

How Family Businesses Can Recruit the Best C-Suite Candidates

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Family-owned businesses often struggle to compete with non-family firms when it comes to recruitment, and understanding the expectations of job seekers is crucial to attract the best talent.

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Attracting and retaining talented employees is one of the greatest challenges facing family businesses today, especially at senior management levels. Family-owned businesses often struggle to compete with non-family firms when it comes to recruitment, and understanding the expectations of job seekers is crucial in addressing this challenge. Prior research clearly shows that job seekers differ in their motivations to join and stick with an employer – and whether an employer is privately or publicly owned seems to play a role as well.

In this article, we explore what type of C-Suite level job seekers are attracted to family vs. non-family employers and provide family enterprises with recommendations pertaining to employer branding and candidate recruitment.

What We Studied

To understand what motivates senior-level job seekers to apply to a job opening, and whether ownership type

plays a role, we surveyed 756 senior-level job seekers in Switzerland. Using established scales to assess the applicants' underlying motivations and expectations, we were able to identify five drivers of employer choice: high pay, additional perks, admiration of superiors (Personas), praise, and pride in work. In addition, we were able to classify our job seekers into cohorts based on their preferences for family-owned versus non-family-owned employers

What We Found

Our findings show that the profiles of job seekers' who prefer family-owned employers differ from those who prefer publicly-owned employers: Job seekers with a preference for family enterprises are either driven by "fulfillment" or "rewards," while those with a preference for publicly-owned are driven by a desire to work for an admired superior. Let's explore this further.

Fulfillment Seekers: Recognition and Accomplishment Matter Most

Fulfillment Seekers are motivated by intrinsic rewards. They desire recognition and pride in their work, but they do not prioritize high pay or admiration for their superiors. These individuals are drawn to family firms because they believe these businesses offer a more personal and fulfilling work environment where their efforts will be recognized. They align with the culture of family firms, where values like loyalty, stability, and emotional connection tend to prevail.

Reward Seekers: Balancing Recognition with Economic Incentives

Reward Seekers, while also valuing recognition for their contributions, are more motivated by tangible rewards, including higher pay and perks such as company cars or bonuses. Despite the general perception that family firms offer lower salaries than non-family firms, Reward Seekers are attracted by the promise of stability and a supportive work environment. This cohort demonstrates that, with the right incentives, family firms can still attract candidates motivated by both recognition for their accomplishments and economic rewards.

Hero Followers: Admiration for Leaders

The job seekers in our sample who prefer to apply to non-family firms typically fall into the Hero Follower category. These individuals are driven by a desire to work for admired leaders and prioritize status over praise or pride in their own accomplishments. Non-family firms, often seen as more hierarchical and offering better career progression, are more attractive to these candidates who value working under high-profile leaders.

Practical Implications / Takeaways

Family-owned employers can take several steps to improve their recruitment efforts, hopefully leading to stronger retention and better employee-employer fit, based on our insights:

- 1. Recognition of accomplishments is key:** Both fulfillment and reward seekers are mainly motivated by being recognized for their accomplishments – and based on findings from other research, we can assume that such recognition might be even more powerful when coming from ownership. Leverage your ownership group or board of directors to engage with your top talents in a meaningful way, as this signals interest and appreciation, leading to stronger connections and very likely, higher retention.
- 2. Design an attractive incentive system:** A great culture, fulfilling job, and personal recognition are great – but if you are lacking on the reward side, both financial and non-financial, you might still end up losing top talent. Most family businesses are not willing to offer an ownership stake to their top talent as an incentive to drive growth, but there are other ways to retain those top performers. Make sure you understand where the full rewards and

incentive package you offer your top talent lines up with what competitors are offering, to make sure you remain competitive.

- 3. Attract the right candidates and ask the right questions:** Family firms should strategically craft their job advertisements to appeal to these different profiles. Aligning the messaging with the firm's values of community and appreciation can be a powerful recruitment tool. Once you sit down with a candidate, make sure to ask the right questions to assure you – as an employer – will be able to meet this person's explicit, but also their implicit expectations, avoiding misfit and costly loss of talent down the road. This may not apply to every private family enterprise, but our general belief is that enterprises where the family is involved in running and/or overseeing the company should not shy away from disclosing their ownership status. Instead, they should emphasize how their unique culture benefits employees, especially in areas where non-family firms may fall short—like providing a close-knit, values-driven work environment.

Conclusion

Recruiting senior-level executives is a costly endeavor. Understanding what (combination of factors) drives these individuals to avoid hiring – and losing – the wrong candidates will save family businesses money and time. Thinking about how you communicate your status as a privately-owned (family) firm when you recruit candidates, asking them questions pertaining to their motivations to assure fit, and reviewing your current reward system (financial and non-financial) to ensure that your top talents are properly motivated and incentivized are promising steps to employee satisfaction and retention.

Our findings suggest that candidates with a preference for family-owned employers are more likely to be motivated by personal recognition and purpose – and some by a combination of financial and non-financial rewards. Understanding these needs and designing roles and interactions with ownership and top management in a way that satisfies these desires could make a significant difference in attracting the right candidates who will thrive in a private company environment.

Explore the Research

Fulfillment or Status: Job Seekers' Reward Expectations Towards Family and Non-family Employers.

(<https://www.sciencedirect.com/science/article/pii/S1877858524000299?via%3Dihub>) *Journal of Family Business Strategy*, December 2024