

Why do younger siblings join the family firm first and leave it sooner?

Swedish register data show birth order shapes who joins, who leads, and who leaves.

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Ask a business owner which child will "end up in the firm" and the answer often comes quickly. The eldest, usually. The numbers tell a messier story. Only about 7% of next-generation students in the 2021 GUESSS survey said they intended to join the family firm, down from 11% in 2006. Working for one's parents looks like the easy, low-risk start to a career, which makes that low share a genuine puzzle.

A new study looks at a part of the puzzle the field has mostly ignored: differences between siblings. Most research treats "the next generation" as one group, or compares brothers and sisters only at the moment of succession. Here, siblings are followed across three career events instead (joining the firm, getting a management role, and leaving), and birth order turns out to push each one in a different direction.

WHAT WE STUDIED

The authors combined four Swedish population registers held by Statistics Sweden. The multi-generation register links every resident to parents and siblings. LISA supplies age, gender and education, LSUM identifies who owns which limited company, and RAMS adds firm-level data. The sample covers families with at least two full siblings in which at least one parent owns a limited liability company. Twins, only children and half-siblings were excluded.

That gave 205,247 offspring, observed over 1,061,885 person-years between 1993 and 2017. A subsample of 45,772 who eventually joined a parent's firm was used to study management roles and exits. Each child enters the data at the end of compulsory schooling, around age 15.

The core method is a family-stratified Cox proportional hazards model, which compares children within families of the same size and birth-year structure. Birth order is a simple rank: 1 for the first-born, 2 for the second, and so on. Robustness checks include family fixed-effects models, competing-risk models, and a stricter sample in which both parents own the firm. The theory pairs birth order research with the commitment framework of Sharma and Irving, separating **continuance commitment** (staying because the alternatives look worse) from **normative commitment** (staying out of duty).

KEY INSIGHTS

Later-borns are more likely to start in the family firm

About 12% of offspring took a job in the parents' business as their first career move. Each step down the birth order raised the likelihood of doing so by about 28% in the base model, and by about 15% once year effects were added.

The explanation is opportunity. Earlier-borns tend to receive more parental time and supervision, and it shows in their school results. In the data, later-borns had lower upper-secondary grades, and those grades accounted for roughly 20% of the birth-order effect on joining. Later-borns were also about 35% less likely to start their own business as a first career step, with the widest gap for incorporated ventures. For a younger child with a thinner CV, the parents' firm is often the best offer on the table, and parents who treat that choice as proof of devotion may be reading too much into it.

Once inside, they are less likely to be made managers

Among offspring working in the family firm, each step down the birth order lowered the likelihood of holding

a managerial position by roughly 9 to 13%. The authors read this as a question of who gets entrusted. First-borns are often raised as "the responsible one", and parents appear to act on that image when they hand out roles.

And they are more likely to leave

Exit mirrors entry. Each step down the birth order raised the likelihood of leaving the parents' firm by about 9 to 17%.

The wage analysis is the most revealing result in the paper. Using coarsened exact matching, the authors compared later-borns who began their careers in the family firm with similar later-borns who did not. Those with family-firm experience earned about 5% more in their next outside job. First-borns showed no such premium. The firm works as a training ground that lifts the market value of younger siblings, who then take that value elsewhere.

The authors call it a first-in, first-out pattern. Later-borns tend to arrive early and leave early, while earlier-borns are slower to join but, once inside, take on responsibility and stay.

TAKEAWAYS FOR FAMILY BUSINESS LEADERS

Read early career moves as responses to opportunity

A younger child who joins straight after school may be the one with the fewest alternatives rather than the most committed heir. An eldest who works elsewhere first may turn out to be the long-term leader. Reading early moves as signals of loyalty risks misjudging both.

Watch the promotion pipeline

If younger siblings are hired but rarely promoted, the family is paying to train talent it will lose. Ask who gets the stretch assignments, and whether those choices rest on performance or on a picture formed in childhood.

- Track roles and responsibilities for every family employee, including those nobody sees as a successor.
- Apply the same promotion criteria used for non-family staff.
- Let non-family managers or the board weigh in on family career decisions.

Start earlier than you think

The pattern has its roots in homework help, reading time and talk about school, long before anyone mentions succession. Earlier Swedish evidence shows parents spend more of that time with first-borns. Evening it out is a governance issue dressed up as a parenting one.

IMPACT

The study moves the sibling question past the single moment of succession. Earlier work, such as Calabrò and colleagues' research on primogeniture, showed that first-born sons are more likely to become family CEOs. This paper suggests the advantage is built across a whole career path, through who joins, who is trusted and who stays. It also treats commitment as something that varies inside a household: one child may be held by obligation, another by calculation.

The authors are open about the limits. The data come from one country, half-siblings are excluded, and registers cannot measure motivation or commitment directly. Leaving a job is also different from leaving the family enterprise, since a sibling may exit operations and still act as owner or adviser. Replications in other cultures, studies that combine register data with surveys, and work on how gender and birth order interact would all sharpen the picture.

RECOMMENDATIONS

1. Map every child's role, responsibility and career path in the firm, and check whether a birth-order pattern appears.
2. Treat hiring a younger child early as an investment, with agreed development goals and a timeline for taking on responsibility.
3. Encourage all children, the eldest included, to gain outside experience before or alongside joining.
4. Base promotions on transparent criteria, ideally reviewed by non-family board members or advisers.
5. When a later-born leaves, keep the door open through contact, an invitation to return, or an ownership or board role.
6. Advisers running next-generation programmes should help parents reflect on how time, attention and resources are shared across their children.

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