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## Finding the Right Talent Around the Globe

Vol. 60 No. 10

*Know the territory to find the best employees.*

By Stephenie Overman 2/1/2016

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Larry Harding has seen what can happen when companies wade into unfamiliar territory when recruiting overseas.

In one case, administrators at a large U.S. university hired local employees as independent contractors to manage study-abroad programs in a European Union country. Unfortunately, the university didn't consider the implications of employment regulations there that define what constitutes an employee vs. an independent contractor. The institution was sued and forced to pay a settlement of \$500,000 in back taxes and damages for improper worker classification.

As executive director at global consultancy Radius (<http://www.radiusworldwide.com/>), Harding has heard plenty of similar horror stories—and he will likely encounter many more as U.S. companies continue to expand their reach across the globe. Unfortunately, winging it just won't work when hiring overseas. A U.S.-centric organization needs to know not only how to decipher foreign laws and tax codes but also how to tailor its recruitment strategy for different geographies and sell its brand to local talent.

### Web Extras

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**SHRM article:** [Active Job Seekers on the Rise Wor /hrdisciplines/staffingmanagement/articles/pages/](/hrdisciplines/staffingmanagement/articles/pages/)

Many U.S. organizations are taking a more strategic approach to finding overseas talent because they are seeing that job seekers no longer flock to them. Gone are the days when U.S. companies were considered the most desirable employers in the world and thus had their pick of the best available talent anywhere.

### The Rising Cost of Global Talent

Don't assume you'll save money by swooping into a new market to scoop up talent. In fact, the shortage of skilled labor in various regions of the world has pushed wages up to levels that sometimes exceed those in the U.S., says Lilac Nachum, an international business professor at Baruch College (<http://www.baruch.cuny.edu/>) at the City University of New York.

"The pay levels for top managerial positions in Sao Paulo are higher than in New York and London," she says. "Engineers in Russia earn more than their counterparts in Silicon Valley."

Moreover, finding experienced executives in Europe and Asia can also come with a big price tag, says Alex Khatuntsev, who works for Actelion Pharmaceuticals Ltd. (<http://www1.actelion.com/en/index.page>), a Swiss company. Such individuals are usually very well-compensated in their home markets.

With labor costs rising steeply, U.S. companies should have a backup plan to target specific regions, says Kevin O'Marah, chief content officer at SCM World (<http://www.scmworld.com/home/>). "Vietnam is very popular—the costs are low.

» Indonesia and Malaysia are also important markets."

That's why it's imperative for employers to globalize their talent acquisition strategies along with other aspects of the business.

Lilac Nachum, an international business professor at Baruch College at the City University of New York, says she frequently hears from U.S. executives that hiring people close to where they will work has become a major challenge. "Many refer to it as their biggest challenge," she says.

The time to start planning is long before the first global recruitment efforts take place. A company should begin thinking about a global talent acquisition strategy as soon as it knows it wants to move into a foreign market, advises Alexandra Levit, author of *Success for Hire: Simple Strategies to Find and Keep Outstanding Employees* (<https://www.td.org/Publications/Books/Success-for-Hire>) (ASTD Press, 2008). HR professionals can play a lead role in developing that strategy, perhaps in collaboration with global consultants, academics, industry experts, and government and local authorities.

To get a sense of the unique recruiting challenges a company may face in different places, follow *HR Magazine* on a quick trip around the world.

### Expanding to Europe

Many U.S.-based companies fail to fully grasp how different recruitment can be in other parts of the world, says Alex Khatuntsev, an HR director at biopharmaceutical company Actelion Pharmaceuticals Ltd. (<http://www1.actelion.com/en/index.page>) in Zurich and a certified professional coach. He cites several key differences between domestic and European talent markets, including the following:

- The concept of "employment at will," a common U.S. term that means an employee can be dismissed from a company for any reason and without warning, does not exist in European employment law. Unless "just cause" can be established, it is difficult to discharge employees in Europe without incurring substantial liability.

[worldwide.aspx](#))

**SHRM article:** HR Needs to Tailor Talent Strategies for Emerging Markets (</hrdisciplines/global/articles/p-strategies-emerging-markets.aspx>)

**SHRM Foundation report:** Engaging and Integrating the Global Workforce (</Publications/hrmagazine/EditorialContent/Pages/www.shrm.org/about/foundation/shapingthefuture/7-15%20global%20roundtable%20summary.pdf#st>)

**Website:** Association of Executive Search and Leadership (<https://www.aesc.org/>)

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- European companies are accustomed to asking—and candidates generally are comfortable answering—personal questions that would be ill-advised in the U.S., such as whether the candidate has children or holds certain political or religious beliefs.
- Any assessment instruments such as personality tests must be thoroughly validated in the U.S. due to concerns about possible bias, while such tests are not subject to the same requirements in Europe.

Another challenge in Europe and elsewhere: A company that is well-known in the United States may not have the same brand recognition in another country, says Oliver Schiltz, a Zurich-based principal with executive search firm Heidrick & Struggles (<http://www.heidrick.com/>).

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### Getting Help Going Global

As you get started on developing a global talent acquisition strategy, experts recommend that you:

- Reach out to chambers of commerce in the target country to ask for resources.
- Find an experienced executive search firm with the help of professional associations such as the Association of Executive Search and Leadership Consultants (<https://www.aesc.org/>) and work with groups such as the Society for Human Resource Management to exchange knowledge and network with HR leaders.
- Connect with leading universities and business schools that maintain contacts with alumni around the world.
- Consider retaining a global business consultant and/or employment attorney who specializes in your target market.

For example, it may make business sense for a U.S. biotech corporation to expand to Switzerland, which is a hotbed for biotech employers, but that doesn't mean job seekers will be interested in applying for work. Yet even American companies that have a great product, career development opportunities and competitive salaries may struggle to compete for talent against many similar organizations that locals are more familiar with. "The good people have options," Schiltz says.

Consultants such as Schiltz can help employers to both build their brand abroad as well as search for multinational employees. "We can be the door-opener for U.S. companies" moving into a new area, he says.

Before the search takes place, he works with his client companies to weigh the hiring implications of their location decisions. Typical questions that often arise: What does it mean to move to Switzerland? What is the health system like? How are the schools? "I can answer these questions," Schiltz says. "Someone from Boston or San Francisco can't."

For example, he advised an American business against locating a regional hub in the Swiss mountains. "It may be a better tax deal, but nobody will come work for you," he told the client. "You need to be close to cities."

Frank Sprague learned about global talent acquisition challenges the hard way. While working in the Netherlands as senior technical recruiter for educational-tech company Blackboard Inc. (<http://www.blackboard.com/>), he couldn't understand why he wasn't getting any response to a job posting. Eventually, he learned that Dutch candidates expect to be hired through agencies, so he found an experienced staffing company to partner with.

In the Czech Republic, on the other hand, recruiting relies heavily on referrals because hiring decisions are more relationship-based, Sprague says.

What attracts top candidates in Europe is a combination of generous benefits, flexibility in terms of work time and location, signing bonuses, and solid long-term incentives, according to Khatuntsev. Offering a high level of visibility and a sense that a position will have a strong impact within the company also matters.

Without the proper guidance, a U.S. employer operating abroad may never know why a job offer alienated a potential hire. Salespeople in Germany, for example, expect to receive a car allowance or to be provided with a vehicle, Sprague says. If that doesn't happen, "the person is not going to provide you with feedback. They're just going to scratch their head and walk away."

### **Going Abroad to Asia**

A *Harvard Business Review* survey (<https://hbr.org/2011/03/the-battle-for-chinas-talent>) of about 300,000 employees in China found that, from 2007 to 2010, Western companies' advantage as the most desired employers to work for fell by half. "Anecdotal evidence suggests that the advantage has further diminished since then," Nachum says. "Similar challenges were also reported in India."

A striking example has been the loss of employees at tech giant IBM to leading local software businesses, notably Infosys in India. "As local companies develop, they offer career opportunities that match and may even exceed those of foreign companies," Nachum says.

» In China, the key to attracting top talent lies in establishing strong personal connections. "Senior leaders look to their personal networks," Sprague says. "We were able to start our office in Shanghai because of a relationship with someone who is local. That person has brought in a lot of new hires."

While U.S. tech companies generally find it easy to recruit entry- and mid-level employees in India and China, filling higher-level positions is more difficult, says Vinay Singh, executive vice president of human resources at Vulcan Management (<http://www.vulcanmanagement.com/>).

He recommends seeking candidates who have been working in the U.S. and want to return to their home country. "You'll have the combination of someone who is a local leader, who knows the language and, at the same time, who has American knowledge and competencies," Singh says.

### **Reaching Out**

In Russia and the Middle East, it is often challenging for U.S. companies to find local C-suite-level candidates who have well-developed leadership skills and formal training, says Ken Daubenspeck, founder and president of executive search firm Daubenspeck and Associates (<http://www.daubenspeck.com/>) in Chicago.

Executives in those regions may be promoted based on personal relationships with top managers instead of functional competencies, he says, and, as a result, succession planning techniques are inconsistent compared to Western practices.

The best strategy in those cases is to draw on the expertise of other U.S. companies and local businesses to identify executives who are knowledgeable about both U.S. practices and local culture and customs, according to Daubenspeck.

While high-level IT and cybersecurity skills are in short supply in both Russia and Middle Eastern countries, some employers have successfully hired expatriates who then teach local workers the necessary skills and functions. Offering opportunities for continuing education, as well as informal and formal mentorships, can be part of an effective global recruitment strategy.

U.S. companies moving into Africa will find that recruiting and hiring practices there can be similar to those in Western countries. Kevin O'Marah, chief content officer for SCM World, a supply chain talent development firm, says candidates are often attracted to training and development opportunities.

Nigeria has emerged as a magnet for global talent, but doing business there can be difficult, O'Marah says. Nigeria is Africa's largest oil exporter, but companies have concerns about corruption and attacks by the terrorist group Boko Haram.

He says employers might consider seeking workers in neighboring Ghana, which also has a sophisticated business environment without the problems present in Nigeria.

Emerging markets in Africa tend to be less expensive staffing alternatives than many other parts of the world. In these markets, "U.S. companies continue to enjoy an advantage over local companies in most sectors," Nachum says.

### **Navigating North and South America**

» U.S. companies looking to expand north and south of the border will find Canada to be much like the United States in its recruitment and hiring processes, with slightly more European policies, according to O'Marah.

Mexico is already a critical source of workers for many U.S. companies and will become even more important in the next five years due to rising labor costs in China, O'Marah says. He recommends that U.S. companies looking to tap technical talent in Mexico set up operations where there are already pockets of infrastructure and partner with companies that have strong ties with local markets.

Brazil, another big player in the Americas, has cultivated a workforce with a high level of technical expertise, O'Marah says, but the country is also known to have lots of regulatory red tape.

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## **Job Boards Around the Globe**

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<b>Job Board</b>	<b>Target Market</b>
Big4 Careers ( <a href="http://www.big4careers.com/">http://www.big4careers.com/</a> )	Finance and consulting professionals in India, Russia and other countries
Jobba.net ( <a href="http://www.jobba.net/">http://www.jobba.net/</a> )	Japan
Laborum ( <a href="http://www.laborum.cl/">http://www.laborum.cl/</a> )	Latin America (Spanish-language)
CareerOne ( <a href="http://www.careerone.com.au/">http://www.careerone.com.au/</a> )	Australia and New Zealand

Job Space ( <a href="http://www.jobspace.co.za/">http://www.jobspace.co.za/</a> )	South Africa
Bayt ( <a href="http://www.bayt.com/">http://www.bayt.com/</a> )	Middle East
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### **One World, Many Strategies**

Given all of the geographic differences, U.S. companies have much to lose by applying a blanket approach to talent acquisition. Sprague notes that, even within the U.S., his company alters its hiring approach to accommodate different localities. “One size doesn’t fit all, even in one company in one country,” he says.

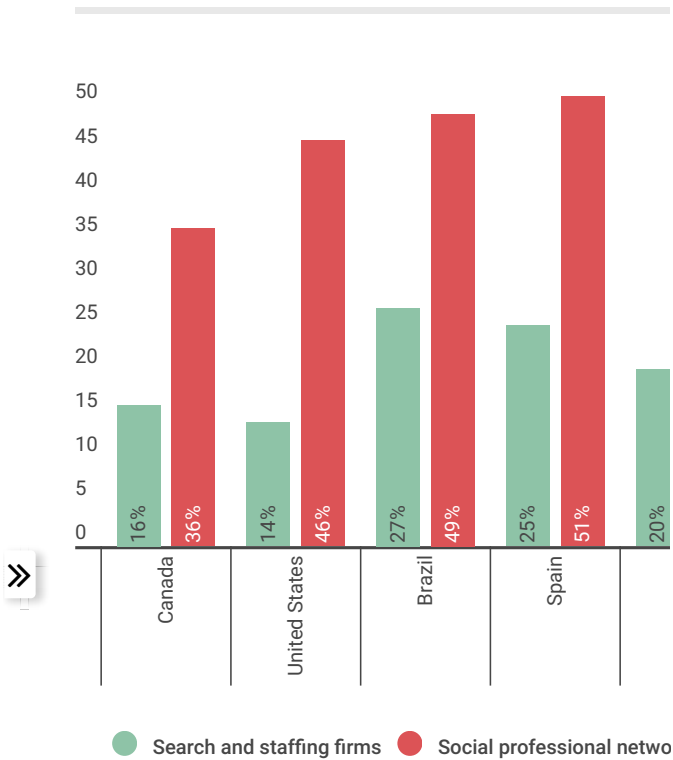
And don’t forget that employers’ work doesn’t end once they’ve made the hires they want. Surveys repeatedly show that employees in overseas operations are dissatisfied with too much centralization, according to Nachum.

» “High levels of headquarters control are particularly daunting for local employees in industries requiring adaptation to local markets, such as consumer goods and culturally sensitive goods such as food,” she says. “The distance in the organization hierarchy between headquarters and affiliates, compounded by the geographic and cultural distances between them, often makes local talent feel that it is deprived of any meaningful voice in the decision-making process.”

The desire to be heard: Perhaps that’s the one thing that unites job seekers and employees around the world.

*Stephenie Overman is a freelance writer based in the Washington, D.C., area.*

# Top Sources of Quality Hires



Source: 2015 Global Recruiting Trends, LinkedIn.

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