How do executive search firms increase interest in career opportunities? The role of past interactions

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A B S T R A C T

This article explores how executive search consultants stimulate executives’ consideration of career opportunities available at other employers. The study is based on a panel dataset of 3582 executives invited to a job interview by a global executive search firm from January 2005 to May 2009. The results demonstrate that past interactions between executives and the search consultants had a delayed effect on consideration of career opportunities. The results contribute to research on executive careers by identifying past relationships with search consultants as a factor affecting rejection of new career opportunities. They also shed light on the relatively understudied phenomenon of executive search firms.

1. Introduction

There is an increased recognition in the literature that some groups of workers have a disproportionate impact on organisational performance and interest has shifted towards understanding the careers of these workers (Cappelli & Keller, 2014; Groysberg, 2010). Recently, many sectors and organisations have experienced an increase in employee mobility (Buyl, Boone, & Wade, 2015; Cappelli, 2008). This has created an impression that many employees, including those occupying positions at the top of organisational hierarchies, are willing to consider alternative career opportunities, especially when they are presented to them by labour market intermediaries such as executive search firms (Hamori, 2006, 2013). However, at the same time, candidates for highly paid jobs reject most approaches by intermediaries (Khurana, 2002). While this apparent contradiction has been recognised, neither the drivers of career opportunity rejection nor the role of labour market intermediaries in reducing rejections are well understood.

The individuals under study are executives already in a job who have been approached by an executive search firm with an inquiry about their willingness to compete for a specific vacancy. Executives are one of few types of employees who are routinely offered alternative career opportunities (Cappelli, 2008; Debourse & Archibald, 2012; Finlay & Coverdill, 2002; Khurana, 2002) and are able to reject them. The mechanisms guiding their opportunity rejection and consideration decisions might be quite specific, yet we know very little about them. This paper aims to address this research gap by developing and empirically testing an argument that explains executive decisions to reject or consider career opportunities introduced by search firms.

2. Literature review

2.1. Tie, roles, and rejection of career opportunities

The executive population is receiving increased attention in the management literature (Brands & Fernandez-Mateo, 2016; Fernandez-Mateo & Coh, 2015; Godhelp & Glunk, 2003; Hamori, 2006, 2013; Khurana, 2002; Steuer, Abell, & Wynn, 2015; Tibau & Debackere, 2008). One literature strand suggests that executives are increasingly targets for search firms (Finlay & Coverdill, 2002; Khurana, 2002). These firms attempt to stimulate the executives’ interest in the career opportunities they are offering (Bonet, Cappelli, & Hamori, 2013; Finlay & Coverdill, 2002; Khurana, 2002). The focus on the role of the search firms is pertinent because search firms have been shown to have a significant impact.
on executive career trajectories, in particular moves out of a job (Hamori, 2006, 2013; Khurana, 2002). On the other hand, little is known about search firms’ role in executives considering or rejecting opportunities, apart from situations where search firms decide not to pursue executives with certain profiles (Hamori, 2006, 2013). Search firms tend to interact with executives over a period of time, forming relationships with them in the process (Khurana, 2002). Relationships with labour market intermediaries have been shown to play an important part in career outcomes (Castilla, 2005; Fernandez-Mateo, 2007). This paper asks the following research question: how do executive search firms increase interest in executive career opportunities through the relationships they hold with them? We propose that when a search firm introduces a career opportunity to an executive, depending on the roles the search consultants played in previous interactions, the executive will be more or less likely to reject the career opportunity.

Careers and career decisions are shaped by many variables, including compensation (Castilla & Benard, 2010; Murphy, 1999), gender (Brands & Fernandez-Mateo, 2016; Correll, 2004; Fernandez-Mateo, 2009; Fernandez-Mateo & Fernandez, 2016; Melamed, 1995; Schnee & Retiman, 1955), age (Cennamo & Gardner, 2008; Cogin, 2012; Yi, Ribbens, Fu, & Cheng, 2015), education (B. such & vet interactions), job tenure (Josanovic, 1979; Taylor, Audia, & Gupta, 1996), the recruitment process (Fernandez, Castilla, & Moore, 2000; Mouw, 2003; Petersen, Saporita, & Seidel, 2000), past relationships between the hiring firm and the labour market intermediaries (Bidwell & Fernandez-Mateo, 2010; Bidwell & Mollick, 2015; Fernandez-Mateo, 2007; Fernandez-Mateo & Coh, 2015; Hamori, 2010) and differences across industries (Bidwell & Briscoe, 2010). We consider a situation where the search firm pursues executives and offers them the possibility to consider an alternative career opportunity. The outcome of interest is the executive’s decision not to pursue such an opportunity. Extant literature indicates that people reject career opportunities for personal and family reasons (Arthur and Rousseau, 1996; Gubler, Arnold, & Coombs, 2014). However, little is known about when rejections do not occur. The executive segment in particular remains under-explored and requires investigation considering there is evidence that executives might be guided by specific mechanisms as they have specific careers (Stock, Bauer, & Bieling, 2014).

In this paper, we focus on past relationships between executives and search consultants and seek to investigate how these relationships might influence the decisions of executives to reject or consider career opportunities. In the executive search, interactions take various forms and search consultants enact different roles. Our central argument is that it matters with which consultants’ role an executive is confronted as the effect of the experiences carries over to subsequent interactions. We are adopting an approach often used in the networks literature, whereby differences in roles within network structures are associated with differences in the content of ties (Fernandez & Gould, 1994; Hargadon & Sutton, 1997). We develop our argument from a social network premise that a combination of relations underpins social roles (Wasserman & Faust, 1994; White, Boorman, & Breiger, 1976) that in turn constrain the behaviour of actors in these roles (Hanneman & Riddle, 2005; Wasserman & Faust, 1994). An implication of this insight is that roles impact on what happens in subsequent interactions between the same actors when the content of relations changes. In this way, roles played in earlier interactions may affect decisions made by the parties in subsequent interactions.

Importantly, content of ties is not the only driver of the impact of relationships; there is a significant body of literature that focuses on the impact of the strength of ties, measured by the intensity or duration of contacts (Granovetter, 1973; Hanneman & Riddle, 2005). While we acknowledge this important element, we hereby focus on the content of ties and appropriately account for the strength of ties in the empirical test of our argument.

The link between roles and opportunity rejection in our argument rests upon the mechanism of role autonomy (Cordery, Mueller, & Smith, 1991; Parish, Cadwallader, & Busch, 2008; Perrone, Zaheer, & McEvily, 2003). Autonomy is hereby defined as ‘the amount of freedom and discretion an individual has in carrying out assigned tasks’ (Langfred, 2007, p. 886). While roles constrain behaviour, some relations shape social roles that are characterised by greater autonomy in behaviour of actors (Perrone et al., 2003). For example, actors enacting the roles of ‘students’ are more autonomous in behaviour in their peer-to-peer relations than in their student-to-teacher relations with actors enacting roles of ‘teachers’.

The literature has shown that the autonomy in relations is associated with the development of trust (Langfred, 2004, 2007; Perrone et al., 2003). Trust is defined as ‘the willingness to accept vulnerability based on positive expectations about another’s intentions or behaviours’ (McEvily, Perrone, & Zaheer, 2003, p. 92). Relations characterised by greater degree of autonomy of actors are associated with greater degree of trust that those interacting with the actors will place in them (Perrone, Zaheer and McEvily, 2007). This leads us to a prediction that when relationships are characterised by a greater degree of autonomy, they will also be characterised by a greater degree of trust developed between actors. Using the previous example, students, acting autonomously in their peer-to-peer relations, may obtain more trust with other students than with the teachers with whom they interact in more hierarchically constrained relations. A lack of trust implies a greater need for monitoring (Bromiley & Cummings, 1995; Langfred, 2004). Lesser trust development in the student–teacher example is suggested by control mechanisms (such as supervision) that teachers would normally employ to ensure that students perform their duties.

2.2. Role autonomy and trust in relationships in executive search

The autonomy-and-trust dynamic described above plays out in the context of executive search. This study specifies four kinds of ties that are formed between an executive and the search firm for which consultants work, and hence four kinds of search consultants’ roles. These ties are: candidate tie, general tie, client tie, and source tie. Ties differ in their content. A candidate tie is formed when an executive is a candidate for a position for which the search firm is recruiting. A search consultant evaluates the executive and promotes an opportunity in candidate tie interactions. A general tie develops when an executive and the search consultant engage in basic social contact. Such social contact may be a meeting in which the executive and the search consultant exchange information about the state of the industry or the market. Here, a search consultant simply enacts the role of a business acquaintance. A client tie develops when an executive, in interactions with the search consultants, is a representative of an organisation with which the search firm is working (or is trying to work with). Search consultants interact with executives as salespeople and client engagement managers. A fourth type of tie, source tie, develops when an executive is an informant for the search firm. In such interactions, the executive provides a reference for candidates the search firm is considering at the time. Search consultants perform market research and intelligence gathering in the source interactions.

The point of interest for this study is the executive as a candidate for a job. This means that the search firm considers an executive for a vacancy and then invites him/her for a formal interview. If the
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