

CEOWORLD Magazine

Do Companies Prefer Internal or External Candidates When Filling Senior Positions?

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The days of exclusively recruiting and rearing internal talent are over; just six percent of respondents said their organizations have no senior-level executives from outside of their own organizations. The average senior executive team is made up of internal candidates (45 percent), external candidates (38 percent) and executives from another division within the same company (17 percent).

There is clear merit in gaining experience at more than one organization, and these businesses are doing a much better job of onboarding the executives they hire from the outside.



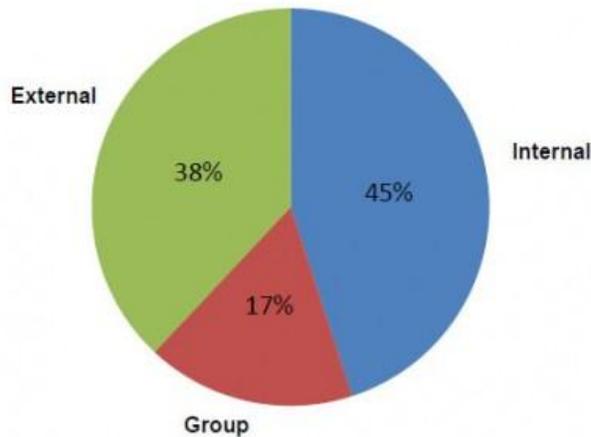
The primary reasons for looking outside one's organization for a senior executive are:

- A lack of experienced people within the organization (68 percent)
- The need for a fresh perspective (55 percent)
- The desire to increase the range of experience and skills in the organization (51 percent)
- A need for skills that fit with the current business challenges (40 percent)
- The need to bring someone onboard who can change the company's culture (32 percent)

Companies that were more likely to rely heavily on internal, rather than external, talent were those with fewer than 500 employees, energy and utility companies, and financial services firms.

AVERAGE COMPOSITION OF SENIOR EXECUTIVE TEAM

Global Average Composition



- In the Americas, 13% of the SET is made up of group candidates vs. 21% in Asia Pac
- The EMEA region has a higher group composition of SET at 20%
- The Asia Pac region has a lower external composition of SET at 36%

The average SET is made up of 45% internal candidates, 38% external candidates and 17% group candidates.

Bright Spots in the Global Economy

Respondents were asked to rate the growth prospects for the next three years for three regions of the world: the Americas, EMEA and Asia-Pacific. They were most optimistic about growth in Asia-Pacific, with nearly 60 percent expecting growth there. That was followed by the Americas (growth seen by one-third of respondents). Only one in 14 respondents anticipate growth in EMEA.

Interestingly, respondents from each region are more optimistic about their own region's future than were others: 45 percent of senior-level executives from the Americas anticipate growth for their region, while only 32 percent of EMEA respondents and 23 percent of those in Asia-Pacific expect growth in the Americas. This may be due to the fact that respondents are closer to their own markets and can see it better. Conversely, they may be too close and therefore unable to grasp the larger picture.

Around the World, More Alike Than Different

One of the major takeaways from this survey was the general agreement among respondents on major talent trends. While there were certainly differences in style and approach, the challenges faced and solutions adopted were remarkably similar around the world. Difference is more likely to be defined by company size and industry sector than geography.

Most-Desired Executive Traits

By a margin of 3:1, 68% of top leaders said they preferred a senior executive who could motivate and inspire others more than they desired an executive who consistently performed well (26%). After motivational ability, the senior executive traits most valued by organizations were: strong ability to manage change (51%), ability to identify and develop talent (48%), innovative thinking (30%) and consistent high performance (26%).

Gender Composition of Executive Teams

The results revealed that the average senior executive team is 25% female and 75% male. More than half of the teams from around the globe (55%) are made up of 75% or more males.

Executive Tenure at an Organization

Key findings from the survey also demonstrated that companies around the world have different expectations of how long a senior executive will remain with an organization, but the average is seven years. In the Americas, the expectation was slightly longer (7.9 years), while in Asia Pac, it was shorter (5.9 years).

New Global Survey Reveals Surprising Consistency Around the World, By Christine Hayward, Executive Director of IIC Partners.

1. [What Do Companies Seek Most in a Senior Executive?](#)
2. [More Female Representation on Senior Executive Teams: What is Driving Organizations](#)
3. [Succession Planning: Organizations Still Have Some Work to Do](#)
4. [Do Companies Prefer Internal or External Candidates When Filling Senior Positions?](#)

About the Survey Respondents

The survey respondents came from 18 industry sectors ranging from manufacturing and financial services to mining and retail. Sixty-two percent of the respondents were at the C-suite or Managing Director level, with 520 from the Americas, 383 from EMEA and 347 from Asia-Pacific. Two-thirds of respondents have a Master's Degree or higher.

The survey, administered by Amárach Research of Dublin, Ireland, consisted of responses from executives at publicly held organizations (38 percent), privately held firms (43 percent), family-owned companies (8 percent), not-for-profits (5 percent) and other types of businesses (3 percent).

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Christine Hayward is Executive Director of **IIC Partners**, one of the top 10 executive search organizations in the world. The network of Independent International Consultants is made up of 40 independently owned and managed executive search firms representing 48 offices in 34 countries, all considered to be leaders in the geographic and industry markets they serve.