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# IS HR THE HIDDEN ENGINE OF SOCIAL CAPITAL IN FAMILY FIRMS?

Executive summary and practitioner insights by Angèle Marinelli, PhD Fellow, and Cécile de Lisle, Executive Director, Dieter Schwarz Foundation Family Business Center, based on Mignon, S. & Ben Mahmoud-Jouini, S. (2014). L'interaction du capital social et de la gestion des ressources humaines dans les entreprises familiales pérennes. *Management International*, 18 (3), 82–95.

This summary draws on the core findings of Mignon & Ben Mahmoud-Jouini (2014), with interpretation and application developed independently by Angèle Marinelli and Cécile de Lisle for a family business audience

# EXECUTIVE SUMMARY

The article explores how HR practices in long-lasting family firms actively build social capital: the webs of trust, shared meaning, and dense ties that enable collective action. Drawing on 12 large French family firms (Bel, Bolloré, Hermès, JCDecaux, PSA, Pernod-Ricard, etc.), the authors analyze 19 in-depth interviews (2010–2011) with CEOs and senior HR leaders. They find a recognizable HR “signature” that cultivates the structural, cognitive, and relational dimensions of social capital: long-term employment, values-based selection, heavy investment in training, internal promotion, continuity of leadership, and an enlarged “family” that includes employees and partners. This configuration stabilizes coordination and learning, but it is not a free lunch. Over-embeddedness can harden into inertia or nepotism as firms grow or as generations multiply. The managerial problem is to keep the cohesion while preventing lock-in.

## BUT WHAT DOES THIS MEANS FOR YOUR FIRM?

Continue reading to learn our **three key insights** and **questions to ask** within your family firm!

# INSIGHT 1

## FOUR CONDITIONS THAT LET SOCIAL CAPITAL EMERGE ARE NATURALLY PRESENT IN ENDURING FAMILY FIRMS.

- **Time/Stability:** A genuinely long-term horizon allows relationships and capabilities to accumulate (“we invest at 20 years and don’t give up”).
- **Interdependence:** Cross-generational stewardship links family and firm around a shared patrimony and vision.
- **Dense interactions:** Daily overlap of family–firm roles fosters rich internal exchanges and external embedded ties (banks, suppliers, local ecosystems).
- **Closure:** Access to the core network is selective and codified, which concentrates trust and norms, powerful but potentially exclusive.

### MANAGERIAL IMPLICATION

Treat these four as **design levers**. Make time horizons explicit; codify interdependence; curate internal/external interactions; and use “closure” to protect standards without blocking beneficial outsiders.



## INSIGHT 2

# THE FAMILY-FIRM HR “SIGNATURE” THAT BUILDS SOCIAL CAPITAL



- Values-based recruitment (“emotional filter”) and priority to internal promotion.
- Sub-market or market-aligned pay with high job security and very low turnover: a clear social contract.
- Training, apprenticeship, right to err, explicit investment in cumulative expertise.
- Continuity of leadership and trust/loyalty/cohesion as lived values.
- An enlarged notion of ‘family’ that extends to employees/partners.

These practices map directly onto relational trust, shared meaning, and stable structures, the three classic dimensions of social capital.

### MANAGERIAL IMPLICATION

Don’t treat social capital as “soft”. It’s operationalized through HR choices (selection, careers, learning, employment deals) that you can measure and steer.

## INSIGHT 2

# WHERE THIS GOES WRONG: THE PARADOX OF EMBEDDEDNESS

As **size increases** and **successions multiply**, initial advantages can **erode or flip**: insularity, nepotism, misfit HR policies, and coordination aimed at family harmony over firm effectiveness. The remedy is **guardrails**: **transparent criteria** for roles, **periodic outside hiring**, governance that separates **cohesion from favoritism**, and routines for **selective openness**.

### MANAGERIAL IMPLICATION

Aim for “**strong ties + open windows**”: preserve your core, but build formal channels for new talent and ideas.





## QUESTIONS TO ASK WITHIN YOUR FAMILY FIRM



Which of our HR choices concretely create trust, shared meaning, and dense ties and which are just legacy habits?



Where have we crossed from healthy closure to counterproductive exclusion (e.g., family-only pipelines)?



Do we have metrics on training depth, internal mobility, and turnover that reflect the social contract we claim?



What's our plan to counter erosion risks as we grow or pass to the next generation?



# BOTTOM LINE



In enduring family firms, **HR is strategy**: it manufactures **social capital** (trust, shared purpose, and durable ties) that powers **long-term performance**. The edge comes from **deliberate HR design**, not from **bloodlines alone**. The challenge is to **institutionalize cohesion** without **freezing it**, opening the windows just enough to keep **learning and legitimacy flowing**.

