Exploring cultural economies of internationalization: the role of 'iconic individuals' and 'brand leaders' in the globalization of headhunting

Sarah Hall*[1], Jonathan V. Beaverstock*, James R. Faulconbridge+ and Andrew Hewitson+

* School of Geography

University of Nottingham

University Park

Nottingham

NG7 2RD

+ Department of Geography

Lancaster University

Lancaster LA1 4YQ

[1] Corresponding author: sarah.hall@nottingham.ac.uk

Exploring cultural economies of internationalization: the role of 'iconic individuals' and 'brand leaders' in the globalization of headhunting

Abstract

Understanding the internationalization of professional services like advertising, architecture, accounting, consulting and legal services continues to attract considerable attention in academic and policy circles. Research in geography and management studies has emphasised the different organisational strategies adopted by firms as they seek to develop and maintain a competitive position within an increasingly global economy. This paper develops a new strand in this literature by adopting a cultural economy approach to argue that an important, yet comparatively neglected, aspect of the internationalization strategies of transnational professional service firms is the role of certain 'iconic individuals' and 'brand leaders' in influencing the practice of internationalization. Drawing on empirical research into the burgeoning European executive search (headhunting) industry we identify a cadre of such individuals and brand leaders that act as resources other firms leverage when internationalizing. This highlights the importance of a cultural economy perspective in theories of internationalization of professional services and its value in moving discussions beyond purely economic analyses of competitive advantage.

1. Introduction

The internationalization strategies of professional services have been of longstanding interest to academics and policy makers (see for example Bagchi-Sen and Sen 1997; Bryson and Daniels 2007; Bryson *et al*. 2004; Faulconbridge and Muzio, 2007; Roberts 1998; UNCTAD 2004). Stemming from the ground breaking conceptual and empirical work of commentators like Dunning and Norman (1983), Enderwick (1988) and Marshall *et al*. (1988), geographical accounts of processes of internationalization have become increasingly nuanced. Work has focussed particularly on the role of transnational professional service firms (PSFs) across a range of sectors including legal services, management consultancy, accountancy and executive search (on which see Faulconbridge 2008; Jones 2005; Beaverstock 2007 Faulconbridge *et al* 2008 respectively). These analyses have unpacked a range of organisational strategies and 'spatial economies' (Yeung 2005) adopted by transnational firms as they seek to develop and maintain their position in the global economy.

From a management studies perspective much research on PSFs has focused on the role of organizational knowledge and human capital in the development of internationalization strategies (for example, Alvesson 2004; Maister 2003; Morris and Empson 1998). Yet, in both the geographical and management studies perspectives on PSFs, much less attention has been paid to the ways in which more cultural dimensions of the firm and economy such as corporate reputation, firm brand and the *charisma* of 'iconic individuals', like the Saatchi brothers or Norman Foster for example, are important in overcoming the difficulties associated with processes of internationalization. In this paper we respond to this oversight by placing cultural

dimensions of firms such as corporate reputation, brands and charismatic individuals centre stage in order to advance cultural economy perspectives of the internationalization of PSFs.

We make this argument through an empirical focus on the executive search (headhunting) industry in Europe. Our focus on headhunting is significant for three main reasons. First, from a cultural economy perspective, headhunting represents an important intermediary industry that reproduces elite labour markets (Faulconbridge *et al,* in press). However, despite the growing interest in other types of labour market intermediaries such as temping agencies (Ward 2004), professional associations (Benner 2003) and labour guilds within the 'creative industries' (Rantisi 2002) comparatively little attention has been paid to headhunting (see for example Boyle *et al* 1996). Second, headhunting is a comparatively 'young' professional service, emerging out of the USA during the 1950s boom and only having a significant European presence in the last 25 years (Faulconbridge *et al* 2008). This allows us to explore internationalization as an ongoing process in a way that is more difficult for more 'mature' professional services such as accounting and advertising. Third, the case of headhunting focuses attention on the *challenges,* as well as the opportunities associated with internationalization. Studying the challenges headhunting firms have faced reveals a previously unseen role for corporate reputation, brands and 'iconic individuals' in internationalization processes.

We develop our argument over four further sections. The following section reviews extant understandings of the internationalization of PSFs and considers the value of integrating cultural economy analyses into such accounts. The third section locates

4

Europe's executive search industry within this literature. Next, we explore the cultural economies associated with the internationalization of executive search in Europe, considering how iconic individuals and leading headhunting brands have been mobilised by firms in an effort to overcome the potential difficulties associated with entering new geographical and sectoral markets. Finally, we conclude by reflecting on the value of integrating perspectives from cultural economy into existing debates surrounding the internationalization of professional services in geography and the broader social sciences.

2. Cultural economies of corporate reputation and internationalization

In many ways, the relative lack of attention given to the cultural facets of the internationalization of PSFs is somewhat surprising since the value of carefully managing reputation and brand for corporate success is widely acknowledged in both academic and practitioner circles (see for example Kellner and Lehmann, 2003; Schlutz et al., 2000). Moreover, there is a growing literature examining how corporate reputation and brands can be leveraged to increase shareholder value and market share (for example, Balmer and Greyser, 2003; Madden *et al* 2006; Pruzan, 2001). In order to respond to this lacuna, in this paper we engage with work on cultural economy to explore how corporate reputation, brands and charismatic individuals are used to make new markets as PSFs internationalise. Cultural economy is a diverse, inter-disciplinary field (for reviews see Amin and Thrift 2004; Du Gay and Pryke 2002). At its broadest, it

"serves to show […] the ways in which the 'making up' or 'construction' of economic realities is undertaken and achieved; how those activities, objects and persons we categorize as 'economic' are built up or assembled from a number of parts, many of them supplied by the disciplines of economics but many drawn from other sources, including, or course, forms of ostensibly non-economic cultural practice" (Du Gay and Pryke 2002:5).

Within this expansive intellectual agenda, for the purposes of this paper, work that has focussed on the cultural economies of markets and market making is particularly instructive. In this respect, building on earlier work on the construction of markets (see Cochoy, 1998; Knorr Cetina and Bruegger 2002), research has sought to open the black box of markets to reveal their reflexive qualities (Callon *et al* 2002) as actors within them are constantly assembling and re assembling the markets of which they are a part. For example, Callon *et al* (2002) forward a processural approach to market products that emphasises the different kinds of knowledges (for instance marketing, legal knowledge and technical specifications) used to 'qualify' or 'singularise' products such that they can be bought and sold in market transactions.

However, whilst Callon's work on the (re)production of markets (see also Callon 1998) has been highly influential, it has also been criticised for neglecting the complexities and tensions involved in framing products within markets (Slater, 2002a). Critics argue that products are never totally qualified and disentangled from other relations (Lee 2006; Miller 2002). In response, Slater (2002b) forwards an understanding of markets based around their constant stabilisation and destabilisation. Stabilisation refers to the strategies used to 'black box' products as 'stable' objects

6

such that markets can be 'delineated by virtue of their containing goods that are considered similar enough to be substitutable for each other and hence can be understood as competing with each other' (Slater 2002b: 97). Whilst stabilisation in some ways echoes Callon's (1998) work on qualification, Slater (2002b) emphasises the ways in which processes of stabilisation are competitive and conflictual as different actors seek to use the stabilisation of goods to maximise their own position within the market. Slater contends that these competitive processes can give rise to market 'destabilisation' when market actors do not agree upon the delineation of goods.

As in Callon's (1998) work, a range of different forms of knowledge or 'calculative practices' is involved in processes of market stabilisation and destabilization. However, in this paper, we limit our analysis to just one dimension: the role of reputation in efforts to stabilise executive search markets as headhunting firms internationalise. In order to develop our focus on reputation we draw on work from management theorists (for instance, Sturdy, 1997; Clark 1993, 1995) as well as the sociological literature on brands (Lury 2004). Using this literature as our starting point, we identify two important dimensions of reputation for PSFs: 'iconic individuals' (particularly successful and innovative individuals in the industry); and brand leaders (firms that are particularly successful). As such, we are less concerned with the ways in which brands and corporate reputation are used to shape consumer behaviour and more interested in the ways in which brand leaders and 'iconic' individuals are drawn on by firms within the same sector as they seek to internationalise their operations and create new markets (demand) for their services.

2.1 Brands, reputation and professional services

An extensive literature has developed exploring the role of brands, image, identity and reputation for PSFs. In this paper, echoing cultural economy research into framing and qualifying goods (as verbs) we follow recent work that emphasises the close relationship between brands as object and branding as process and practice (Arvidsson 2006). In particular, we understand branding as the process of giving meaning to products and services (and hence increasing the producers' profitability) (McCracken 1993). Indeed, at one level brands, branding and the identities associated with them have been shown to be vital tools for creating an identity for a product or service (Keller, 1993), and in so doing help to 'frame' and 'stabilise' the service (Slater 2002b). In particular brands enable a firm to distinguish its products from those of competitors (Aaker and Jacobson, 2001). At another level, brands, images and the reputation associated with them have been identified as tools for identity regulation in firms (Alvesson and Willmott, 2002).[1] As Kärreman and Rylander (2008) show, workers often model their behaviour on the brand images and identities projected by the management of the firm in publicity material. As a result the way managers manipulate the brand affects how, in PSFs, workers engage with clients.

In the case of PSFs the important role of brand and reputation has significant implications because of the difficulties often associated with 'framing' the product that they offer (something that is particularly apparent in the headhunting industry as we discuss below). As Empson and Chapman (2006) reveal, clients assess the quality of a PSF using their understanding of its reputation because of the intangible and difficult to assess nature of the knowledge-rich services they provide (see also

8

Greenwood *et al* 1999). Ironically, one outcome of this reliance on reputation is the production of PSFs with strikingly similar identities and brands. As Kärreman and Rylander (2008) reveal, an obsession with professionalism, client service and the development of a skilled workforce means firms often focus upon the same elements when defining their brand (see also Maister, 2002). This is significant in the argument we make later.

However, whilst this literature on brands and reputation is instructive in revealing how these cultural facets are important in stabilising the products offered by PSFs and hence (temporarily at least) stabilising (Slater 2002b) the markets in which they operate, it says far less about the ways in which these strategies are used to create new markets as PSFs internationalise (see also Pike [in press] on the broader neglect of the spatialities of branding). In order to respond to this lacuna, we turn to work at the intersection between management studies and economic geography and the insights this can provide into the spatiality of brands and reputation and their role in internationalization.

2.2 Geographies of internationalization

The starting point for much of the existing geographical work on the internationalization of PSFs has been Dunning and Norman's 'eclectic' Ownership-Location-Internationalization (OLI) paradigm in which it is argued that firms will internationalise using international regional and branch office networks if they have competitive advantages over host firms in each of the OLI competencies. We do not have the space to review this approach in detail here (but see Dicken, 2007) and

instead we focus on how this approach has been developed by geographers in ways that inform our argument surrounding the role of reputation and identity in processes of internationalization. Here the work of Bryson *et al* (2004) is particularly significant. They have developed the OLI paradigm with specific reference to professional services and argue that ownership advantage (in their terms firm-specific advantage) is based not only on the knowledge of the firm's labour force, but also on the reputation of the firm. It is argued that well-known and highly regarded reputations (at both the level of the individuals working in the PSF and the firm as a whole) are important in fostering trust-based relationships between PSFs and their clients (see Glückler 2006). Moreover, these trust-based relationships are particularly important when PSFs are entering new geographical markets in which their services have not previously been widely available. In these instances, PSFs have to 'frame' their services in order to educate their potential clients in the value of their services and hence stabilise this new geographical market (Faulconbridge *et al* 2008; Coe *et al* 2007).

A slightly different but equally detailed analysis of the role of reputation in PSFs in a geographical context has also been fostered by Glückler and Armbruster (2003). In their study they identify three related types of reputation important to PSFs. First, what they term 'public reputation' defined "as the perception of a […] firm's past performance" (Glückler and Armbruster 2003:279). This form of reputation is typically accorded to large firms within any given market and cannot be devolved down to the reputation of any one individual within the firm. One of the main ways in which such a reputation is (re)produced is through the media including trade journals that ranks firms in any given sector (for example *The Lawyer; The Banker*) as well as

the mainstream press. Second, Glückler and Armbruster (2003:279) identify 'experience-based trust'. This dimension of reputation focuses on the relationships that develop between those working in PSFs and their clients. According to their argument, positive experiences from previous transactions are more likely to allow the fostering of ongoing trust based relationships going forward and, therefore, future transactions between the two actors' firms.

Third, Glückler and Armbruster (2003) highlight what they term 'networked reputation'. As they argue (2003, 280),

> "If a trusted party cannot provide the resources that are needed, their relations can be used in order to obtain trustworthy information about parties one is not connected to. […] This mechanism communicates certainty through already established networks of trusted relations and thus helps to access additional resources."

As such, Glückler and Armbruster suggest that clients use some elements of experience-based trust to make their decisions but also publicly available information, thereby overcoming some of the weaknesses of relying solely on either public reputation or experience based trust.

These management and geographical analyses are instructive in the ways in which they tease out the different elements of reputation for PSFs. However, they focus primarily on how a firm or individual uses its *own* reputation to deliver services and foster client relationships. In contrast, in this paper we develop these insights by

considering how elements of one firm or individual's reputation are used by *other* PSFs in the same sector as a legitimation strategy for their corporate practices as they seek to internationalise. This subtle shift in focus is highly significant. It relates to the fact that, as noted, above, PSFs often seek to develop very similar types of identity and reputation, something that ultimately means firms are not, as existing literatures suggest, solely reliant on their own performance for successful internationalization. Rather, they can, on occasions, also exploit the identity and reputation of others in order to stabilise the market for their service and to avoid the destabilisation associated with competing brands as they enter new geographical markets.

2.3 Methodology

The research drawn on in this paper is based on 41 semi-structured interviews conducted with research consultants working in 21 of the leading headhunting firms operating in Europe and the professional bodies that represent these firms. Interviews took place between June 2006 and March 2007 in Amsterdam, Brussels, Frankfurt, London and Paris, lasted approximately one hour, and all except one was recorded and fully transcribed. Interviewees were drawn from a cross section of career stages including senior executives (who importantly for this paper were often the founders of the firm) to mid-career partners and early career researchers. A member of the project team also attended the Association of Executive Search Consultants Annual Researchers Conference in London in September 2006 and participated in and observed discussions about the industry that were conducted there. This interview and observational data was triangulated with content analysis of secondary data sources such as the mainstream and specialist press (e.g. *The Financial Times*, *The*

Economist) as well as trade publications, notably annual reports from *The Executive Grapevine.*

3. Internationalization and Europe's headhunting industry

Headhunters position themselves as specialists in the finding and recruiting of the most suitable individuals for senior managerial or board level vacancies across a range of economic sectors. Almost all of the leading thirty or so transnational headhunting firms are known as 'retained' firms (Jenn, 2005). Their retained status is determined by their high levels of repeat business with particular clients and by their fee structure. Here their fees, of usually one-third of the candidate's first year remuneration package (usually exceeding £100,000), are paid incrementally during the search, selection and placement process (Jones, 1989). In contrast, many of the small and medium sized headhunters (especially sole proprietors) are 'contingency' firms because they have to pitch for business in competition with others, unlike the retained firms, and payment (depending upon the type of search and client's payment budget) is only on the successful completion of the task. Thus, for any one search and selection task many contingency firms may be employed by a client to drawn up a long-list of suitable candidates for short list, but only one firm will ultimately be selected to continue the short-list and selection process (see Finlay and Coverdill, 2002). It is this firm which will secure final payment.[2] As such, the retained firms differentiate themselves from both contingency firms and other labour market intermediaries such as temping agencies (on which see Ward 2004; Coe *et al* 2007) through their focus on elite labour search and selection that involves retained work.

Rather than focussing on the practices of headhunters *per se* (on which see Jenn 2005), this paper is, however, concerned with the internationalization of the retained industry in Europe from its American heartland. Faulconbridge *et al* (2008) argue that this process began comparatively recently when the so-called 'big four firms' in the US began to enter European markets, typically though London from the 1960s onwards (Heidrick and Struggles [1968], Spencer Stuart [1961], Russell Reynolds [1971], Korn Ferry [1973]). This was accompanied from the late 1960s by the indigenous growth of European firms, primarily from London (Alexander Hughes [1965], Goddard Kay Rogers [1970], Saxton Bampfylde [1986]). Finally, Faulconbridge *et al* (2008) argue that from the 1980s we see the Europeanization of the industry. This refers not only to the increasing presence of headhunting as an industry in Europe but also the ways in which the practices of headhunting itself had to adapt to the changing cultural and regulatory norms surrounding recruitment in Europe as opposed to the US (see also Britton *et al* 1995). Maps 1 and 2 clearly show this pattern of headhunting firm office growth in Europe between 1980 and 2005.

 [Insert maps 1 and 2 around here]

Whilst existing studies of the internationalization of PSFs help develop a detailed picture of the growth of headhunting in Europe, in this paper we focus on the *challenges* headhunting firms faced as they sought to make new geographical markets, something that remains an issue for the industry today as it seeks to make new markets in South East Asia and Eastern Europe. Through, our analysis we consider how corporate reputation and iconic individuals are used to help overcome the difficulties faced as part of a process of stabilising new markets.

3.1 Hurdles to internationalization for headhunting firms

Four potential hurdles faced by internationalising headhunting firms as they seek to make new geographical headhunting markets stand out as being particularly significant. First, unlike the professions of the law and accountancy, headhunting is an example of a relatively 'unbounded profession' (Glückler and Armbruster 2003; McKenna, 2006). This means that to practice as a headhunter, individuals do not need to register with a professional body, i.e. there are no barriers to entry. Indeed, membership of the main professional body representing headhunters internationally, the Association of Executive Search Consultants, is optional and operates at the level of headhunting firms rather than individuals. As such, headhunting and executive search are not protected titles and theoretically any firm or individual could trade as a headhunter. This results in significant 'image problems' for headhunters as the following response from one of our research participants demonstrates,

> "executive search is not a standard profession and a lot of people are in that area because they think it is quick money and they spoil everything, they spoil the image of the industry, they spoil even some clients because they pay a lot of money and don't get anything, so professional standards are important" (Consultant 3, Frankfurt)

Our research participants frequently spoke of the difficulty and importance of presenting a 'professional' image to potential clients. This is particularly important when entering new markets where potential clients have to be educated as to the perceived benefits of using a headhunting service as opposed to keeping recruitment as an in-house business function through personnel or human resource departments. As one interviewee put it,"[I went to] India and I had to sell the idea of search, had to

sell the idea of retainers, had to convince people that having a contingent element in the fee was not a good idea". (Consultant 3, London).

The second significant hurdle for headhunters in terms of their internationalization strategies lies in the fact that the boundaries between headhunting and other industries, particularly other professional services, are not always clear. In their work on management consultancy Glückler and Armbruster (2003) term this the problem of an 'unbounded industry'. In part, the fuzzy boundaries of headhunting reflect the history of the sector itself. The industry started as an internal department within management consultancy firms in the US in the 1950s. Individual headhunters then left these firms to establish their own executive search firms. One of the earliest and most significant examples of this devolution of headhunting out of management consultancy was the departure of Gardner Heidrick and John Struggles from the management consultancy firm Booz Allen Hamilton in 1953. More recently, headhunters are increasingly offering a range of services beyond simply executive search that in many ways echo their management consultancy roots including: training seminars for potential headhunting candidates; mentoring and coaching; and consultancy on important business subjectivities such as 'leadership' and 'talent management' (see for example Heidrick and Struggles 2005). As a result of this association with management consultancy, headhunters have faced the challenge of needing to legitimise and differentiate their industry both from other labour market intermediaries and professional services more generally. In the language of Callon *et al* (2002), therefore, headhunting is a difficult product to 'qualify'.

The third potential hurdle that headhunting firms face lies in the fact that the service that a corporate client and candidate (the headhunted executive) receives is very loosely defined – what Glückler and Armbruster (2003) term 'unbounded product standards' or what Slater (2002) would identify as a product that is hard to 'stabilise'. Indeed, whilst our research did point to a number of common elements in each search process, these were only minimum service standards. Here is not the place to go into details surrounding the specificities of the headhunting process (on which see Finlay and Coverdill 2002; Jenn 2005). However, one example illustrates our point. The first stage of a typical search involves researchers and consultants in headhunting firms using their existing knowledge and contacts to draw up a list of firms where potentially suitable candidates might be found. However, precisely how this is achieved is vary variable with some firms relying more heavily than others on emerging online networks such as LinkedIn.com and naymz.com whilst others prioritise a combination of databases and previous contacts. So one interviewee noted how "We don't rely very much on databases because the researcher is assigned to only one project at a time, all projects start at square one, we speak to people but you never find the person from the database" (Brussels 8). But another suggested that "A substantial difference is when you have an integrated global database, well maintained, this gives everybody access to what has been launched over the years, I think that is a definite advantage" (Brussels 9). This variability in the nature of headhunting as a set of practices is potentially problematic if headhunters are seeking to enter a new market where the industry is not widely used since different firms will be educating potential corporate clients in different styles of headhunting, potentially compromising the effective institutionalization and market stabilisation of executive search.

The fourth and final potential hurdle to internationalization for headhunters lies in the 'transactional risk' (Glückler and Armbruster 2003) of the 'product' they are offering. In common with professional services more generally, the specialised, bespoke nature of the service offered by headhunters means that deep, trust based relationships need to be fostered between headhunting firms, candidates and corporate clients. However, this is particularly acute in the case of headhunting since confidentiality is critical to a successful search. Candidate details must not become public information since candidates are not generally in the job market and will not have informed current employers of their interest in another position. Moreover, corporate clients do not want shortlists of potential candidates to become public knowledge, particularly to shareholders who may decide that the firm is hiring the 'wrong' candidate, something penalised by significant share price falls in financialized economies (Froud *et al* 2006). Therefore, as one interviewee noted:

> "Both the candidate and the client must trust the process and the candidate will feel less doubt and hung out to dry if you don't keep them informed as you go along and give them the information they need to inform their opinion. At the same time we have to remember that only one guy gets the job and there will be 3,4,5 really good candidates, now we have to say no thanks to them and they should feel that hey this was a worthwhile process even though I didn't get the job" (Brussels 5).

Such trust-based relationships are particularly difficult to cultivate from scratch when entering a new geographical market and represent a further potential impediment to internationalization. In what follows we consider how headhunting firms have used iconic individuals and leading firm's reputations to try and overcome these four potential limitations to internationalization.

4. Cultural economies of internationalization amongst headhunting firms

4.1 Iconic individuals' and the organization of an international headhunting profession

The relative recent growth of headhunting as a professional service allows us the unique opportunity to consider the role of the individuals who founded the first headhunting firms in the subsequent internationalization of the industry. We term this cadre of founding figures within the industry 'iconic individuals', reflecting their disproportionate impact on executive search. Similar figures can be found in other professional services (think for example of the banks Rothschilds and Cazenoves or the advertising firms Saatchi and Saatchi). As such, it is surprising that the role of these 'iconic individuals' has been comparatively neglected within extant geographical understandings of the internationalization of PSFs.

In terms of headhunting, the most significant iconic individuals revealed by our research are listed in table 2. As this table shows, the majority of these individuals began their careers in one of the 'big four' firms (Heidrick and Struggles, Spencer Stuart, Russell Reynolds and Korn Ferry), sometimes as founders. As such, these iconic individuals form a network of elite headhunters with strong links and rivalries between them since they have often been colleagues or worked for one another. The notable exception is Egon Zehnder who had no connections with the 'big four' prior to lending his name to his own headhunting firm. However, this uniqueness echoes the broader organisational culture and business model employed by Egon Zehnder in which independence is highly valued.

19

At the most basic level, these individuals are important figures in the growth of headhunting simply because they worked in leading firms and/or went on to found firms who have facilitated the growth of the industry. This was widely commented on by our research participants,

> "There are a few icons like Jurgen Mulder and his team who was originally a Spencer Stuart guy, who moved in to Heidricks, he sold the firm to Heidricks because he realised he was too domestic and needed an international angel, so there are quite a few icons, but the business was dominated by on the one hand individuals who knew people at board level, on the other hand there were a few groups like Jurgen Moulder where they had teams together" (Consultant 1, Frankfurt)

[Insert table 1 around here]

However, they are also important in more subtle ways in understanding the internationalization of executive search in Europe. In particular, 'iconic individuals' were influential beyond their own firm boundaries because of how their headhunting practices were colonised by their admirers to address two of the hurdles of internationalization: first, the relatively 'unbounded' nature of the executive search profession; and second, the 'unbounded' product standards' (Glückler and Armbruster, 2003) that typify headhunting.

Beginning with the nature of headhunting as a profession, one of most significant problems facing executive search, in common with other 'new' professions such as advertising and management consultancy, is the difficulty of using educational background as a way of regulating entry into the profession (on which see McKenna,

2006). In contrast to more established professions such as law and medicine where only individuals with certain educational qualifications are entitled to use the title solicitor or doctor, there is currently not a requisite educational qualification for headhunters. Our research revealed that 'iconic individuals' were cognisant from an early stage of the importance of educational background in purveying a professional persona to clients. As a result they adopted their own *de facto* approach to professional closure through education by only recruiting employees from certain educational backgrounds that they felt would help to legitimate the service they were offering. The following example was indicative in this regard and also highlights the origins of headhunting in the similarly unbounded 'profession' of management consultancy:

> "when I started I was personal assistant to Mr Russell Reynolds in New York […] he wanted to prove that we were or we are a consulting business like every other, therefore we would hire people out of business school." (Consultant 1, Paris).

Image problems associated with the unbounded nature of executive search *reduce* demand for services in established markets such as the USA but in new and un-established markets can almost *prevent* demand from emerging altogether. Overcoming such identity issues was, therefore, especially important when sustained internationalization became the norm in the industry. Because of the early international success of firms such as Heidrick and Struggles and Egon Zehnder and in particular because of the reputation and iconic status of the firms leaders in the headhunting industry, the recruitment and education practices introduced by iconic individuals became benchmarks for 'best practice' in international firms, something that began to define the boundaries of the profession. The possibility of using

education as a way of guaranteeing the quality of headhunting by restricting entry

thus became a key tool to facilitate legitimacy and ultimately create demand in new,

un-developed headhunting markets. Indeed, the idea of educational closure has been

taken up by the professional body for executive search, the Association for Executive

Search Consultants (AESC) in the form ongoing debates surrounding the value of

adopting a Certified Researcher/Associate Program that, in their own words

> "has been developed by the AESC in order to develop and improve the level of skills,
>
> ethics and professionalism in research and to provide an objective standard in
>
> determining the quality of researchers"
>
> (http://www.aesc.org/article/campus_certification [accessed 12/06/08]).

The second way in which 'iconic individuals' have been important in enabling

headhunting PSFs to overcome the barriers to internationalization lies in their focus

on the 'unbounded product standards' associated with the sector. Here, iconic

individuals developed a particular vision of how executive searchers should be

conducted at an early stage, hence 'stabilising' headhunting as a product, and echoing

Glückler and Armbruster's (2003) work on 'experience based trust'. As the following

example demonstrates, iconic individuals worked on the assumption that headhunters

should develop lasting relationships with their clients, based on the success and

quality of their previous searches:

> "in 25 years I've never made a single phone call asking for business, but this is the
>
> pure training of Mr [Russell] Reynolds who felt that in this business you don't need
>
> to ask for work, otherwise you are doing something wrong" (Consultant 1 Paris).

Again, such an approach became most influential as internationalization became

common in the industry. As firms began to encounter the difficulties of establishing

demand in new markets because of the fuzzy nature of their services, the reputation of 'iconic individuals' and their work became a tool for legitimisation:

> "you speak to a secretary and you say it is Fillip Lerno from Heidrick and Struggles could you please ask him to call me back, 'what it is it about?', just tell him it is Fillip Lerno from Heidrick and Struggles, and if they don't then they are ignorant."
> (Consultant 2, Brussels)

As such, and again because of their cult-like status in the industry that led to aspiring headhunters copying their idols, iconic individuals have set benchmarks for best-practice within headhunting that have been disseminated beyond the firms that they established and worked/work for.

'Iconic individuals' are, then, the originators of discourses about the importance of purveying both an aura of professionalism but also offering a standard of service that can be the basis for ongoing trust-based relationships with clients. Such practices offered the opportunity to overcome the barriers to internationalisation facing executive search associated with the lack of clearly defined entry standards for the profession and the lack of clear service standards by 'qualifying' (Callon *et al* 2002) the service of headhunting. This allowed the 'stabilising' of the market for headhunting as a service. The 'iconic individual hence became of real significance during the internationalisation of executive search in Europe in the 1980s and 1990s described above. And it is not only the activities of 'iconic individuals' that are used in this way. Certain executive search firm reputations are also important and it is to these 'brand leaders' that we now turn.

4.2 'Brand leaders' as demand creators through the enrolment of consumers

As with other professional services, there is a clear hierarchy of headhunting firms with a relatively small number of firms frequently topping league tables based around annual revenues, number of offices and number of consultants. League tables are produced by trade publications, most notably *The Executive Grapevine* (see Table 1). Following Dunning and Norman's (1983) 'eclectic' paradigm, these leading firms use 'ownership' of their name as a brand to leverage as part of internationalization strategies. As the following examples demonstrate, this typically took the form of what Glückler and Armbruster (2003) term 'public reputation' with clients assuming established brand names could be trusted,

> "That's why blue chips [companies] use blue chips right? Heidrick and Struggles is a name that has been established for 53 years, we are the number 1 in search, we started search, just the power of the brand opens doors" (Consultant, Brussels 2)

[Insert table 2 around here]

However, beyond this relatively straightforward use by firms of their own corporate reputation, many headhunting firms do not just use their *own* brand to establish legitimacy in the market and trust based relationships with clients, they also use the reputation of *other* 'brand leading' firms as a tool for describing, and benchmarking their own activities. Aligning your firm with the identity and practices of better-known competitors such as Heidrick Struggles proves your credentials as a 'professional' and 'trustworthy' headhunting firm, thereby helping 'stabilize' in the language of Slater (2002b) headhunting as a product that can be bought and sold

within new geographical markets. Two very different firms were particularly drawn on for this type of 'benchmarking' by the smaller firms we interviewed. First, Egon Zehnder that in many ways is a unique headhunting firm. It was founded by Egon Zehnder in Zurich in 1964 and remains fiercely autonomous and distinctive within the industry. For example, it is the only leading transnational executive search firm not to be a member of the professional association for headhunting – the AESC - and was formed in Europe rather than the US as is more common for the leading firms currently operating in Europe. In terms of the ways in which other firms drew on the power of the Egon Zehnder brand, most commonly they focused on the fact that the company had a long and successful history within Europe and this longevity was used as a mark of the legitimacy of executive search and of the trustworthiness of practitioners (problems one and four). As one interviewee noted,

> "You need to be known in this business, Egon Zehnder they are known but they are
> 50 years old, we are just 15 years old" (Consultant, Paris 5)

The second most significant brand that headhunting firms operating in Europe used as a benchmark against which to compare their operations was the US firm Korn Ferry which has a very different organizational culture to that found in Egon Zehnder. Korn Ferry was founded in 1969 in the US by Lester Korn and Richard Ferry and as such is much more typical of the types of firms that have driven the internationalization of the industry into Europe in the last fifty years. It predominately operates as a wholly owned firm such that its board of directors dictates the priorities and strategies for the majority of its transnational offices. Whilst Egon Zehnder prides itself on its established European history, Korn Ferry privileges what headhunters term a

'scientific' approach to search. This reflects a key debate amongst headhunters surrounding the most efficacious way of conducting search with an increasing sense that relying purely on personal contacts and a database of potential candidates is not satisfactory. Rather databases of potential candidates are carefully managed and updated and combined with insights gained from research departments within headhunting firms.

As such, Korn Ferry's widely acknowledged leadership in headhunting search processes and practices means they echo the so-called McKinsey effect in management consultancy (see Sturdy 1997). Other firms increasingly benchmark themselves against Korn Ferry in terms of their headhunting practices, particularly in terms of entering new geographical markets as this example shows,

> "When we go into let's say the Czech Republic […] it is not yet a sophisticated executive search market yet, the market the region is struggling to get on its feet to meet European standards – they grab on any straw they can, therefore sometimes it's a bit of a cowboy attitude. Then in comes Korn Ferry who come in and follow very strict rules and ethics so we have to educate the market" (Consultant 9, London)

As such, the brand of Korn Ferry is used not only by Korn Ferry itself but also by other firms to signal to potential clients the expertise, service, quality and risk-mitigation they can expect from the executive search process (further addressing the issue of 'unbounded product standards in executive search). This simultaneously allows tighter definitions of precisely what headhunting is and how it differs in relation to other professional services to be developed (further addressing the issue of the unbounded nature of headhunting as an industry). Interestingly, though, the fact

that headhunting, like other professional services, is so intangible and therefore hard to describe and assess means that it is not necessarily disadvantageous for a firm to claim to be like a rival in the same industry. In contrast to standard assumptions about brands (e.g. Keller, 1993), and contrary to Slater's (2002b) suggestion that destabilization often occurs within markets as competing products or brands erode the stability and coherence needed for market transactions to take place, differentiation was not always important as executive search firms internationalized. Consequently, aligning corporate practices with those of 'brand leading' executive search firms was an important strategy in facilitating the recent growth of headhunting, particularly internationally as it expanded its European activities.

5. Conclusions

This paper has adopted a cultural economy perspective, incorporating understandings of corporate reputation, iconic individuals and branding, to develop geographical explanations of the internationalization of PSFs. We have drawn upon literatures from the management and geographical perspectives on the 'harder' aspects of understanding the internationalization strategy of firms (OLI paradigm for example) as well as the more culturally nuanced studies of professional services (e.g. Glückler, 2006; Kärreman and Rylander, 2008) to present an original conceptual and empirical study of the role of reputation, iconic individuals and branding in stabilising headhunting as a product (Slater 2002a; 2002b), thereby facilitating the entry of headhunting PSFs into new geographical markets.

Empirically, our focus on the internationalization of the headhunting industry in Europe from the mid 1960s onwards draws attention to the ways in which the reputation of 'iconic individuals' was used to organize the profession in a way that facilitates internationalization. At the same time we have also shown that 'brand leading' firms were used, often by competitors, to legitimate headhunting as an industry and educate new geographical markets as to the potential benefits of employing a headhunter and their firm in executive searches. These legitimating strategies have been important in allowing headhunting firms to overcome the potential hurdles they faced in their attempts to internationalise – difficulties that were particularly acute when compared to other professional services given the relatively recent 'invention' of headhunting as a standalone professional service industry. However, important research questions remain concerning how the cultural technologies used to legitimate headhunting in Western Europe travel can be translated into very different socio-economic settings as Eastern Europe and Asia-Pacific become important emerging markets for executive search. Moreover, there is considerable scope to explore how such processes are played out in professional services and PSFs beyond the executive search industry.

Theoretically, the arguments presented in the paper demonstrate the value of integrating work in cultural economy on market making and stabilisation in order to develop understandings of the internationlization of PSFs. Whilst a range of different knowledges are involved in processes of market stabilisation and destabilisation, our research has identified reputation, identity and brand as important not only at the firm-level (i.e. a firm benefits from its own brand and reputation) but also at the industry level as other firms exploit the tracks cleared by 'first movers' (brand leaders and

28

iconic individuals) to stabilise headhunting as a product and hence enter new geographical markets as part of their internationalization strategies. This 'spillover' effect has not been detected in previous studies but the case of executive search suggests that it is an essential ingredient in the geographical expansion of PSFs.

As well as showing how these ideas can be used to better understand internationalization in professional service economies, the paper reveals how firms deliberately engage in processes of market stabilisation that reinforce, promote and celebrate the competitors and their brands and products instead of seeking to challenge and critique them. This avoids the type of destabilisation that Slater (2002b) describes as being common in markets and allows members of the same industry to all benefit from the opportunities created by a stable market. Of course, the fact that we studied executive search and strategies adopted in a period when new markets were being sought rather than existing markets maintained is likely to be one explanation for this apparently coherent attempt at stabilisation. This raises, therefore, interesting questions about the dynamics of stabilisation and destabilisation during different periods in a market's lifecycle (establishment, drive to maturity, maturity, decline and also boom and bust) and the social relations between the cultural-economic practices of competing firms. Understanding such temporal dynamics may well help further enhance understandings of the ongoing internationalization of professional services as well as cultural-economic theories of market making more broadly.

Notes

1 Alvesson and Willmott (2002) amongst others develop an intriguing argument about how brands can be used to manage the behaviour of employees and encourage them to deliver services in a way that conforms to the brand identity of the firm. This embodiment of the firm's brand identity by employees then, in turn, reinforces the brand and customers' awareness of it. Whilst relevant to the argument developed here in the sense that the embodiment of certain brands by employees can be part of the market stabilisation process, in this paper we choose to focus exclusively upon the brands themselves and the strategic decisions made as these are developed to help qualify products and stabilise markets, not upon how the internal management tactics of executive search firms reinforces such strategies.

2 Given the highly secretive nature of the headhunting business, for both 'retained' and 'contingency firms, it is impossible to source data on: an individual headhunter's remuneration package and bonus structure; the number of successful searches per annum/per firm; and detail of the composition of the firm's fee income (derived from repeat business and new searches). Jenn (2005) suggests that a headhunter is usually expected to complete on average 12 successful placements per annum and evidence form a wide range of industry-commentators (see above) indicates that all firms use combinations of salaries and bonus structures to enhance performance and productivity. We have found no data available in the public domain which reveals baseline salaries and bonus structures within different firms and European contexts, but we can note that the by year end 2006, the combined billings of 18 leading worldwide firms (all retained) exceeded $2,000m (The Executive Grapevine, 2006).

Acknowledgements

References

Aaker, D. A. and Jacobson, R. (2001) The Value Relevance of Brand Attitude in High-Technology Markets. *Journal of Marketing Research* 38 (4) 485-493.

Alvesson M (2004) *Knowledge Work and Knowledge Intensive Firms* Oxford University Press, Oxford

Alvesson, M. and Willmott, H. (2002) Identity regulation as organizational control: producing the appropriate individual. *Journal of management studies* 39 (5) 619-644.

Amin, A. and Thrift, N. (2004) 'Introduction' in A. Amin and N. Thrift (eds) *The Cultural Economy Reader,* London: Blackwell, x-xxx

Arvidsson, A. (2006) *Brands: meaning and value in media culture* London and New York: Routledge.

Bagchi-Sen, S .and Sen, J. (1997) 'The current state of knowledge in international business in producer services', *Environment and Planning A* 29, 1153-1174

Balmer, J. and Greyser, S. (2003) *Revealing the Corporation,* Oxford: Routledge

Beaverstock, J. V. (2007) 'Transnational work. Global professional labour markets in professional service accounting firms' in J. Bryson and P. Daniels (eds) *The Handbook of Service Industries,* Cheltenham: Edward Elgar, 409-432

Benner, C. (2003) 'Learning communities in a learning regions: the soft infrastructure of cross-firm learning networks in Silicon Valley' *Environment and Planning A* 35, 1809-1830

Boyle, M., Findlay, A., Lelievre, E. and Paddison, R. (1996) 'World cities and the limits to global control: A case study of executive search firms in Europe's leading cities', *International Journal of Urban and Regional Research* 20, 498-517

Britton, L., Doherty, C. and Ball, D. (1995) 'Executive search and selection in France, Germany and the UK', *Zeitschrift fur Betriebswirtschaft* 67, 219-232

Bryson, J. and Daniels, P. W. (2007) (eds) *The Handbook of Service Industries,* Cheltenham: Edward Elgar

Bryson, J., Daniels, P. W., and Warf, B. (2004) *Service Worlds,* London: Routledge

Callon, M. (1998) 'Introduction' in M. Callon (ed) *The laws of the markets,* Oxford: Blackwell, 1-57

Callon, M., Méadel, C. and Rabeharisoa, V. (2002) 'The economy of qualities', *Economy and Society* 31, 194-217

Clark, T. (1993) 'The market provision of management services, information asymmetries and service quality – some market solutions: an empirical example', *British Journal of Management* 4, 235-251

Clark, T. (1995) *Management consultants: consultancy as the management of impressions,* Buckingham: Open University Press

Cochoy, F. (1998) 'Another discipline for the market economy: marketing as a performative knowledge and know-how for capitalism' in M. Callon (eds) *The Laws of the Markets,* Oxford: Blackwell, 194-221

Coe, N.M., Johns, J. and Ward, K. (2007) 'Mapping the Globalization of the Temporary Staffing Industry', *The Professional Geographer* 59, 503-520

Dicken, P. (2007) *Global Shift* London: Sage, Fifth edition

Du Gay, P. and Pryke, M. (2002) 'Cultural economy: an introduction' in P. Du Gay and M. Pryke (eds) *Cultural Economy,* London: Sage, 1-20

Dunning, J. H. and Norman, G. (1983) 'The theory of multinational enterprise: An application of multinational office location' *Environment and Planning A* 15, 675-692

Empson, L. and Chapman, C. (2006) 'Partnership versus corporation: implications of alternative governance for managerial authority and organizational priorities in professional services firms', *Research in the sociology of organizations* 23, 145-176.

Enderwick, P. (ed) (1989) *Multinational Service Firms* London: Routledge

The Executive Grapevine (2006) *Directory of Executive Recruitment* St Albans: Executive Grapevine

The Executive Grapevine (2005) *Directory of Executive Recruitmen*t St Albans: Executive Grapevine

The Executive Grapevine (1980) *Directory of Executive Recruitment* St Albans: Executive Grapevine

Faulconbridge, J. R. (2008) Negotiating cultures of work in transnational law firms. *Journal of Economic Geography* 8 (4) 497-517.

Faulconbridge, J. R. and Muzio, D. 2007. Reinserting the professional into the study of professional service firms: the case of law. *Global Networks* 7 (3) 249-270.

Faulconbridge, J. R., Hall, S. and Beaverstock, J. V. (2008) 'New insights into the internationalization of producer services: organizational strategies and spatial economies for global headhunting firms', *Environment and Planning A* 40, 210-234

Faulconbridge, J. R., Beaverstock, J. V., Hall, S. and Hewitson, A. (in press) 'The 'war for talent': the gatekeeper role of executive search firms in elite labour markets', *Geoforum*

Finlay, W. and Coverdill, J. E. (2002) *Headhunters: marketmaking in the labor market* Cornell: ILR Press

Froud, J., Johal, S., Leaver, A. and Williams, K. (2006) *Financialization and strategy: narratives and numbers* London: Routledge

Greenwood, R., Rose, T., Brown, J., Cooper, D. and Hinings, B. (1999) 'The global management of professional services: the example of accounting' in S. R. Clegg, Ibarra-Colado and L. Bueno-Rodriquez L, (eds), *Global Management* London: Sage, 265-269

Glückler, J. (2006) 'A relational assessment of international market entry in management consulting', *Journal of Economic Geography* 6, 369-93

Glückler, J. and Armbruster, T. (2003) 'Bridging uncertainty in management consultancy: the mechanisms of trust and networked reputation', *Organization Studies* 24, 269-97

Heidrick and Struggles (2005) *Leadership Consulting* Report LC01 0505 Heidrick and Struggles

Jenn, N. (2005) *Headhunters and how to use them,* London: The Economist Publications

Jones, A. M. (2005) 'Truly global corporations? Theorising 'organizational' globalization in advanced business services', *Journal of Economic Geography* 5, 177-200

Jones, S. (1989) *The Headhunting Business* Basingstoke: MacMillan

Karreman, D. and Rylander, A. (2008) Managing Meaning through Branding the Case of a Consulting Firm. *Organization Studies* 29 (1) 103.

Keller, K. L. (1993) 'Conceptualizing, measuring, and managing customer-based brand equity.' *Journal of Marketing* 57, 1-22.

Kellner, K. L. and Lehmann, D. R. (2003) 'How do brands create value?', *Marketing Management* 12, 26-31.

Knorr Cetina, K. and Bruegger, U. (2002) 'Trader's engagement with markets: a postsocial relationship', *Theory, culture and society* 19, 161-185.

Lee, R. (2006) 'The ordinary economy: tangled up in values and geography?', *Transactions of the Institute of British Geographers NS* 31, 413-432.

Lury, C. (2004) *Brands: the logos of the global economy* London: Routledge

Madden, T. J., Fehle, F. and Fournier, S. (2006) 'Brands matter: an empirical demonstration of the creation of shareholder value through branding', *Journal of the Academy of Marketing Science* 34, 224-235

Marshall, N., Wood, P., Daniels, P. W., McKinnon, A., Bachtler, J., Damsick, P., Thrift, N., Gillespie, A., Green, A. and Leyshon, A. (1988) *Services and Uneven Development* Oxford: Oxford University Press

Maister, D. (2003) *Managing the Professional Service Firm* London: Free Press

McCracken, G. (1993) 'The value of the brand: an anthropological perspective' in D. A. Aaker and A. L. Biel (eds) *Brand Equity and Advertising* Hillsdale: Lawrence Erlbaum Associates

McKenna, C. D. (2006) *The world's newest profession. Management consulting in the twentieth century*. Cambridge, Cambridge University Press.

Miller, D. (2002) 'Turning Callon the right way up', *Economy and Society* 31, 218-233.

Morris, T. and Empson, L. (1998) 'Organization and expterise: an exploration of knowledge bases and the management of accounting and consulting firms' *Accounting, Organizations and Society* 23, 609-624

Pike, A. (in press) 'Geographies of brands and branding', *Progress in Human Geography.*

Pruzan, P. (2001) 'Corporate reputation: image and identity', *Corporate Reputation Review* 4, 47-60

Rantisi, N. M. (2002) 'The competitive foundations of localized learning and innovation: the case of women's garment production in New York City', *Economic geography* 78, 441-462

Roberts, J. (1998) 'The internationalization of business service firms: a stages approach', *The Service Industries Journal* 19, 68-88

Schlutz, M., Hatch, M. and Larsen, M. H. (2000) *The Expressive Organization* Oxford: Oxford University Press

Slater, D. (2002a) 'Capturing markets from the economists' in P. Du Gay and M. Pryke (eds) *Cultural economy: cultural analysis and commercial life* London: Sage, 59-77

Slater, D. (2002b) 'Markets, materiality and the 'new economy'' in S. Metcalfe and A. Warde (eds) *Market relations and the competitive process* Manchester, Manchester University Press, 95-129.

Sturdy, A. (1997) 'The consultancy process – an insecure business', *Journal of Management Studies* 34, 389-413

UNCTAD (2004) *World Investment Report 2004: The shift towards services*
UNCTAD: Geneva

Ward, K. (2004) 'Going global? Internationalization and diversification in the temporary staffing industry', *Journal of Economic Geography* 4, 251-273
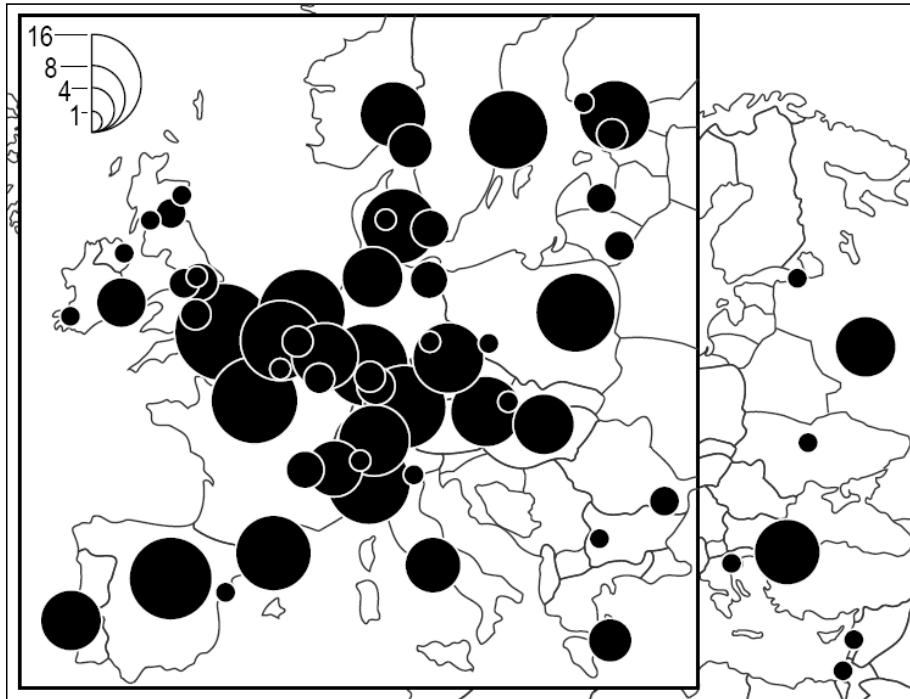

Yeung, H. W.-C. (2005) 'Organizational space: a new frontier in international business strategy?' *Critical perspectives on international business* 1, 219-240
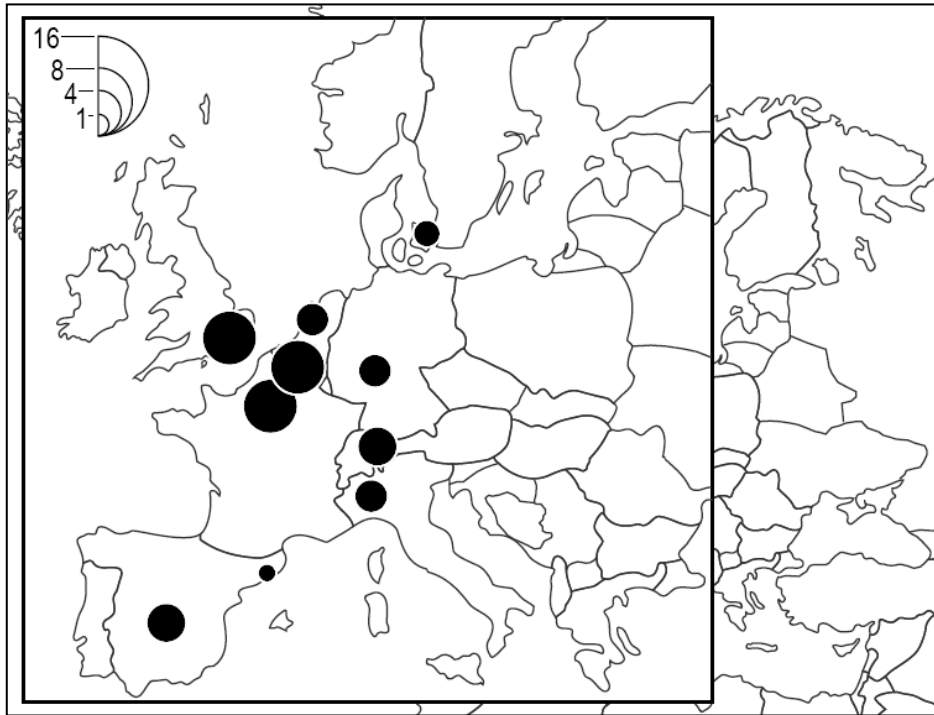
Map 1: Number of top 50 global headhunting firm offices in Europe city, 1980.

Source: The Executive Grapevine(1980)

Map 2: Number of top 50 global headhunting firm offices in Europe by city, 2005

Source: The Executive Grapevine(2005)

Name	First position as Headhunter	Date and name of executive search firm founded	Current position
Jurgen Mulder	Spencer Stuart	Mulder and co, 1978. Acquired by Heidrick and Struggles, 1997	n/a
Eric Salmon	Egon Zehnder	Eric Salmon, 1990	Chairman, Eric Salmon
Egon Zehnder	n/a	Egon Zehnder, 1964	Retired 2000
Russell Reynolds	n/a	Russell Reynolds, 1969	n/a
Richard Boggis-Rolfe	Russell Reynolds	Led buy-out of Odgers, Ray and Berndtson in 2000	Chairman and Chief Executive of Odgers, Ray and Berndtson
Lester Korn	Korn Ferry	Korn Ferry, 1969	Chairman Emeritus Korn Ferry
Richard Ferry	Korn Ferry	Korn Ferry, 1969	Founder Chairman, Korn Ferry

Table 1. Career biographies of iconic individuals in Europe's executive search industry.

Source: Fieldwork.

Firm	Worldwide Revenues (US$m)	No. of European Offices	No. of Worldwide Offices (including European)	No. of Consultants
MRI Worldwide	680	54	65	4500
Korn/Ferry International	402	23	73	426
Heidrick & Struggles International	375	22	58	297
Spencer Stuart	362	19	49	292
Egon Zehnder International	336	28	59	290
Russell Reynolds Associates	268	12	33	133
Ray & Berndtson	147	28	50	300
Amrop-Hever	135	4	78	264
EMA Partners	76	0	42	130
Globe	130	20	15	N/A
TOTALS	2,911	210	1,095	6,632

Table 2. Top 10 transnational executive search firms, 2005(ranked by number of European offices).

Source: Executive Grapevine (2005).