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► How To Reduce The Risk In Cross-Border/Cross-Culture Executive Recruitment

According to [IRC Global Executive Search Partners](#), executive recruitment is expensive. With a known failure rate of almost half of all hires, reducing that risk must be considered a high priority.

According to the white paper "*Risky Business: The Global Executive Hire*", nearly 50 percent of newly recruited leaders in established markets fail in the first eighteen months; this trend is very often exacerbated in cross-border, cross-culture appointments. The true cost of these failures ranges from the financial (ten to fifteen times compensation package) to the emotional (damage to corporate leadership, employee morale and commitment). Assuming a six-figure talent pool, costs can easily approach an average of US\$500,000 per candidate.

Recruiting new leadership in emerging markets is even more expensive and more time consuming. The cost of failure in emerging markets is even higher than in established markets – but it is not as easy to measure. IRC have made a conservative estimate, which is two to three

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times the payroll cost, including half of the salary in return for moving costs, half of salary in selection costs, half of salary in retaining and retooling, and one times salary in opportunity costs.

IRC Global Executive Search Partners explains that in order to fill key positions outside the US, finding a local national has now become the first choice of many corporations. Yet, the increasing shortage of highly skilled, 'cross-culture talent', combined with the high turnover rates (of fast developing, competitive markets) are creating challenges in leadership recruitment. As executives retire, and experienced cross-cultural business leaders move on to new challenges, the available talent pool has diminished significantly. Companies often regard expatriate assignments as a calculated risk. With a known failure rate of almost half of all hires, the exceptions are usually reserved for essential – and expensive – world-class management talent.

As emerging markets develop, the demand for top-level talent will continue to increase. In order to compete on a global level, and capture essential market share, companies will have to find ways to ensure long-term retention of their top-level, cross-border, cross-cultural hires.

Given the shortage of senior-level executives in emerging countries, the expectations of Generation Y professionals will also lead to interesting recruitment challenges:

- Generation Y leaders will be more receptive to the kind of change a leader faces when he/she goes international.
- While this generation feels more entitled (flexible work schedules; increased training programs; technology; higher pay), they will be more open to cross-cultural work habits.
- The intrinsic motivation and higher expectations of the Generation Y workforce will widen the gap for talent.

Another important challenge is how cultural differences can easily create an environment for failure. Ignorance of cultural differences can lead to complicated challenges, interviewing disasters and a key position remaining unfilled. For example, staying calm when disaster hits is regarded as a key strength in Mexico and Puerto Rico; in the US, that attitude may be perceived as lacking a sense of urgency. This misunderstanding may lead to a failure to hire.

Candidates must be open to changing their style to get results – as attitude is an important tool to success. Interview questions must be devised to measure this willingness. Internal recruiters should be certified in specific behavioral interview training techniques, culture cues and communication norms.

Mitigating the 50 percent failure trend should include investing in leader preparation, focusing on accelerating team performance, explaining cultural expectations within the team and paying more attention to family-adaptation issues. Executive Search companies can help reduce the 50% failure rate by bringing a more sophisticated interview and selection process to the client. Thorough discussions are essential, covering family relocation, cultural nuances, financial and other benefit variables. Continuously coaching clients on the cultural differences that may impact the new recruit and their family should be an ongoing corporate consideration.

The white paper was authored by Patrick Ropella, Chairman and CEO of [Ropella](#), (an IRC member firm in the US) and IRC Global Executive Search Partners. The full paper can be downloaded at <http://bit.ly/i3uQoy>

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