

Managing Employees in Small and Family Businesses  
Technical Report  
Alice M. Brawley, Ph.D. ([brawley2@msu.edu](mailto:brawley2@msu.edu))

Goal of this study: Evaluate the effectiveness of two management strategies – namely, (1) creating a personalized work environment and (2) tailoring communications with different employees – for three business outcomes, including (1) employee performance, (2) employee retention, and (3) customer service quality.

Responses from 295 owners across the United States were analyzed, and these were broken down into the following groups.

- Owners with fewer than 10 employees and at least one family employee: 167 responses
- Owners with fewer than 10 employees and no family employees: 71 responses
- Owners with 10 or more employees and at least one family employee: 54 responses

Responses from owners with (a) 10 or more employees and no family employees and (b) more than 20 employees were not analyzed due to having few responses that fit into those groups.

Respondents completed an online survey including measures for the two strategies and the three business outcomes. Data were analyzed using IBM SPSS 23.

Results indicated that the first strategy – creating a personalized work environment – was positively associated with all three business outcomes for family businesses with fewer than 10 employees. This strategy was also associated with higher customer service quality in all of the business types studied. This strategy had no association – that is, neither positive nor negative – with employee performance and employee retention in non-family businesses with fewer than 10 employees or in family businesses with more than 10 employees.

**I would recommend the strategy of creating a personalized work environment for potentially improving customer service quality in all business types like those studied here, and for improving all three outcomes in family businesses with fewer than 10 employees.**

Results showed that the second strategy – tailoring communications with different employees – was positively associated with all three business outcomes only in family businesses with more than 10 employees. This strategy had no association – that is, neither positive nor negative – with all three business outcomes in both family and non-family businesses with less than 10 employees.

**I would recommend the strategy of tailoring communications with different employees for potentially improving all three outcomes in family businesses with more than 10 employees.**