Non-family Employees in Family firms and Turnover Intentions: The Relevance of Identification and Justice Perceptions

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Abstract:

Many family firms hire and rely on non-family employees, therefore the mutual benefits provided to both family and non-family members are important. Yet, the perspectives of non-family employees have been under researched. Drawing upon organizational identity and justice theories and the extant literature on family influence, this study examines non-family employees’ perceived family influence, family firm identification, family firm justice, and turnover intentions in a sample of 301 family business non-family employees. Path analysis results show that non-family employees’ perceived family influence can lead to family firm identification, in turn diminishing their turnover intentions. We also find that non-family employees’ perceptions of family firm justice moderate the relationship between non-family employees’ perceived family influence and family firm identification. We conclude by discussing implications.

**Keywords:** mutual benefits | organizational justice | perceived family influence | turnover intentions

Article:

1. INTRODUCTION

According to Kachaner, Stalk, & Bloch (2012), family businesses constitute a large portion (i.e., 30%) among the enterprises that have revenues exceeding $1 billion. Family involvement in the business through management, governance, and ownership creates unique and distinctive attributes of family firms (Chrisman, Chua, & Steier, 2005), having a significant impact on the mission, vision, and behavior of the family firms (Chrisman, Chua, & Sharma, 2005; Habbershon, Williams, & MacMillan, 2003). Many family firms hire not only family members, but also many non-family employees and in some cases, non-family employees are in key positions and/or constitute a larger portion of the organizational workforce (Deloitte & Touche Study 1999; Chua et al. 2003). While the familial human capital consists of the knowledge that provides unique opportunities, non-family employees also have a vital role in the long-term success and growth of family firms (Ensley 2006). Indeed, non-family employees’ participation
in decision-making is crucial in limiting inertia (i.e. routines that worked well in the past are used again and again regardless of changes in the markets and industries) and consequently facilitating growth and success (Chua et al. 2003; Ensley 2006; Danes, Loy, & Stafford, 2008; Lester & Cannella, 2006; Mitchell, Morse, & Sharma, 2003; Schulze, Lubatkin, & Dino 2002; Zahra, Hayton & Salvato, 2004; Zahra 2005). Owing to the importance of mutual benefits for both family and non-family members, fostering positive perceptions, attitudes, and behaviors among non-family employees may be crucial for effective management of non-family employees. Therefore, one of the important issues faced by many family firms is the management of non-family employees in creating mutually beneficial work environment (Chua, Chrisman, & Sharma 2003; Sieger, Bernhard & Frey 2011; Danes, Loy, & Stafford 2008).

Although non-family employees may be critical in both financial and non-financial performance of family firms, little is known about the determinants of non-family employees’ perceptions and attitudes and their ensuing turnover intentions. Barnett and Kellermanns (2006) put forward a conceptual model that suggest ways in which family influence can affect non-family employees’ perceptions, attitudes, and behaviors through family firm management practices. While studies about various topics such as succession and performance have been on the rise; studies on non-family employees, particularly in regards to the non-family employees’ organizational behavior, are still relatively fewer (e.g., Bernhard & O’Driscoll 2011; Mitchell, Morese, & Sharma 2003; Ramos, Man, Mustafa, & Ng 2014; Sieger, Bernhard, & Frey 2011; Vallejo 2009). In an annotated bibliography of family business literature, De Massis, Sharma, Chua, & Chrisman (2012) analyze 215 most cited articles and call for more studies on the human capital of family firms.

The key component of the family business is family influence encompassing power, experience, and culture with a significant impact on many aspects of the business including employee behavior. Thus, more research is needed to examine this vital element and family firm outcomes. Additionally, more empirical studies are necessary to shed light on the organizational behavior of non-family employees, particularly organizational identification, justice perceptions, and turnover intentions in family firms.

This study is significant for family business literature as well as for organizational identity and justice theories. First of all, this is one of the few studies providing empirical evidence for non-family employees’ perceived family influence and the impact on their other perceptions and organizational behaviors. Memili and Welsh (2013) provide a theoretical framework of non-family employee’s organizational identification [i.e., perceived overlap between individual identity and the identity of their organization (Foreman & Whetten, 2002)] in family firms in their conceptual work. Using this research as a point of departure, we examine non-family employees’ organizational identification, as well as its family-firm specific antecedents (i.e., non-family employees’ perceptions of family influence and non-family employees’ perceptions of justice) and outcome (i.e., turnover intentions), in family firms. Specifically, this study investigates the effects of perceived family influence on non-family employees’ behaviors. Past research used F-P EC (Family influence on Power, Experience, and Culture of the Firm) scale (Klein, Astrachan, & Smyrnios 2005), and according to Rutherford et al. (2008), the F-P EC scale measures the potential family influence. Perceived family influence is the key element to understand the non-family employees’ behavior in family firms. Hence, this study is important
because it examines the relationship between perceived family influence and non-family employee behavior through the lens of organizational identity and justice theories. In organizational identity literature, organizational identification has been linked to employees’ turnover intentions, extra-role behavior, and satisfaction (i.e. Van Dick, Christ, Stellmacher, Wagner, Ahlsweide, Grubba, & Tissington 2004; Podsakoff, MacKenzie, Paine, & Bachrach 2000). However, the key role of organizational identification in turnover intentions has not been examined in the family business literature yet. Aside from examining this link, we also argue that the perceptions of family firm justice moderates the link between non-family employees’ perceptions of family influence and family firm identification. Accordingly, this paper contributes to a better understanding of non-family employees and their perceptions of justice [i.e., fairness in distribution of outcomes, procedures, and interactions (Colquitt et al., 2001; Cropanzano et al. 2007)], which can lead to the development of family firm identification, in turn influencing their behaviors such as turnover intentions which can impact the family firm’s financial and non-financial performance in the long-run. The mutual benefits gained from non-family employees’ positive perceptions and actions can elevate the family firms’ long-term sustainability. Therefore, this study is important for scholars and practitioners in the family business as well as organizational behavior and human resource management fields. Figure 1 provides a visual representation of our hypotheses.

In the following section, we provide a theoretical overview. Then, we develop our hypotheses. In methods, we explain our data, measures, analyses, and results. We also discuss the results of empirical findings, contributions, future research directions, and implications for practice.

2. THEORETICAL OVERVIEW AND HYPOTHESES

2.1. Family Influence, Non-family Employees, and Family Firm Identification

Many family firms employ non-family employees to limit inertia in strategic decision-making (Ensley 2006; Lester & Cannella 2006; Mitchell, Morse, & Sharma 2003; Schulze, Lubatkin, & Dino 2002; Zahra, Hayton, & Salvato 2004). Family firms face this risk of inertia relatively more when they primarily rely on family business members with kinship ties with shared history. Non-family members can provide a direct source of knowledge diversity and novel knowledge resources for the firm. Because of this, many family firms employ a greater proportion of non-family employees than family members in order to pursue opportunities that would otherwise be impossible when solely relying on family members (Deloitte & Touche Study, 1999; Chua, Chrisman, & Sharma, 2003).

In many cases, there is an insufficient number of able, willing, and committed family members available to operate the firm (Chua, et al. 2003; Chua, Chrisman, & Bergiel 2009; De Massis, Chua, & Chrisman 2008). Hence, attracting and effectively managing qualified non-family employees is essential for firm growth and instituting and sustaining professional management practices (Sirmon & Hitt. 2003). However, high-capability non-family employees might also
prefer non-family firms owing to presumptions of exclusive treatment of family business members and subsequent limitations in career growth and professionalism (Chrisman, Memili, & Misra 2014; Sirmon & Hitt 2003; Zahra, 2005). Barnett and Kellermanns (2006) suggest that the level of family influence can affect the fairness of human resources practices in family firms. The authors (2006) propose that high levels of family influence can be associated with less fair and equitable human resources (HR) practices and policies in family firms, whereas low levels of family influence are expected to be related to neither fair nor unfair HR practices, and moderate levels of family influence may be associated with fair HR practices.

Additionally, previous organizational studies contend that firms with the managerial ability and capacity constraints are limited in organizational learning, strategic change, and growth (Diaz-Fernandez, González-Rodríguez, & Simonetti 2016; Hitt, Ireland, & Lee 2000; Penrose 1959). Moreover, private ownership and family management expose family firms to agency problems of self-control (i.e. a problem that arises when owner(s)/manager(s) take actions that can harm themselves and others), moral hazard (i.e. commission or omission of actions after contracting), and adverse selection (i.e. contracting with an agent who is less able, committed, industrious, or ethical) (Chrisman, Chua, & Bergiel 2009; Chrisman, Chua, & Litz 2004; Lubatkin, Schulze, Ling, & Dino 2005; Schulze, Lubatkin, Dino, & Buchholtz 2001). Therefore, attracting and effectively managing qualified non-family employees is a challenging task for family firms (Chrisman et al. 2014; Sirmon & Hitt 2003), drawing attention to the importance of perceptions that may affect non-family employees’ organizational behavior.

Understanding non-family employees’ perceptions of family influence and outcomes can be critical in human relations management in family firms in order to elevate mutual benefits for both family and non-family members which can enhance long-term firm success. Since perceptions of family influence can drive non-family employees’ behaviors, family firms can utilize non-family employees’ perceptions of family influence as a tool to understand their organizational identification and turnover intentions, take preventive measures for negative perceptions, and foster a harmonious and inclusive work environment for all members.

To explain the extent of a family’s influence on family firms, Klein, Astrachan, and Smyrnios (2005) identify family influence dimensions: power, experience, and culture by developing F-Pec scale. According to Chrisman, Chua, and Steier (2005), the power dimension involves sources and amount of authority a family has in a family firm. The experience dimension describes the level and type of family involvement in a family business and the extent to which this involvement lasts through generations. Culture is composed of family members’ values and the extent to which these values shape the organizational values in family firms. Chrisman et al. (2005: 244) suggest that these three dimensions indicate “a family’s ability and willingness to influence the direction of a business, as well as the depth to which a family’s influence is likely to have affected business decision making”. However, the perceptions of non-family employees in terms of family influence is not clear theoretically and empirically yet. Hence, in our paper, we focus on non-family employees’ perceptions of family influence and outcomes in family firms. In our study, one important outcome we examine is family firm identification among non-family employees.
Organizational identification is one of the main tenets of Organizational Identity Theory (Bartel, 2001; He & Brown, 2013). Organizational identity answers the question, “Who are we as an organization?” (Albert & Whetten 1985), providing guidance to organizational members as they conduct their daily work (Nag, Corley, & Gjoia 2007). Organizational identity embodies organizational members’ cognitive views of their organizations as well as their collective behaviors (Nag et al. 2007). For family firms, organizational identity is unique in that the family is a distinct, central, and enduring component of the firm.

Organizational identity approaches to the study of family firms might be particularly fruitful because organizational salience, attraction, and identification are enhanced by the demographic similarity of family members, which is a key characteristic of family firms (Hogg & Terry 2000). Seeing the family as one with the firm – sharing values, goals, and membership – can have a profound impact on organizational behavior. Family business members exhibit longer tenure than business members in non-family firms since family business membership often starts from childhood, continues through summer jobs, and extends into the life-long career of family business members, which can enhance salience of family business membership (Miller & Le Breton-Miller 2006; Le Breton-Miller, Miller, & Steier 2004). Similarly, organizational identity studies suggest that identification is related to internalization of or adherence to organizational expectations, desire for group attachments, and ambitious and achievement-oriented pursuits (Mael & Ashforth 1995). These elements are relevant to family firms exhibiting an enduring nature based on image, trustworthy reputation, unified ownership and management by family members, creativity, attention to research and development, long-run orientation and expectations, flexibility, and emphasis on company growth (Zellweger, Kellermanns, & Eddleston 2010; Dyer & Whetten 2006). A strong organizational identity may, therefore, provide a beacon for family members, helping them to align their values with those of the organization and guide their decision-making.

Organizational identity helps individuals preserve their continuity of self-concept and provides distinctiveness and self-enhancement (Dutton, Dukerich, & Harquail 1994). High levels of organizational identification with a family firm may elevate family business members’ cooperation with organizational members and sense of competition with other organizations. Indeed, Dutton and colleagues (1994) argue that members with strong organizational identification tend to work on long-term projects, push superiors to raise standards and provide ideas for developing their organizations. Individuals identify with their organizations to the extent that they perceive an overlap between their individual identity and the identity of their organization (Foreman & Whetten 2002). Thus, in line with organizational identity theory, family members may see themselves as extensions of their firm, causing them to want to portray the family firm in a positive light (Dyer & Whetten 2006; Zellweger, Nason, Nordqvist, & Brush 2013) and behave in ways that support family firm principles and goals. Nevertheless, non-family employees’ identification in family firms and its determinants and outcomes are still under researched.

In our paper, we first examine the impact of non-family employees’ perceptions of family influence on their family firm identification which can consequently affect their turnover intentions.
Klein et al. (2005) suggest that a family can influence business through the extent and quality of ownership, governance, and management. The founder’s vision and intention form the foundation for the essence of the family firm, including the intention, vision, familiness, and/or behavior that distinguish a family business (Chrisman, Chua, & Sharma 2005). Hence, family business founders and/or owners tend to have the main influence on family business operations and strategy formulation through power (De Massis et al. 2012; Kelly, Athanassiou, Crittenden 2000). The perceived family influence can guide and lead non-family employees’ family firm identification by integrating them to the firm and making them feel and contribute as family through close connections, open communication, and mentoring. Thereby, the perceptions in terms of supportive family business leaders and authority(ies) can elevate non-family employees’ family firm identification.

Astrachan, Klein, & Smyrnios (2002: 49) described the experience dimension of the family influence as the “generation in charge” in relation to succession and the number of family members associated with the business. Studies suggest that each succession adds considerable business experience and tacit knowledge to the family and the company, elevating the idiosyncratic nature of family firms (Lee, Lim, & Lim 2003). As the number of generations increase, family firms are also likely to be more inclusive of non-family employees and they may even become key players of the business experience and tacit knowledge just like family members. The perceptions of belongingness to the overall family firm experience and accumulated knowledge can elevate non-family employees’ family firm identification.

The cultural dimension of the F-PEC scale (Klein et al. 2005) encompasses the extent to which family and business values overlap and the degree to which the family is committed to the business (Astrachan et al. 2002; Klein et al. 2005). As Chrisman et al. (2005) further explain, the culture dimension indicates the cohesion of values among family business members and the degree to which those values tend to be incorporated into the business. The perceived family value overlap with the business and commitment can facilitate non-family employees’ family firm identification through sense of security and trust. Hence,

**Hypothesis 1**: Non-family employees’ perceptions of family influence is positively associated with their family firm identification.

2.1.2. Non-family Employees’ Family Firm Identification and Turnover Intentions

Aside from the antecedent of non-family employees’ family firm identification, it is also important to know more about the outcomes (i.e., turnover intentions). Turnover is defined as “the termination of an individual’s employment with a given company” (Tett & Meyer 1993: 262). When non-family employees develop family firm identification through perceptions of supportive power or authority, belongingness to experience and knowledge, and a shared culture, this can diminish their turnover intentions. On the one hand, when non-family employees have congruent individual values with the family firm value system through family firm identification, this can facilitate the harmony among the human capital (Sirmon et al. 2003) of the family firm. On the other hand, in case of lower (or lack of) family firm identification among non-family
employees, they would likely develop negative attitudes including intentions to leave and less attachment to the firm. Hence,

**Hypothesis 2**: Non-family employees' family firm identification is negatively associated with their turnover intentions.

### 2.1.3. Mediation Effects of Non-family Firms' Identification

In our study, we highlight the key role of non-family employees’ identification in turning non-family employees’ perceptions of family influence into diminished turnover intentions. Without the development of non-family employees’ family firm identification, their perceptions of family influence through power, experience, and culture may rather have implications for the family business members’ dominance which can trigger turnover intentions among non-family employees. Non-family employees lacking family firm identification may rather develop a preference for non-family firms for future employment by expecting relatively more equal opportunities for career development and growth (Chrisman, Memili, & Misra, 2014).

Indeed, perceptions of family as the sole and/or ultimate decision-maker may limit non-family employees’ having their voice heard and lower their self-esteem and self-worth in case of lower (or lack of) family firm identification. Moreover, in the absence of family firm identification, non-family employees may feel isolated from the development of family business experience and idiosyncratic knowledge of the family firm, hence facing difficulties in applying their skills and perceiving this as a barrier for their career practices (Chrisman et al., 2014). Under such circumstances, non-family employees’ desire to be part of the family business group and to play a more active role in business decisions (Gómez-Mejía, et al. 2007; Haslam & Ellemers 2005; Cabrera-Suárez, Déniz-Déniz, & Martín-Santana 2014; Smidts et al. 2001) is restricted. In this type of work environment without family firm identification, the constraints imposed by transgenerational succession and a large portion of family members involved in the business may raise non-family employees’ concerns regarding the exclusive treatment of family members, negative feelings, and intentions such as turnover.

Furthermore, in the absence of family firm identification, perceived discrepancies in values between family and non-family groups can lead to ingroup and outgroup distinctions (Haslam & Ellemers 2005). Accordingly, non-family employees may perceive the family members with congruent values as an ingroup, while perceiving themselves as outcasts. Without non-family employees’ family firm identification, the perceived disparities between family and non-family groups can create ingroup-outgroup tension involving skepticism about the trustworthiness and fairness of family firms and/or family business members (Ward, Envick & Langford 2007). This may further elevate the non-family employees’ isolation from the family group, triggering negative feelings and intentions such as turnover. Hence, non-family employees’ family firm identification is expected to play a crucial mediating role in the link between non-family employees’ perceptions of family influence and turnover intentions.

**Hypothesis 3**: Non-family employees' family firm identification mediates the relationship between non-family employees' perceptions of family influence and turnover intentions.
Aside from the hypothesized mediation effects of non-family employees' family firm identification between non-family employees' perceptions of family influence and turnover intentions, we also expect the important moderating role of non-family employees’ perceptions of family firm justice on the link between their perceptions of family influence and family firm identification.

2.2. Organizational Justice

Organizational justice theory defines justice within the context of organizations and explains its different forms and organizational outcomes (Cheung & Law, 2008; Olkkonen & Lipponen 2006; Tyler & Blader 2003; Colquitt 2001; Greenberg & Cropanzano 2001). Justice is defined as “fairness” or “righteousness” in the broader sense and is concerned with “how people are treated by authorities and by members of social groups” (Colquitt 2001: 425; Greenberg & Cropanzano 2001: 27). The principle of fairness provides a normative basis for stakeholder claims in organizations (Edwards & Edwards 2012). Accordingly, organizational justice is the study of fairness in organizations and derives from social psychology to understand fairness issues in social interactions (Bell, Wiechman, & Ryan 2006).

Greenberg and Bies (1992) suggest that justice is a critical element of ethical thought owing to its underlying moral content (Hosmer & Kiewitz 2005). Studies show that justice perceptions can influence ethical or unethical behavior in organizations (Trevino & Weaver 2001; Trevino, Weaver, & Reynolds 2006; Weaver & Trevino 2001) by leading to heuristics in making decisions about relationships with an organization (Trevino & Weaver 2003). Indeed, perceptions of justice constitute an important informal element that guides employee thought and action in the ethics framework (Trevino & Weaver 2003). On the one hand, when employees perceive injustice, they will be more likely to balance the scales of justice by looking for opportunities to improve their individual welfare and status at the organization’s expense or leave the firm. On the other hand, when employees perceive that the organization treats employees fairly, there is no need to rebalance the scales of justice, which can subsequently lower harmful unethical conduct or turnover, increase the propensity to engage in extra-role behavior (Trevino & Weaver 2003).

Organizational justice researchers distinguish between distributive justice (the fairness of outcome distributions); procedural justice (the fairness of procedures used to determine outcome distributions); and interactional justice involving interpersonal (the fairness of interpersonal treatment) and informational justice (adequacy and accuracy of information) (Adams 1965; Colquitt & Greenberg 2003; Colquitt, Greenberg, & Zapata-Phelan 2005; Gillespie & Greenberg 2005; Roberson & Colquitt 2005). As Barnett & Kellermans (2006), we treat perceptions of justice as a single construct involving distributive, procedural, and interactional justice components. Research shows that these perceptions affect a variety of organizational outcomes such as job satisfaction, harmony, trust in authorities, organizational commitment, workplace retaliation, withdrawal, organizational citizenship behaviors (Lavelle, Rupp, & Brockner 2007; Kelly, Athanassiu, Crittenden 2000; Vallejo 2008; Colquitt et al. 2001; Masterson, Lewis, Goldman, & Taylor 2000; Cropanzana, Bowen, & Gilliland 2007).
Below, we explore the moderation effects of non-family employees’ perceptions of family firm justice on the link between non-family employees’ perceptions of family influence and family firm identification.

2.2.1. Moderation Effects on Non-family Employees’ Perceptions of Family Firm Justice

Since non-family employees’ family firm identification is vitally important for their sustained presence in and contributions to the family firms in the long run, factors that may enhance the positive link between non-family employees’ perceptions of family influence and their family firm identification deserve more research attention. A critical factor which may strengthen the relationship between non-family employees’ perceptions of family influence and family firm identification can be perceptions of family firm justice.

The perceived family firm justice encompassing distributive justice (the fairness of outcome distributions); procedural justice (the fairness of procedures used to determine outcome distributions); and interactional justice involving interpersonal (the fairness of interpersonal treatment) and informational justice (adequacy and accuracy of information) (Adams 1965; Colquitt & Greenberg 2003; Colquitt, Greenberg, & Zapata-Phelan 2005; Gillespie & Greenberg 2005; Roberson & Colquitt 2005; Fischer 2013) can reinforce the positive impact of perceived family influence on non-family employees’ family firm identification. Indeed, non-family employees’ overall perceived “fairness” or “righteousness” in outcome distributions, procedures, interpersonal treatment, coupled with the adequacy and accuracy of information lowering uncertainties and preventing confusion or miscommunication can enrich non-family employees’ feelings of belongingness, strong ties, and pride for being part of the family firm.

More specifically, fair compensation, rewards, and benefits provided by the equity rule of distributive justice, as well as the equal treatment of all employees, involvement of non-family employees in decision making and implementation of decisions, presence of correction mechanisms in case of mistakes and/or appeals, and overall professional and ethical conduct within the umbrella of procedural justice (Colquitt et al., 2011; Cropanzano et al., 2007) can rule out the negative implications of family influence, thereby reinforcing the positive association between perceived family influence and family firm identification among non-family employees. Furthermore, within the context of interactional justice where non-family employees perceive that they are treated with dignity, courtesy, and respect coupled with transparency and accuracy in shared information by the family business leaders, any doubts about the family influence are expected to be prevented or minimized. Accordingly, these are expected to boost the positive impact of perceived family influence on non-family employees’ family firm identification. Thus, justice perceptions promoting perceived certainty regarding future benefits and overall well-being (Cropanzano et al., 2007), can fortify the positive impact of perceived family influence on non-family employees’ family firm identification. Hence:

**Hypothesis 4**: Non-family employees’ perceptions of family firm justice moderates the relationship between non-family employees’ perceptions of family influence and their family firm identification, such that the positive relationship will be stronger.
4. METHODOLOGY

4.1. Data

To test for the proposed hypotheses, we used a sample of a broader research project by one of the Authors (2017) exploring organizational justice, organizational identification, and family influence constructs in family firms. Respondents were white-collar non-family employees of small and medium-size family businesses in the United States. White-collar respondents were identified as those working in office or administrative settings such as in sales, marketing, accounting, or finance departments. The rationale for choosing white-collar workers was based on their close interactions with family business owners and more intensive involvement in the day-to-day management of a family firm. SMEs were chosen because a closer rapport is expected between family and non-family members in such companies. 20% of the companies were micro firm (<10 employees), 25% of the companies small (< 50 employees) and 55% of the companies were medium size (<250). Industrial sector information was not collected from respondents. Respondents were asked to identify the type of company that they work for. If they confirmed that it was a family owned business, they were allowed to continue with the survey.

An online survey was used to collect data from respondents. A random sample of the white-collar workers was selected and invited to participate in the survey by using probabilistic sampling method. A list of 1,260 contacts was obtained from Qualtrics, a web-based research software company. We sent 1,260 questionnaires via email. Among the respondents, 57 were disqualified at the consent question and were denied from participating in the survey. Another 77 were disqualified at the employment status requirement question, and an additional 154 were disqualified at the "are you working for a family business?" question. Further, 70 were disqualified because of not having any family member working in the company, and 520 were disqualified at the "are you a member of the founding family?" question. Only nonfamily members of the family businesses were allowed to participate in the study. Although the questionnaire was delivered to small and medium size company workers, 9 participants were disqualified in company size requirement. To improve the data quality, we implemented some attention checks into the survey; 62 were disqualified for failing the attention check questions.

Out of 1,260 respondents, our final sample included 311 (25%) observations based on case-wise deletion. Among 311 respondents, 169 (54.3%) were women, and 142 (45.7%) were men. Approximately, 47% of the respondents had been with their family firm for more than 5 years, and 38% of the respondents were in their current position for five years or longer. To evaluate the nonresponse bias, we applied t-test to compare early and late respondents (Rogelberg & Stanton 2007). Results show that early versus late responders did not differ on gender (t=1.418, p>0.01), race (t=.836, p>0.01), age (t=.852, p>0.01), education (t=-.463, p>0.01), region (t=.561 p>0.01), tenure in the organization (t=-2.176, p>0.01), tenure in the position (t=-1.536, p>0.01) or income (t=-2.281, p>0.01).

4.2. Measures

The dependent variable is turnover intentions measured using a 4-item scale. Scale items are “I have a feeling about leaving this company soon”; “I am positive that I will be leaving this
company in 3 years”; “There is limited career opportunity for me in this company and I plan to leave”; and “I plan to stay in this company for a long time”. Respondents indicated the extent of their agreement with each item on a 7-point scale ranging from strongly disagree (1) to strongly agree (7). The Cronbach’s alpha was 0.92.

The independent variable is the Family influence scale (F-PEC) was developed by (Klein et al. 2005) to reflect the family influence in the business. In past research, F-PEC scale has been utilized to survey top managers or the family members. The scale was adapted by the authors for non-family employees, rather than family members. The instrument captures the influence of family involving Power, Experience, and Culture. Perceived family influence scale has 10 items with 3 sub-scales: Power (2 items), Experience (3 items), Culture (5 items). Questions such as “To what extent does family have influence on the firm” measure power. Experience is measured by questions such as “Do you agree that family members have sufficient leadership skills”. Questions such as “To what extent do family and business share similar values?” measure the culture perceptions of non-family employees. The scale used a 7-point Likert response with frequency rating of 1 (not at all/strongly disagree) to 7 (to a great extent/strongly agree).

Table 1 shows that all items loaded significantly (Hair et al., 2010). Culture factor loadings varied from 0.606 to 0.842, indicating that culture was a significant element in the family influence construct. Cronbach’s alpha for culture factor was 0.860, and it was above the minimum acceptable level of 0.6 (Hair et al. 2010). Experience scale had three items but one of the items did not load on the factor; therefore, it was removed from the analysis. Having two items could be problematic for factor analysis, but in exceptional cases, it is acceptable (Hair et al. 2010; Raubenheimer 2004). Experience items loaded significantly high (0.851 and 0.840) and its Cronbach alpha value was also significantly high (0.827). Power also had two items loading significantly (0.966 and 0.680) and its Cronbach alpha value was also very high (0.828). Furthermore, Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy test resulted in an outcome of 0.769 (Hair et al. 2010). Bartlett’s Test of Sphericity test was significant (Hair et al. 2010). Results of EFA showed three factors with 67.27% variance explained cumulatively. Common factor of perceived family influence is created by using only significantly loading variables to culture, experience and power factors. CFA results confirmed the EFA analysis and 3 factor model fit was acceptable (CMIN/DF: 2.298; GFI: 0.968; CFI: 0.979; PCLOSE: 0.160; RMSEA: 0.065).
Table 1: Perceived Family Influence Scale Analysis EFA and CFA

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<thead>
<tr>
<th>Scale</th>
<th>EFA Analysis</th>
<th>CFA Analysis</th>
<th>Cronbach</th>
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<tr>
<td></td>
<td>CLT</td>
<td>EXP</td>
<td>PWR</td>
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<tr>
<td>C. Support Business</td>
<td>0.842</td>
<td></td>
<td></td>
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<tr>
<td>C. Loyalty</td>
<td>0.820</td>
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<tr>
<td>C. Similar Values</td>
<td>0.779</td>
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<tr>
<td>C. Positive Influence</td>
<td>0.606</td>
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<tr>
<td>E. Latest Generation</td>
<td>0.851</td>
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<tr>
<td>E. Running Generation</td>
<td>0.840</td>
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<tr>
<td>P. Managerial</td>
<td>0.966</td>
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<tr>
<td>P. Board</td>
<td>0.680</td>
<td>0.907</td>
<td>0.788</td>
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Extraction Method: Principal Axis Factoring.
Rotation Method: Oblimin with Kaiser Normalization.
Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO): 0.769
CFA Model Fit Indexes: CMIN/DF: 2.298; GFI: 0.968; CFI: 0.979; PCLOSE: 0.160; RMSEA: 0.065

The mediator is family firm identification. The scale is from Smidts, Pruyn, and Riel (2001) based on Ashforth and Mael (1989) and Tajfel’s (1978) works. Smidts et al. (2001) developed the instrument based on social identity theory, and it encompasses cognitive and affective elements. The following are sample questions in the 5-item scale: “I feel proud to work for this organization” and “I feel strong ties with my organization.” Respondents indicated the extent of their agreement with each item on a 7-point scale ranging from strongly disagree (1) to strongly agree (7). The Cronbach’s alpha was 0.94.

The moderator variable is family firm justice is measured using 20-item scale from Colquitt (2001) (with three subscales: distributive justice (4 items), procedural justice (7 items), and interactional justice (9 items). A 7-point Likert scale with frequency rating of 1 (not at all) to 7 (to a great extent) was used. Questions include “Does your outcome reflect the effort you have put into your work?”. To measure procedural justice, question items include “Have you been able to express your views and feelings during those procedures?”. Interactional justice was measured via questions such as “Has he/she treated you in a polite manner?”. The Cronbach’s alpha was 0.89.

We control for sex (1=male; 2=female). We also included race (American Indian / Native American; Asian; Black / African American; Hispanic / Latino; White / Caucasian; Pacific Islander; and Other) and age (18-24; 25-34; 35-44; 45-54; 55-64; and 65+ years). We further included education (Completed Some High School or Less; High School; Completed Some College; College Degree; Completed Some Graduate School; Completed Graduate School; and PhD, Doctorate, Law Degree). To control for income effects, we included a categorical measure of income (1 = less than $10,000 to 12 = more than $150,000). Finally, we included region dummies—West, Midwest, South, Southeast, Northeast.
4.3. Results

Table 2 presents the descriptives.

Table 2. Sample Descriptive Statistics

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<tr>
<th>variable</th>
<th>N</th>
<th>mean</th>
<th>sd</th>
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<td>Turnover intentions</td>
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<td>7</td>
<td>1</td>
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<td>2</td>
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<td>Non-family member's perception of family influence (standardized)</td>
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<td>Organizational Identification</td>
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<td>-0.1861*</td>
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<td>Midwest (ref. West)</td>
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<td>South</td>
<td>311</td>
<td>0.225</td>
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<td>-0.1605*</td>
<td>0.1488*</td>
<td>0.1650*</td>
<td>0.2070*</td>
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<td>-0.1218*</td>
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<table>
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<tr>
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<td>0.3552*</td>
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</tr>
<tr>
<td>14</td>
<td>Midwest (ref. West)</td>
<td>-0.0272</td>
<td>-0.1112</td>
<td>-0.1108</td>
<td>-0.048</td>
<td>-0.031</td>
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<tr>
<td>15</td>
<td>South</td>
<td>-0.0306</td>
<td>-0.0178</td>
<td>0.1344*</td>
<td>0.0371</td>
<td>0.1225*</td>
<td>-0.2580*</td>
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<tr>
<td>16</td>
<td>Southeast</td>
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<td>-0.0192</td>
<td>0.0416</td>
<td>-0.2292*</td>
<td>-0.2580*</td>
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<td>17</td>
<td>Northeast</td>
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<td>-0.0419</td>
<td>0.0484</td>
<td>-0.0923</td>
<td>-0.2485*</td>
<td>-0.2797*</td>
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</tbody>
</table>

*p<0.05 (two-tailed)
In Table 3, specifying a path model, in Step 1 of the path model, non-family employee perceptions of family influence are positively associated with family firm identification ($\beta = 1.113, p < 0.01$). Therefore, Hypothesis 1 is supported.

<table>
<thead>
<tr>
<th>VARIABLES</th>
<th>(1) Mediator (Organizational Identification)</th>
<th>(2) Turnover Intentions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mediator (Organizational Identification)</td>
<td>-0.804*** (0.109)</td>
<td></td>
</tr>
<tr>
<td>Perceived Family Influence (X)</td>
<td>1.113*** (0.150)</td>
<td>0.192 (0.313)</td>
</tr>
<tr>
<td>Organizational Justice</td>
<td>0.523*** (0.0428)</td>
<td>-0.217** (0.100)</td>
</tr>
<tr>
<td>Organizational Identification X Organizational Justice</td>
<td>-0.126*** (0.0279)</td>
<td>-0.0311 (0.0554)</td>
</tr>
<tr>
<td>Sex (1=Male; 2=Female)</td>
<td>0.0630 (0.0761)</td>
<td>0.0136 (0.146)</td>
</tr>
<tr>
<td>Asian (ref.: American Indian/Native American)</td>
<td>-0.159 (0.120)</td>
<td>0.450* (0.231)</td>
</tr>
<tr>
<td>Black/African-American</td>
<td>-0.163 (0.389)</td>
<td>-0.877 (0.748)</td>
</tr>
<tr>
<td>Hispanic/Latino</td>
<td>0.103 (0.216)</td>
<td>0.0488 (0.415)</td>
</tr>
<tr>
<td>White/Caucasian</td>
<td>-0.295 (0.646)</td>
<td>0.634 (1.243)</td>
</tr>
<tr>
<td>Pacific Islander</td>
<td>-0.0311 (0.136)</td>
<td>0.0890 (0.261)</td>
</tr>
<tr>
<td>Age</td>
<td>-0.0116 (0.0340)</td>
<td>-0.0570 (0.0655)</td>
</tr>
<tr>
<td>Education</td>
<td>0.0273 (0.0278)</td>
<td>0.0127 (0.0536)</td>
</tr>
<tr>
<td>Income</td>
<td>0.0131 (0.0145)</td>
<td>-0.0177 (0.0279)</td>
</tr>
<tr>
<td>Midwest (ref. West)</td>
<td>-0.0827 (0.123)</td>
<td>-0.367 (0.237)</td>
</tr>
<tr>
<td>South</td>
<td>-0.120 (0.118)</td>
<td>-0.284 (0.227)</td>
</tr>
<tr>
<td>Southeast</td>
<td>-0.139 (0.121)</td>
<td>0.0593 (0.234)</td>
</tr>
<tr>
<td>Northeast</td>
<td>-0.247** (0.118)</td>
<td>-0.419* (0.228)</td>
</tr>
<tr>
<td>Constant</td>
<td>3.026*** (0.309)</td>
<td>8.987*** (0.679)</td>
</tr>
</tbody>
</table>

Chi2 (33) 657.25 (p<0.001)
Observations 311

Model RMSEA = 0.00; Comparative fit index = 1; Tucker-Lewis Fit Index =1
Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Hypothesis 2 proposed that non-family employees' family firm identification is negatively associated with turnover intentions ($\beta = -0.804, p < 0.01$). Hence, Hypothesis 2 is also supported. Hypothesis 3 proposed that non-family employees' family firm identification mediates the
relationship between non-family employees' perceptions of family influence and turnover intentions (indirect effect = -0.894; Sobel statistic: -5.2311, \( p < 0.01 \)). Because the direct effect of perceived family influence is not significant in predicting turnover intentions, we infer full-mediation.

To test for Hypothesis 4, we used path analysis to estimate moderated-mediation effects (Table 4). Although all the indirect effects are negative, the effects are stronger at lower levels of organizational justice (mean – 1 s.d.) than at higher levels of organizational justice (mean + 1 s.d.).

### Table 4. Path analysis estimates for moderated-mediation relationship

<table>
<thead>
<tr>
<th></th>
<th>Estimate</th>
<th>s.e.</th>
<th>z</th>
<th>Lower</th>
<th>Upper</th>
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</thead>
<tbody>
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<td>0.0920</td>
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<td>-0.3170 (P)</td>
</tr>
<tr>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.6653 -0.3152 (BC)</td>
</tr>
<tr>
<td>Mean</td>
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<td>-0.0020</td>
<td>0.0757</td>
<td>-0.5069</td>
<td>-0.2156 (P)</td>
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<tr>
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<td></td>
<td></td>
<td>-0.5069 -0.2117 (BC)</td>
</tr>
<tr>
<td>Mean + 1 s.d.</td>
<td>-0.2224</td>
<td>-0.0001</td>
<td>0.0736</td>
<td>-0.3694</td>
<td>-0.0838 (P)</td>
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<td></td>
<td>-0.3745 -0.0951 (BC)</td>
</tr>
</tbody>
</table>

(P) percentile confidence interval
(BC) bias-corrected confidence interval

In addition to turnover intentions as the outcome, for robustness, we used family firm commitment as an outcome to further test for Hypothesis 4. The scale is a 15-item scale from Mowday, Steers, & Porter (1979). Some of the questions in the scale are: “I find that my values and the organization’s values are very similar” and “I am proud to tell others that I am part of this organization.” We used a 7-point Likert scale with frequency rating of 1 (strongly disagree) to 7 (strongly agree) to measure the 15-items. Cronbach’s alpha was 0.87. The results in Table 5 show that consistent with inferences for Hypothesis 4—all the indirect effects are positive; however, the effects are stronger at lower levels of organizational justice (mean – 1 s.d.) than at higher levels of organizational justice (mean + 1 s.d.).

### Table 5. Path analysis estimates for moderated-mediation relationship with organizational commitment as outcome

<table>
<thead>
<tr>
<th></th>
<th>Estimate</th>
<th>s.e.</th>
<th>z</th>
<th>Lower</th>
<th>Upper</th>
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</thead>
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<td>0.0513</td>
<td>0.2379</td>
<td>0.4403 (P)</td>
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<td></td>
<td></td>
<td></td>
<td>0.2418 0.4443 (BC)</td>
</tr>
<tr>
<td>Mean</td>
<td>0.2350</td>
<td>0.0033</td>
<td>0.1583</td>
<td>0.3318</td>
<td>(P)</td>
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<td></td>
<td>0.1576 0.3277 (BC)</td>
</tr>
<tr>
<td>Mean + 1 s.d.</td>
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<td>0.0022</td>
<td>0.0448</td>
<td>0.0608</td>
<td>0.2393 (P)</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>0.0573 0.2348 (BC)</td>
</tr>
</tbody>
</table>

(P) percentile confidence interval
(BC) bias-corrected confidence interval
5. DISCUSSION

Recent research highlights the vital role of non-family employees in the long-term survival and success of family firms (Barnett & Kellermanns 2006; Mitchell, Morse, & Sharma 2003; Sharma 2004). As Sharma (2004) and Chrisman et al. (2014) point out, non-family employees face a complex work environment in family firms with their distinct perceptions and roles along with the family’s influence in the business. However, there is still much to be learned about how family influence affects non-family employees’ perceptions and behaviors that can consequently impact family firm outcomes.

To start to fill this gap, this paper suggests that the theory of the family firm will be enriched by the investigation of the non-family employees’ perceptions of family influence, family firm identification, justice, and turnover intentions. Accordingly, we attempt to answer four important research questions: (1) How do non-family employees’ perceptions of family influence affect their family firm identification? (2) How does non-family employees’ family firm identification impact their turnover intentions? (3) What role does non-family employees’ family firm identification play on the relationship between non-family employees’ perceptions of family influence and their turnover intentions? (4) How do non-family employees’ perceptions of family firm justice impact the link between perceived family influence and family firm identification? Thereby, we develop a model linking non-family employees’ perceptions of family influence, family firm identification, justice, and turnover intentions within the domain of the organizational identity and justice theories and the extant literature on family influence.

Hence, this paper contributes to the literature in several ways. First, it demonstrates the direct effect of non-family employees’ perceptions of family influence on family firm identification. To our knowledge, this paper is the first to examine the non-family employees’ perceptions of family influence. Since many family firms rely on non-family employees for diverse knowledge and skill sets (Deloitte & Touche Study, 1999; Chua et al., 2003), it is imperative to know more about their perceptions and behaviors that can substantially impact family firm outcomes. Second, this paper highlights the importance of non-family employees’ family firm identification by bridging the link between perceived family influence and turnover intentions. Specifically, family firm identification mediates the link between perceived family influence and turnover intentions, where perceived family influence first affects family firm identification positively, and then family firm identification diminishes turnover intentions. These micro-level individual perceptions and intentions can generate macro level firm-wide outcomes such as mutual benefits that may affect transgenerational survival and success of family firms. There have been only a handful of conceptual works linking non-family employees’ perceptions to their turnover intentions and actions as well as family firm outcomes (e.g., Barnett & Kellermanns, 2004; Memili & Barnett, 2008). However, empirical work on the formation of non-family employees’ perceptions and outcomes is still limited. Owing to the extensive and vital presence of non-family employees in family firms (Barnett & Kellermanns 2006; Chua et al. 2003), it is crucial to identify the effects of family influence factors on non-family employees’ perceptions and behaviors in family firms and create a mutually beneficial work environment rather than solely pursuing family’s financial and non-financial goals.
Moreover, we also demonstrate the reinforcing effects of non-family employees’ perceptions of family firm justice on the link between perceived family influence and identification with the family firm. Perceived family firm justice appears to play an important role in preventing or minimizing any negative implications of family influence in affecting family firm identification through the fairness rule in distribution of outcomes, procedures followed, and interactions. When a large number of studies draw attention to the biases in the job market toward family firms as employers and their challenges in hiring and maintaining high quality talent partly due to the perceptions of candidates and employees (e.g., Barnett & Kellermanns, 2004; Chrisman et al., 2014), our paper enriches this line of research by prescribing best practices, such as creating a family firm environment nurturing non-family employees’ family firm identification and perceptions of justice, as solutions to overcome such drawbacks.

Overall, our findings indicate that family firms not only can be distinguished from non-family firms, but also can be distinguished from each other, based on the relative level and type of family involvement and influence that exist in the firms. Hence, our paper contributes to the current debate on family firms’ heterogeneity (e.g. Memili & Dibrell, 2019) by illustrating that non-family employees’ perceptions shaped by family influence do matter and can lead to important outcomes that can potentially affect sustainability of family firms in the long-run. Consequently, these contributions move us forward in the advancement of the theory of the family firm (Chrisman et al. 2005; Conner 1991).

5.1. Future Research Implications

In addition to the determinant of non-family employees’ family firm identification and turnover intentions identified in this paper, there may be other antecedents that were not included in our conceptual model. The strategic orientations (Chrisman, Chua, & Steier 2005) and governance structure (Gersick, Davis, Hampton, & Lansberg 1997) can constitute new avenues for future research. The impact of perceptions of family influence coupled with family firm justice and the consequences associated with non-family employees’ family firm identification may vary in these different contingencies. Therefore, all these contingencies suggest additional applications of organizational identity and family influence perspectives to the family business research.

Future research can also explore the extent and/or the forms of ethical/unethical behavior in family firms as the outcome of non-family employees’ perceptions (e.g., family firm justice) in family firms. Research supports the connection between fair treatment and ethics (Weaver & Trevino 2001; Trevino, Weaver, & Reynolds 2006; Kish-Gephart, Harrison, & Treviño 2010). Studies also suggest that perceived fairness is a critical element of ethical culture in organizations (Trevino & Weaver 2003; Sharma, Borna, & Stearns 2009; Goksoy & Alayoglu 2013). Family firms are often considered as trustworthy (Tagiuri & Davis 1996; Zellweger, Kellermanns, Eddleston, & Memili 2012) and as placing great value on maintaining long-term relationships (Sirmon & Hitt 2003). Dyer and Whetten (2006) show that family firms are more prone to avoiding socially irresponsible acts. However, in some family firms, when non-family employees perceive injustice, they may subsequently engage in unethical conduct such as wasting resources, treating customers inappropriately, or stealing from the company. These can serve the purpose of rebalancing the scales of justice in response to unfair treatment in their minds and consequently harm the family legacy and enduring nature of family firms built upon
positive image and trustworthy reputation. According to Goodpaster (1991), the conscience of the firm is often perceived as a logical and moral extension of the consciences of its members. Consistent with Goodpaster’s (1991) argument, Jones (1995) suggests that firm morality, like individual morality, can be inferred from a sincere manner and reputation. The author also contends that firm morality is reflected in the firm policies, decisions, and nature of relationships with stakeholders. On the one hand, “a positive reputation in the minds of key stakeholders may serve as a form of social insurance, protecting the firm’s (and family’s) assets in times of crisis” (Dyer & Whetten 2006: 785). On the other hand, a negative reputation, derived from non-family employees’ perceptions of injustice and their subsequent unethical counter-acts, is likely to harm both the economic and social performance of family firms. As Cragg (2002) contends, firms with reputation for ethical conduct are likely to outperform competitors lacking this focus. Hence, the link between non-family employees’ perceptions of justice (or injustice) and their ethical/unethical behavior in family firms is worth investigating.

We would like to highlight other future research opportunities. The perceived family influence, family firm identification, and justice draw implications for future research within the framework of the agency theory. Consistent with research drawing attention to agency issues in family firms (Chua, Chrisman, & Bergiel 2009; Lubatkin, Schulze, Ling, & Dino 2005), we expect that in the absence of family firm identification and perceptions of justice, the non-family employees’ turnover intentions and subsequent psychological withdrawal from the family firm will be linked to agency problems such as moral hazard, free riding, shirking, withholding effort and information, and information asymmetries. Hence, many agency problems, that are expected to originate from non-family employees’ negative feelings and perceptions and subsequent psychological withdrawal from the family firm, are worth investigating in future research.

In terms of future studies, it is also important to explore the impact of perceived family influence on family firm identification, justice, and turnover intentions in different stages of business life-cycles (Gersick et al. 1997; Lester & Parnell 2006). Positive perceptions and attitudes present at one stage of the family business might alter into agency relationships and problems through other phases in the life cycle of the firm (Karra, Tracey, & Phillips 2006). As the family business grows and flourishes, complacency might set in leading both family and non-family business members to free ride or shirk that can harm family firm outcomes. Hence, longitudinal studies can capture different developments that would affect the formation of non-family employees’ perceptions, attitudes, and behaviors at different stages of the family firm life cycle.

Further investigation is also necessary to explore non-economic goals, such as socioemotional wealth preservation (Gomez-Mejia, Haynes, Núñez-Nickel, Jacobson, & Moyano-Fuentes 2007) that might complicate issues concerning non-family employees’ perceptions and behaviors in family firms as they primarily benefit the family. According to Chrisman et al. (2003), wealth creation (Habbershon, Williams, & MacMillan 2003) may not be the primary goal in all family firms. Some family firms may pursue value creation (Chrisman et al., 2003; Carney 2005) through the pursuance of non-economic goals such as primarily hiring and promoting kin that may negatively affect non-family employees’ perceptions. Therefore, future studies can provide further clarification regarding the non-economic goals and their impact on the non-family employees’ perceptions of organizational justice and identification in family firms.
5.2. Practical Implications

If family firms can limit the negative perceptions of non-family employees and integrate them into the family firm through elevating their family firm identification with fairness principles, they can uninterruptedly proceed toward achieving long-term competitive advantages and superior performance through mutual benefits. Family firms with effective human resource management practices that place value on relationships with non-family employees will be sought after as employers and business partners through positive perceptions and mutual benefits.

In conclusion, this paper provides family influence, organizational identity and justice perspectives to non-family employees’ perceptions and behavior in family firms. The model presented in this paper can help scholars and family business managers better understand non-family employees’ perceptions of family influence coupled with justice perceptions that can shape their family firm identification, and turnover intentions.

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