

Executive Search in Emerging Markets – Adapting Strategies to Address the Challenges

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As the world becomes ever-smaller and more connected due to the rapidly changing business landscape, clients need creative, adaptable and decisive executives that can lead fast changing and dynamic organisations. Companies are becoming very creative and aggressive in their retention strategies, particularly when top talent is limited and companies know that it is more efficient in terms of business continuity to retain an executive than to replace them. The war for talent in emerging markets amplifies the complexities of multinational companies doing business, and succeeding, in these markets. AltoPartners explores the role of Executive Search and Leadership Consulting in emerging markets with unique insights into specific market factors from across our global alliance.

The dynamics of the hiring process are not all that different in emerging markets than in the rest of the world. However, there are a number of challenges that underscore the nuances of hiring in these markets. An understanding of the unique complexities of the market are vital and too often, established multinational companies enter an emerging market with the view that *'what worked in developed economies will work in emerging markets'*. But, this is not the case and many multinational companies have experienced failures due to a fundamental lack of understanding of the market they are entering.

Local Market Expertise vs. Shallow Talent Pool Reality

From India to across the African continent to Colombia and Chile, there is agreement that the overarching challenge for multinationals hiring in an emerging market is a lack of understanding of the local language, culture, context and environment. Additionally, the war for top talent is even more intense in emerging markets because the specific skills needed may not be available in the market. The markets in India and across the African continent have a shallow pool of experienced international level talent across industries, particularly with prior multinational company experience. In a country like Chile, which is a small country of approximately 17 million people where one third of the country's population is concentrated in the capital city of Santiago, companies specifically

look for local market expertise in their management teams; bringing someone from abroad is usually not an option.

Local markets want local employees and leaders and there is a move away from having expats in leadership positions. When multinational companies first set up in emerging markets, they often send expat teams in on a short-term basis to help with transition and to build up the local team, but the emphasis remains on locals in leadership positions. In this context, candidate retention is growing ever stronger. For executive search consultants, enhanced focus on the 'research and identification' part of the search process, and importantly, the 'negotiating and closing' stages are crucial for success. This is where the true value of executive search consultants is evident.

But, at times, finding the right talent calls for a search process that goes 'out of category' to find people who may not traditionally be from the sector they are recruiting for but who possess the right set of complimentary skills and the specific market knowledge needed. Family-owned businesses and entrepreneurial mind-sets are very common in emerging markets and form a source of viable, younger and interesting candidates. Often, the local talent that is needed and required isn't currently in that country, so companies need to make compelling offers to attract the talent back to the country. And increasingly, it is not just about the financial incentives that bring the talent back. This is when using an executive search firm that has a global footprint with access to a global talent pool is so crucial.

Unique Local Complexities

Emerging market conditions – socio, economic, geopolitical as well as infrastructure and development challenges – are often very complex; and in a country like India different local business practices often prevail, which are often at odds with the Western way of doing things. For example, there is often a 'friends and family' approach to hiring by local Indian businesses and a resistance to using structured or retained executive search. Looking at Africa, many multinational companies mistakenly view the African continent as one holistic entity and often neglect that fact that it is made up of 54 independent countries, each with their own way of doing business and set of unique complexities.

Interesting to note is that emerging market demographics point to the fact that these markets have extremely young populations in comparison to the aging populations of developed countries. At times, multinationals are too rigid in their top talent search criteria because they apply a '*one size fits all*' approach – what worked in the UK or USA they assume will work in emerging markets. However, the talent and skills may not be in the country in the exact form that they are looking for and they need to be more flexible in their approach to find the person who has the right mix of competences, skills, local market insights, experience and expertise.

Changing Consulting Models – A New Focus

While the fundamentals around the traditional recruitment and search model remain as they do for developed countries, culture matters and one must adapt to the local way of doing business. The desire and focus remains to attract the right talent for the right job, but in emerging markets the focus is also on finding talent that are adept at navigating the complex markets and dynamics of the markets in which they operate.

Added to the challenge is the fact that retained search processes are not easily understood by all local companies, and in price sensitive markets search consultants are often spending significant amounts of time educating clients on the search process business model.

A big factor in the success of the search process in these markets is trust. Promoters in emerging markets need to trust their search partners and references are crucial in helping build this trust and credibility. It comes down to the thinking that *“If my friend used Company X and got good results then I will be safe using Company X too”*. To further build credibility, enhance trust and generate awareness of executive search in these markets, marketing in the form of commercials and profiling of the search consultants as thought leaders plays a key role for first time users of search.

Partnering with Executive Search Firms for Success

To win the war on talent in emerging markets, multinationals are turning to the services of external executive search firms, particularly established local boutique firms with global links, as there is very little possibility for an in-house recruitment team to grasp the true reality and complexity of the country’s local market. For example, many multinational companies based in Chile have their entire regional recruitment team located in a different Central American country to help drive cost efficiencies, but local market knowledge and top-talent reach is limited.

In-house recruiters tend to lose focus and objectivity – they may have their own industry mapped out, but at times the best candidate is not necessarily currently working in that company’s industry. Executive search firms can conduct in-depth talent mapping reviews of the country, the sector and the neighbouring countries to get a proper situation analysis and ensure that the search for the talent is a comprehensive and exhaustive one.

External consultants are in a position to act as strategic advisors and consultants to the company, often having those difficult conversations and making the performance observations that in-house team are not able to. Here, the relationship evolves from just being one founded on the recruitment or search aspect, to one that is strategic advisory in nature. External consultants are also able to tap into their global networks to share best practice and insights from other markets and have systems and processes in place that can help with quality checking of the talent (in addition to reference checking).

Executive search firms are also able to successfully onboard the new leadership talent and assist with transition management to ensure an alignment between the recruit, the company culture and the company strategy; quickly making them operationally successful and helping to reduce business risk.

As a complementary service, top quality firms also run leadership development and board assessments at frequent intervals to identify any gaps that need to be addressed by unique skill sets. Leading executive search consultants are also seen as trusted corporate advisors who are able to guide companies on any corporate governance, compliance or regulatory aspects, such as diversity, women in leadership positions etc. Assessing talent inside an organisation is an important tool to retain and develop executives. One of the main concerns clients have is losing top talent to competitors, and through the implementation of leadership consulting services we assess their

internal talent needs and give them the resources to train and develop their resources within the organisation.

The success of a multinational company in emerging markets is reliant on a number of factors, however the strength of the local leadership team is perhaps the most crucial of all those factors.

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Note to Editors:

About AltoPartners

AltoPartners is the international alliance of independent executive search and leadership consulting firms. With over 300 Partners and Consultants working out of 53 offices in 33 countries, giving global coverage across the Americas, Europe, the Middle East, Africa and Asia Pacific, meeting client needs with an entrepreneurial, innovative and flexible approach. The AltoPartners alliance has created a distinctive force in executive search and leadership consulting worldwide. For more information about the work we do and the regions we cover, please visit www.altopartners.com

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