



Institute for
Family Business

IFB PRESS RELEASE

Embargoed: Wednesday 04 June 2013

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New research shows employees are happiest in family businesses

New research into the relationship between employees and managers finds that employees are happiest in family run businesses compared to those in other firms.

The Institute for Family Business (IFB) Research Foundation with UCG report - produced by Cass, Warwick and Birmingham Business Schools – finds that people working in family owned and managed businesses are more satisfied with their jobs giving these firms an advantage when recruiting and retaining staff [1]. The UK's three million family businesses currently employ over the nine million people and constitute 40% of total private sector employment [2].

The report, 'Family Business People Capital', finds that employees in family businesses [3]:

- are more likely to regard their managers as good at responding to suggestions and allowing them to influence final decisions;
- are more likely to report managers can be relied on to keep their promises and treat employees fairly;
- report greater job satisfaction with regard to the sense of achievement they get from their work, the scope they have for using their initiative and the amount of influence they have over their jobs;
- report greater loyalty to their business;
- are more satisfied with their job security.

Mark Hastings, IFB with UCG Director General, says: "Family Businesses are the backbone of the UK economy and this report shows that they are also most people's preferred employer. The research indicates that motivating employees is not just a matter of reward. It is closely linked with inclusive decision making and having a clear set of values and shared objectives between managers and employees. It is clear that the strong family values and connections in family firms make a real and positive difference for employees."

The report also identified a number of areas where family businesses need to improve. The study found that family businesses were less likely to have formal HR structures in place and tended to offer fewer training opportunities. There was also a difference between owner managed businesses and those firms which were only owner governed – with employees reporting more positively when managed directly by the business owner [4].

Professor Nick Bacon, Cass Business School, part of City University London, says: "The Family Business model clearly has advantages when it comes to managing and motivating employees, even when they lack the formal HR structures one might expect to see in place. However, when owners step back from managing business directly, and become governing owners, the lack of formal HR structures becomes more of a problem."

“Family business owners thinking of making the transition from ‘Owner Managers’ to ‘Owner Governors’ need to think carefully about putting strong HR structures in place to maintain the people capital advantage they have over other ownership models.”

Family Business Facts [5]:

- Many of Britain’s largest and most successful companies are family firms, including: JCB, Clarks, Warburtons, Dyson, Swire, Virgin, Glenfiddich, Yorkshire Tea, McAlpine, Reed, Ginsters and Speedo.
- UK family businesses provide 9.2 million jobs, 40% of total private sector employment, or two in five private sector jobs.
- Family firms contribute nearly a quarter of UK GDP - £346 billion value added.
- Family firms generated revenues of £1.1 trillion in 2010, 35% of the total private sector turnover.
- Family businesses are estimated to have contributed £81.7 billion in tax receipts to the UK Exchequer, or 14% of total government revenues in 2010.
- There are three million family businesses in the UK, or two in three of all private sector firms.

Notes to Editors

[1] The IFB Research Foundation with UCG, ‘Family Business People Capital’, June 2013. The Report was researched and written by Nick Bacon, Kim Hoque & Stanley Siebert. [LINK](#)

[2] The Institute for Family Business, ‘The UK Family Business Sector: Working to grow the UK economy’, November 2011, <http://bit.ly/WHfSJ9>

[3] See 1

[4] See 1

[5] see 2

The Institute for Family Business with UCG represents the UK’s family business sector. Britain’s three million family firms provide nine million jobs, turnover £1.1 trillion, generate a quarter of GDP and pay nearly £82 billion in tax. Family businesses are some of the largest and most successful companies in Britain producing well-known leading brands and services such as: JCB, Clarks, Warburtons, Dyson, Swire, Virgin, Glenfiddich, Yorkshire Tea, McAlpine, Reed, Ginsters and Speedo. www.ifb.org.uk, [@ifb_uk](https://twitter.com/ifb_uk)

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