotism altogether, leaders should **promote meritocratic access** to these networks. Encouraging mentorship and leveraging third-party sponsorship can legitimize internal promotions and reduce perceptions of favoritism.

4. Invest in Non-Family Career Management

Develop parallel HR systems for family and non-family employees. Non-family staff need **clear career ladders**, performance-based incentives, and cultural integration strategies. Understanding the **emotional climate** of the business can help match people to roles that make them feel connected and valued.

IMPACT

The "family embeddedness" model reframes career management in family firms as a dynamic process shaped by ongoing family transitions, resource flows, and evolving values. It encourages us to look beyond individual talent or business strategy and toward the **relational infrastructure that binds careers to families**.

This approach has broad implications for research and practice. It invites scholars to explore:

- The role of **in-laws and blended families** in shaping career outcomes.
- The effects of family transitions—like divorce, death, or new marriages—on **career pacing and success**.
- The potential for **boundaryless careers** that span roles inside and outside the family firm.

In essence, careers in family businesses are **systems phenomena**—where one individual's success or stagnation often echoes through the family and the firm.

RECOMMENDATIONS

For family business owners and leaders, here are five concrete actions to implement:

1. **Institutionalize career planning** through family constitutions that address both family and non-family roles.

2. **Create internal mentorship programs** that include family and non-family pairings to promote fairness and integration.
3. **Address informal norms** through structured conversations about values, inclusivity, and the role of gender and diversity in leadership.
4. **Use succession as a developmental process**, not just a selection event. Make room for experimentation and iteration.
5. **Evaluate the careers of in-laws and next-gen members who work outside the firm**, and integrate their experiences into long-term planning.

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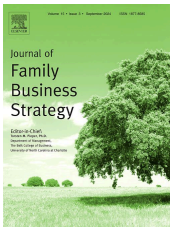
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