Do CEOs of Family-Owned Businesses Work Less?

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What's the difference between a family firm and a regular business? According to one new study, an empty corner office.

Professors at Harvard Business School, the London School of Economics and Columbia University's business school examined the schedules of 356 chief executives in India and found that family CEOs worked 8% fewer hours than managers without genetic ties to their companies. The researchers found similar disparities in Brazil, Britain, France, Germany, Italy and the U.S.

The incentives and risks that motivate professional CEOs to burn the midnight oil just might not be a factor for family CEOs, said Raffaella Sadun, a Harvard strategy professor and one of the study's authors.

"The consequences of underperforming…are very different," she said. "How easy is it to fire your brother?"

Overall, the jury is still out on whether family-owned businesses perform better or worse than firms with outside CEOs, say researchers and consultants who study the topic.

Morten Bennedsen, academic director of Insead's Wendel International Centre for Family Enterprise, said that the firms often outperform nonfamily companies when the founder is at the helm but falter when passed down to the next generation. Fewer than 30% of family businesses are still standing by the third generation of leadership, according to research cited by McKinsey & Co., though a 2011 paper in the journal Family Business Review noted similar survival rates in nonfamily firms.

What does seem clear is that family CEOs spend their time differently.

Steven Gewirz, a third-generation executive at Potomac Investment Properties, a family-owned commercial and residential real-estate firm in Washington, D.C., usually leaves the office between 4:30 p.m. and 5 p.m., allowing him to eat dinner with his family. In the summer, he'll take three-day weekends at his vacation home in Rhode Island, and he enjoys seven- to 10-day-long vacations several times a year.

Mr. Gewirz, who is the company's CFO, and his brother, its president, pass on deals when they feel they are "busy enough" with other projects.

The business is performing well, he said, and will give his children financial freedom to pursue whatever career paths they want. "We tend to think longer term than the typical real-estate development firm," he said.

Wesley Sine, a researcher at Cornell University's Johnson Graduate School of Management who studies entrepreneurship, said that executives who are more oriented toward family and establishing a legacy are more likely to favor leisure.

"You have a perspective that life is more than money," he said.

To be sure, Ms. Sadun acknowledged, hours worked is a "very crude measure of effort."

Mr. Bennedsen believes family CEOs might be adding value to their firms in ways not captured by the hours they are formally working. They tend to focus more on networking at cocktail parties or hammering out contract details at sporting event, he said, versus professional CEOs who are more "implementers," carrying out plans at their desks.

And many family CEOs dispute the idea that they're skipping out early.

Charles S. Luck IV, CEO of construction building materials business Luck Cos., doesn't think he works fewer hours than an outside manager. Mr. Luck spent several years as a Nascar racer before joining the family business and said he had to fully exhaust his love of the sport before he was ready to dedicate himself to the company his grandfather built.

He said less time in the office might be a symptom of a family member who is only devoting himself to the firm out of a sense of obligation.

"When they are raised with the mind-set that they are entitled because of [what] their last name is, that creates a really unhealthy situation," he said.