

**New insights into the internationalization of producer
services: Organizational strategies and spatial
economies for global headhunting firms**

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Abstract

This paper uses the exemplar of global headhunting firms to provide new insights into the intricacies of internationalization and related ‘spatial economies’ of producer services in the world economy. In particular, we unpack the complex relationships between the organisational rationale for, the selected mode of, and future benefits gained by internationalization, as headhunting firms seek and create new geographical markets. We achieve this through an analysis of headhunting firm-specific case study data that details the evolving way such firms organize their differential strategic growth (organic, merger and acquisition, and alliances/network) and forms (wholly-owned, networked or hybrid). We also highlight how, as elite labour market intermediaries, headhunters are important, yet understudied, actors within the (re)production of a ‘softer’, ‘knowledgeable’ capitalism. Our argument, exemplified through detailed mapping of the changing geographies of headhunting firms between 1992 and 2005, demonstrates the need for complex and blurred typologies of internationalization and similarly complex internationalization theory.

1. Introduction

Understanding the internationalization of producer services continues to attract considerable attention in academic and policy circles (e.g. Bryson et. al., 2004; Roberts, 1988; UNCTAD, 2004). However, despite this, the theoretical framework used to explore the internationalization process has changed little in recent times beyond Dunning and Norman's (1983; 1987) initial work. Meanwhile, elsewhere the analyses of globalization have become increasingly intricate (e.g. Amin, 2002; Dicken et al, 2001; Yeung, 2005). In this paper, we argue that it is, therefore, necessary to revisit internationalization theory relating to producer service firms and provide refinements that reflect the ever growing and maturing body of knowledge that can be used to conceptualise globalization. In particular, we draw on recent insights into the contemporary role of intermediaries (Peck and Theodore, 2001; Peck et al, 2005) and 'soft capitalisms' in the global economy (Thrift, 1997) as well as understandings of the various forms of 'spatial economy' that firms produce through internationalization (Yeung, 2005) and tie these to internationalization theory relating to producer service firms. This allows us to develop a more wide-ranging and complex analysis of the rationale (the why?) behind internationalization whilst also showing that the strategies used by firms to internationalize (the how) must be understood within any framework used to theorise internationalization.

This is achieved through an original examination of the executive search (headhunting) industry in Europe. Whilst other sectors have been comprehensively examined (e.g. Bagschi-Sen and Sen, 1997; Jones, 2005), there remains a troubling void in relation to the recent growth of labour-related producer services. This has partially been resolved through an examination of temping agencies and their intermediary role between employers and workers in low-paid occupations (Ward, 2004; Peck and Theodore, 2001). However, at the opposite end of the labour market, there remains an

absence of scholarship where executive search plays a pivotal role in elite recruitment. With the exceptions of Boyle et. al. (1996) and Cuthbertson (1996), more than a decade has passed since academics have paid heed to the insights that this industry can provide into understanding the complexities of the internationalization of producer services in the world economy. Moreover, this neglect of the global headhunting industry is particularly significant because of its relationship to what Thrift (1997) terms the 'cultural circuit of capitalism'. For Thrift, this circuit involves the work of business school MBA programmes, management consultancy and management gurus promulgating innovative business ideas and practices to better equip managers for the inevitable uncertainty inherent within the contemporary global economy. As this paper demonstrates, the headhunting industry draws on and incorporates all three actors in a hybrid institutional form to construct the intermediary marketplace executive search firms claim to serve. The internationalization of these firms is integral to their strategy to develop and exploit this marketplace and, therefore, must be understood through internationalization theory sensitive to such contemporary processes.

We, develop this argument by, initially, offering a brief geographical analysis of why and how the leading executive search firms have internationalised over the last two decades. Drawing on this we discuss the way international networks have been used to penetrate new marketplaces, reproduce demand for intermediary services and develop complex spatial economies (Yeung, 2005). This, we argue, suggests theorisations of the internationalization of advanced producer services must be refined to understand the way future strategic activities are enabled by the opening of overseas offices in addition to the benefits gained in relation to serving existing markets and clients. This 'future' rationale is related to the development of an intermediaries marketplace using, in part, the strategies of 'soft capitalism'.

In common with research into other producer services, a range of methodologies are necessary to overcome the access issues inherent in studying an industry as secretive as headhunting. To this end, the research drawn on in this paper started by identifying the leading 20 international headhunting firms by 2004 global revenue. This data was obtained directly from the firms themselves, or through industry compendiums (see, for example, Jenn 2005). Using the same combination of sources, we then analysed office location change for the leading 15 international headhunting firms in more detail between 1987 and 2005 (the *where* of internationalization). These quantitative measures are accompanied by a critical reading of the rhetoric of internationalization produced by the firms themselves through media such as corporate websites, publicity documents and business magazines. Whilst these sources usefully document the way firms present their international corporate strategies, it is worth noting that this information is often as much about firm self-promotion as it is an accurate description of what the firm is actually doing. As such, we triangulated this information with external reflection of firms practice through mainstream and specialist newspapers and magazines. Finally, the research presented below also implicitly draws on the authors' previous primary research into the clients of global headhunting firms in the law, advertising and finance sectors. The rest of the paper develops our argument in six main sections. In sections two and three, we very briefly revisit the theoretical writings that discuss why producer service firms internationalize. In sections four, five and six, we then trace the temporal processes of growth (organic, M&A and alliances/networks), the organisational architecture of headhunting firms in internationalization (wholly owned, network and hybrid) and the geography of internationalization, respectively. Finally, in sections seven and eight, we consider how our reading of the why, how and where of internationalization in global headhunting firms can shed new understandings on the internationalization of producer services in a contemporary world economy.

2. Theorizing internationalization in producer services

Beginning with the ‘why internationalize?’ question, geographers have previously drawn on the seminal contribution of Dunning and Norman’s (1983; 1987) ‘eclectic’ Ownership-Location-Internalisation (OLI) paradigm to understand the internationalization of producer services (see Dicken, 2003). This suggests that producer service firms will internationalise if they have competitive advantages over host firms with respect to OLI assets and competencies, as shown in table 1. Bryson *et al* (2004, 204) have developed this explanation in relation to producer services suggesting that ownership advantage (what they call firm-specific advantage) is based on the reputation of the firm and the knowledge of its labour force. Location advantage is based on the importance of having knowledge of local market nuances and providing the service to clients face-to-face in that location. Internalisation advantages exist in the form of: the ability to exploit firm-specific knowledge without the risk of giving away competitive insights; the ability to use existing knowledge of a client’s needs in the provision of services; and also in the form of control over the quality of the service provided. If each of these advantages are best exploited by having overseas offices (rather than exporting or ‘licensing’ provision to an overseas firm) then an internationalization strategy should be employed.

It must be noted, however, that the strategies and vectors of internationalization (the how) are more messy and complex than such an approach initially suggests. For example, in relation to law, Beaverstock *et al* (1999), Morgan and Quack (2005) and Warf (2001) have indicated that firms use combinations of: organic office openings; M&As; and alliance/networks simultaneously in the internationalization process. Such diverse internationalization strategies lead to different types of integration and spatial economies, depending on the specific nature of the overseas market in question.

Following Bartlett and Ghoshal (1998), these forms range from those effectively creating stand-alone offices (multinational) to those allowing highly integrated organizations to emerge (transnational) (table 2). In reality, however, these law firms reflect the complex type of ‘differentiated network’ Nohria and Ghoshal (1997) have described. It is too simplistic to suggest a firm operates as only one of these forms. Instead, certain parts of the network exhibit transnational interconnectivity whilst other parts display multinational independence.

It is, therefore, necessary to couple analysis of the rationale for internationalization with the strategy (M&A, organic growth or alliance/network) so as to consider the way internationalization practices might change over time and space as justification for opening overseas offices vary. Moreover, it is also too simplistic to ignore the multitude of ways firms can use internationalization to create new economic advantages through the geographical organization of business activities. As recent work has demonstrated (Dicken et al, 2001; Hess, 2004), firms become ‘embedded’ within and between economic spaces as a result of internationalization. We draw on this argument to suggest that internationalization theory relating to producer services must be made more intricate so as to inter-link the ‘how’ and ‘why’ to understandings of the new (proactive) benefits brought about by internationalization, not just those gained from reactive behaviours. The work of Yeung (2005) typifies previous attempts at such a task. He proposes a more nuanced analysis of the internationalization of firms in order to understand how the process leads to the creation of ‘spatial economies’. He defines this as the way firms “expand ... [their] ... organizational space and...economize on this spatial expansion” (Yeung, 2005, page?). In effect, he suggests that we must understand how internationalization leads to the creation of new opportunities for profitability in addition to those OLI advantages described by Dunning and Norman (1983, 1987).

In the rest of this paper we, therefore, use the example of global headhunters to argue that the logic underlying the internationalization of producer services can be deepened by investigating the complex ways firms use several modes of internationalization to create different organizational forms over time and space so as to penetrate and create new intermediary geographical markets.

3. Examining the internationalization of headhunters

Emerging principally from the USA, headhunters claim to specialise in finding and recruiting the most suitable individuals for senior managerial or board level vacancies, which normally means targeting individuals that are not actually in the market for a new job (Jones, 1989). In so doing, they bring together ideas and practices associated with the three constitutive actors of the ‘cultural circuit of capitalism’ (Thrift 1997): business consultancy (more typically associated with management consultants themselves); executive education and training (more typically associated with that offered by MBA programmes in leading business schools); and, ‘star’ executives (similar to the ideas of management gurus themselves).

The industry has a relatively short institutional history. Dating back to the economic boom of the post-1950s in the USA, it was from the 1970s that headhunters proliferated and the ‘big four’ were established (Heidrick and Struggles [1953], Spencer Stuart [1956], Russell Reynolds [1969] and Korn/Ferry [1969]) (Jenn, 2005). Importantly, the vast majority of these firms were started by management consultants. This is not, however, a simple linear history of steady growth and internationalization (Simms, 2003). Rather, it can be traced through: organic growth (post-1960s); merger and acquisition (M&A) behaviour (post-1970s); and, the creation of alliances/networks with independent firms (post-1980s). This paper uses this schematic history to understand why, how and where headhunters internationalized to deliver their

intermediary role in spatially differentiated elite labour markets, thereby informing our wider understanding of the knotty, nuance-filled and constantly changing forms of internationalization in producer services, as well as the institutional geographies and biographies of the ‘cultural circuit of capital’ more broadly.

3.1 The headhunting industry

The executive search industry is dominated by twenty firms whose combined revenues totalled more than US\$2,500m in 2004 (table 3). Jenn (2005) estimates that the top ten of these firms alone accounted for one third of the global executive search market in 2004. These ‘top ten’ are ‘retained’ headhunting organizations: organizations selected by clients who have an executive position to fill and paid a fee (circa 33% of the candidate’s salary) to manage search and selection. However, whilst fundamentally all offering the same service, it is important to recognise that different firms have their own unique executive search cultures and styles (Jones, 1989). Distinctions can be made between specialist boutiques that concentrate on headhunting in a limited number of sectors (e.g. Penrhyn International) and integrated ‘complete service’ corporations that offer executive search in any major industry (e.g. Korn/Ferry) (table 3). As with other producer services, a long ‘tail’ exists with firms that have some form of ‘international’ operation (circa 5,000 firms [Jenn, 2005]).

3.2 Rationales for internationalization

Three principle considerations lead to the internationalization of global headhunting firms:

3.2.1. Demand conditions. Demand-led internationalization came from clients themselves internationalizing and requiring services in overseas locations, which gathered pace from the late-1960s as new demand was created from the burgeoning

internationalization of other services in the world economy, especially advanced producer services (see Economist, 1990; Sassen, 1988). Headhunters responded to this change in demand conditions which was occurring, in particular outside of the USA, through FDI (e.g. Heidrick & Struggles opened an international office in 1968, Spencer Stuart in 1961, Russell Reynolds in 1971 and Korn/Ferry in 1973). Simultaneously, there was also the copycat growth of European firms (e.g. Egon Zehnder from Zurich in 1964; Whitehead Mann from London in 1971). This increase in demand for headhunting was also intertwined with three further factors.

First, the decline in the belief that employees should ‘serve their time’ in the organization. Acknowledgement grew of the value of ‘mobile talent’: individuals bought in from outside of the firm because of their skills and expertise (see Sennett [1998] on the career challenges posed to professionals by the end of job security for life and Thrift 2000). In part, this mirrors the changing rhetoric of producer services – to ‘poach’ a rival’s leading manager sends a strong signal to shareholders, the stock markets and other firms, that the company ‘means business’ and will stop at nothing in its quest for profit maximisation. Moreover, in some sectors, if the successful candidate for an executive position is ‘in-house’ there are murmurings of imminent failure and lack of innovation. For example, in November 2005, the leading investment bank, HSBC, announced that its retiring Chairman was to be replaced by Stephen Green, the then Chief Executive of HSBC’s UK division, sparking accusations from the national media that the bank was ‘playing safe’ (The Daily Telegraph, 2005). Second, the acknowledgement that the use of an ‘old-boy network’ to recruit senior executives was inefficient and unsuitable in the ‘new’ business environment. Instead it was recognised

that a more scientific and objective strategy was needed because, “business has become too complicated, and the stakes have become too high, for a board chairman who needs executive talent to rely on his friends or his friends’ recommendations” (Jones, 1989, 19). However, it is important to note that the most vocal proponents of the ‘objective’ nature of dedicated headhunters have been the leading headhunting firms themselves. Third, the rapid growth of other producer services and, more recently, new technological and bioscience activities generated unprecedented demands for new ‘executive/expert’ labour. Evidence for the growing importance of these new executive search sectors can be found in the dramatic rise of pharmaceutical, life sciences and technology areas (e.g. 33% of Korn/Ferry’s annual revenue in 2004 came from health care, life sciences and technology [Jenn, 2005]).

However, this is not the simple demand-supply style of response often conceptualised in theories of the internationalization of producer services (e.g. Bryson *et al*, 2004). Rather, headhunters were both responding to demand but also actively reproducing it through their market-making practices. The rhetoric used by these firms was and still is integral to creating demand for externally recruited, talented rather than well connected, industry-skilled individuals. This is encapsulated in the way the firm Heidrick & Struggles first attracted clients when established in the USA. In 1953, Gardner Heidrick and John Struggles sent out business cards to firms in the Midwest of the USA promoting their services and the revolution they offered. This was the first use of ‘market-making rhetoric’ by headhunters and continues today. The same firm’s website – the modern day equivalent of business card distribution – trumpets that “As innovators we are actively redefining top-level search to encompass complementary services that help build strong companies and the leaders of tomorrow” (www.Heidrick.com, accessed 17/01/06).

3.2.2. Over-coming self-regulation The need to overcome off-limits market blockages was also instrumental in driving executive search firms to internationalise. The off-limits rule in headhunting dictates that, for two years, no member of an executive search firm may approach: (a) an individual recruited for a client as part of another project; or (b) any individual working for a firm who has been a client. However, this can create a ‘blockage’ problem. Over time, a successful firm will serve several firms within one industry and, as a result, create blockages in the form of a majority of firms that cannot be used to source candidates for vacancies. This restricts their success at recruiting the most suitable individuals.

Internationalization has been used as one strategy to avoid this problem. Headhunting as an industry is lightly regulated with no legally or professionally enforceable codes of conduct. The only form of self-regulation that does exist is provided by the Association of Executive Search Consultants (AESC). Firms, rather than individual headhunters, become members after a series of ‘good practice’ measures are met in terms of how they manage client and headhunted relationships (Jenn, 2005). These measures are not legally enforceable and in many ways the role of the AESC is more of an attempt to institutionalize headhunters as a ‘respectable’ profession in its own right. To this end, the AESC provides on going training for members, regular bulletins of industry developments and emphasizes the increased visibility within the profession member firms can enjoy (see www.aesc.org). Unsurprisingly then, although the ‘off limits’ rule is widely adhered to in the industry as part of ethical guidelines for executive search (Konecki, 1999), firms have looked for ways to circumvent the ‘blockage’ problems it creates. Internationalization has meant firms can operate policies

that place clients off-limits only to headhunters working in the offices that served the client (Jenn, 1993, 48). This means that, for example, although the firm has worked for PriceWaterhouseCoopers in the USA, the UK office can still recruit candidates from the firm. This is a key 'spatial economy' (Yeung, 2005).

3.1.3. Market intermediation. Finally, the opportunity to expand the scope of the headhunters' intermediary's marketplace has also driven the internationalization of executive search firms. Whilst the disintermediation of many services has been reported, in particular due to the rise of the internet (Leyshon and Pollard, 2000), the executive search industry has actually entrenched its position as an essential intermediary through internationalization. To explain this phenomenon requires further understanding of the socially constructed nature of elite labour search practice (and in particular chief executive recruitment) in the contemporary business world. This has two dimensions.

First, as the candidates identified by headhunters are often already employed, frequently by one of the client's rivals, searches are necessarily covert. It is essential that: (a) the current employer of a potential candidate does not become aware that their star is about to be poached; and (b) that candidates do not know which firm is headhunting them until they are committed to the point of being interviewed for the post. The latter point is important so that, in particular, institutional investors are prevented from gaining knowledge of the preferred candidate for board vacancies in stock exchange listed firms. Then, if the firm fails to secure one of the preferred candidates, negative analyst's reports suggesting a 'second choice' candidate was recruited are avoided. Indeed, the covert nature of the headhunting industry is symptomatic of the heightened competition experienced by producer service firms in contemporary advanced capitalist economies (Thrift 1997). Managers are constantly involved in efforts to maintain their competitive edge vis-à-vis corporate rivals and

consequently carefully manage press releases relating to significant executive staffing changes to maximise the value of such appointments to the firm.

This mysterious world of headhunting was alien to almost all but the US marketplace prior to the internationalization of headhunters. However, by internationalizing, executive search firms introduced both the idea of ‘poaching’ the most suitable candidate when necessary and the secretive practice described above (Finlay and Coverdill, 2002). In addition, they were also able to spread the belief that, for potential candidates, an approach from an executive search firm holds more legitimacy than an approach from the firm with a vacancy itself. Both the initial anonymity of not knowing whose vacancy is being discussed and the belief that dealing with headhunters is acceptable means headhunters are more successful at attracting interest from the most suitable candidates. Khurana (2002, 140) quotes one of his interviewees as suggesting that “There is a big difference in taking a call from an executive search firm than [*sic*] taking a call from another firm, especially a competitor...talking to a director is a whole new ball game...and a serious one”.

The second way in which headhunters have created themselves an intermediary’s role in the elite labour search process is by promoting the idea that they are more objective than extant board members and recruiters within firms. The rhetoric which executive search firms use to sell their services is now well established:

“Our people cannot be duplicated. Each recruiter comes to us with experience in search and, most often, experience in the industry they will serve. They are the best trained in the search business. Using a fine blend art and science our recruiters find the right leaders for our clients—the art of judgment acquired during years of industry and search experience combined with the science of our process and systems” (<http://www.russellreynolds.com/2005/aboutus.asp>, accessed 17/01/06).

Headhunters benefited from internationalization by spreading the idea that for elite labour search, and especially chief executive search, to be legitimate, firms must employ the knowledge and skill of headhunters to guarantee the best candidate is found. As Khurana (2002, 148) notes, firms recruiting elite labour, “feel a sense of fiduciary responsibility...The signaling of legitimacy that the engagement of an ESF [executive search firm] accomplishes in an external CEO search”.

In many ways, then, headhunters resemble the intermediaries Peck and Theodore (2001) and Peck et al., (2005) identified in the form of temporary staffing agencies. By acting as intermediaries, like temping agencies, headhunters create their own market, in essence, allowing the ‘stretching of the envelope’ and the ‘remaking of the rules’ of elite labour search. The firms are active institutional agents that, through their activities and the reproduction of the embedded ideas and rhetoric-driven norms outlined above, render involvement in global executive labour search through executive search firms unavoidable for employers and skilled individuals alike. A central element in the internationalization strategies is to promulgate the *idea* of headhunting as a desirable and profitable business service as well as the actual *practice* of headhunting. This is a further factor that cannot be accounted for within the OLI framework, but is an important dimension in the internationalization of headhunters, and as Peck and colleagues have shown (Peck et al., 2005), in the growth of other producer services involved in the reproduction of contemporary labour markets of different kinds. The idea that internationalization might also allow the creation of (as well as response to existing) advantages is further explored and discussed in the next section of the paper where we offer amendments to extant internationalization theory relating to advanced producer services firms through recognition of the market-making advantages gained from opening overseas offices.

4. The internationalization of headhunters: initial strategies

We can further see the way the guiding logic of internationalization in headhunting firms is under-laid and influenced by the possibility of the creation of new benefits for headhunting intermediaries services by examining the two initial modes of internationalization used: organic-growth and M&A activity¹. The following discussion demonstrates that headhunting firms use different organisation strategies in different markets. In part, these strategies can be seen as a response to the particular labour market conditions and related client demands of different markets. However, they also represent attempts by headhunters to maximise the *potential* profitability of any given market.

4.1. Organic growth

Organic growth began in the 1960s. For the first time, producer service firms found themselves unable to fill management positions through internal labour markets.

Consequently, demand for externally recruited talent increased at rates exceeding the readily available supply of executives seeking new positions (Jones, 1989).

Headhunting, as a complementary service function, therefore, began to emerge within the 'cultural circuit of capital'. This, however, rapidly evolved, with newly formed headhunting firms relatively quickly engaging in internationalization to serve their clients overseas. They deployed a predominately multinational office structure with each office operating independently and serving the national market within which it was located. For example, Heidrick and Struggles International was formed in 1953 by Gardner Heidrick and John Struggles in Chicago and only served clients in the American Midwest until 1957. The company then expanded into the US national

¹ The third and most recent mode of internationalization involves the organization of firms into networks/strategic alliances, with members of the network being independent firms in other international locations formed in order to reduce cost structures, overcome 'off-limits' barriers and ease the task of cross-border searches without the requirement of wholly-owned international office networks (e.g. Globe, ITP Worldwide). Those headhunters who organised the penetration of international markets through 'best friend' networks and alliances are discussed at length in section 6 of the paper, which focuses on the contemporary organisation of the industry (and importantly, thus minimising repetition here).

market by opening offices in Los Angeles, San Francisco and New York before expanding into the UK with the opening of its London office in 1968 (see <http://www.heidrick.com/About/History/History.htm>, accessed 18/08/05).

Throughout this period, the expansion of specialist US headhunting firms into Europe was common, exemplified by the opening of offices in London by the ‘big four’ (Heidrick and Struggles [1968], Spencer Stuart [1961], Russell Reynolds [1971] and Korn/Ferry [1973]). These firms quickly institutionalised their practice of elite labour search, something that, in particular, meant many of the City’s brokerages, securities houses and merchant banks began to use the service of headhunters. This involved both the ‘importing’ of practices from the USA (with expatriates playing an important role) yet also their reflexive conditioning in relation to the London market. As part of this process the now normal client-wooing approaches associated with advanced producer firms such as ‘hospitality’ events, client relationship cultivation through seminars, and networking via professional bodies became integral to reproducing demand for, and raising awareness of, headhunters’ work. An added benefit of internationalization also existed in that, by using the strategy described in section two, the London office could headhunt an individual even if they worked for a previous client of the Chicago office since London was seen as a separate ‘entity’ with ‘Chinese walls’ between consultants.

4.2. Mergers and acquisitions (M&As)

From the late 1970s, a wave of M&As characterised the leading firms in the industry. For example, at the end of the 1970s Korn/Ferry entered Latin America through a merger with the Mexico based Hazzard and Asociados (1977), followed by Sydney through a merger with Guy Pease Associates (1979), thereby establishing an Australasian business (table 4). Its European business was strengthened by its merger with the Brussels’ firm, Carre Orban (1993) who had an extensive office network in

Scandinavia (Jenn 2005). This period of rapid growth is reflected in companies' revenue and profit figures as both the geographical marketplace served and volume of trade in each proliferated. Korn/Ferry saw fee income in the UK rise from £501,461 in 1980 to £1,761,405 in 1985 (Jones, 1989, 27) and its European offices charged over £13 million in fees alone in 1990 (Tully, 1990).

This M&A growth was vital for consolidating the organic multinational approach. However, the example of Korn/Ferry demonstrates how firms sought to enter new markets in relatively low risk ways by acquiring firms that already had the specific knowledge (e.g. informal best practice methods that clients would expect from the firm) to complete a headhunting deal in each national marketplace. The existence of indigenous European headhunting firms clearly showed the presence of market demand for headhunting. This was very different to earlier rounds of internationalization when organic office openings were the only way to enter markets such as London where headhunting as a practice was underdeveloped. For example, when Korn/Ferry opened its office in London in 1973 the UK firm Whitehead Mann had only been operating for two years. Established markets were better served by, in the first instance, responding to extant demand conditions through a M&A approach. Once acquired however, the knowledge of the local firm could be exploited and the headhunting marketplace developed with the gradual imposition of the US style strategies used by firms like Korn/Ferry where appropriate. When the M&A approach to internationalization was adopted, then, it was in response to potential limits to market reproduction, in this case the existence of headhunting practices and institutional norms in countries that had to be understood in order to further develop the marketplace.

5. Contemporary architectures and geographies of transnational headhunters

5.1 From multinational to transnational architectures

As business levels grew still further, the repertoire of organizational strategies and ‘spatial economies’ adopted by global headhunters diversified significantly. The period from the mid-1990s onwards saw headhunting firms move increasingly from the ‘multi-national’ office towards a more ‘transnational’ form, characterised by cooperation between offices such that knowledge and business practices diffuse throughout the office network, rather than being defined and produced in each office, (Cuthbertson, 1996; Jenn, 2005). For headhunting firms, this change was in many ways a mimetic process in response to wider developments in the business environment. During this period an increased level of global mobility developed in elite labour markets whereby the boundaries between national labour markets became porous (Beaverstock 2006) and transnational interconnection became common in all advanced producer services in response to client demands (Baschi-Sen and Sen, 1997). Consequently, headhunting firms saw the need to find ways to more effectively serve global clients and to exploit global elite labour flows. Recruiting for a vacancy from ‘global’ labour markets using transnational integration between offices provided the solution. This differed from past practice of only recruiting from within the country where the vacancy existed and meant that the multinational strategy used previously was unsuitable. By this time, the leading global firms were each conducting more than 4000 global searches per annum (Executive Grapevine 2004) and global labour markets required firms to have a wider geographical reach.

A further important development can be identified that also contributed to this period of strategic change in executive search firm’s strategies. On the client demand side, the market for elite labour has changed with the increasing importance of the rhetoric of the ‘knowledge economy’ in advanced capitalist economies (see Fast Company, 2000). This further intensification of demand for talented individuals to fill executive and boardroom vacancies has reinforced the emergence of new international

geographies of elite labour search: “the hunt for the global manager is on. From Amsterdam to Yokohama, recruiters are looking for a new breed of multilingual, multifaceted executive who can map strategy for the whole world” (Tully, 1990, 30). Headhunters benefited from the rhetoric associated with the knowledge economy and, increasingly, became involved in its reproduction. If clients believe finding executives is a skilled, demanding task that needs to be undertaken quickly and efficiently to maintain their competitive edge, they are more likely to invest in appointing an executive search firm. As such, headhunters are involved in a constant effort to ensure their (potential) clients recognize the value of using a headhunter, and literally ‘buy into’ the rhetoric that a search without a headhunter will be sub-optimal.

This resonates with Thrift’s (1997) work on soft-capitalism in which it is argued that business more generally has become increasingly ‘knowledgeable’ in an effort to respond to the twin challenges of greater uncertainty and competition. Headhunters are important actors in this phenomenon since they rely on clients knowing and understanding what they do and the value of their work to source business. In short, there is no inevitability that businesses will use headhunters, but headhunters constantly strive to promote their industry as if there were no alternative in order to develop their market intermediary functions. The latest market-reproduction strategy of headhunters is, then, to promote transnationally integrated search through integrated office networks. As one firm suggests in its promotional literature, “The Amrop Hever Group was formed in the millennium year 2000 to serve more efficiently regional and international clients in light of the growing trend of globalization. As a result of the merger, the Group can now offer decades of combined senior level search experience covering six continents” (<http://www.amrop.com/aboutus.html>, accessed 17/01/06).

5.2. Geographies of headhunting marketplaces, 1992-2005

We can see the consequences of these transnational processes in the architecture of firm structure in the newer geographies of contemporary headhunting firm office structures. By 2005, the leading 15 global headhunters had increased their number of offices by 48% since 1992, from 461 to 684, with substantial absolute growth in Europe, North America and the Asian-Pacific (table 5). Such growth in offices was particularly associated with the very large firms (Jones, 1989). For example, five of the consistently ranked global top six headhunters had increased their regional office networks by 173% from 100 offices to 273, between 1987 and 2005 (table 6). With respect to relative office change, it is interesting to note the growing prominence of South America, Asia-Pacific, and the Middle-East and Africa (tables 5 and 6), which reflects increased growth beyond established offices in Buenos Aires, Sao Paulo, Mexico City, Hong Kong, Singapore, Melbourne, Sydney, Tokyo and Johannesburg between the 1990s and 2000s. We can further understand how this relates to the creation and reproduction of transnational headhunting marketplaces by looking at city-specific geography of the internationalization of the top 15 global headhunters from 1992 to 2005. In 1992, the top 15 firms had 461 offices in 111 cities across the world (figure 1). By 2005, they had 684 offices in 152 cities (figure 2), representing net increases of 48% in the number of offices (+223) and 37% in the number of cities with a direct presence (+41) (table 7). The most significant office growth occurred in Santiago (+8 new offices), Shanghai (+8), Miami (+7), Beijing (+6) and New Delhi (+5).

The major geographies of the internationalization of headhunters in cities which have more than five offices are ranked in tables 8 and 9. In 1992, Paris and Milan, New York, Sao Paulo and Hong Kong were the principal regional cities for the top 15 headhunting firms. In terms of city-office concentration, of the 111 cities on the map, 33% (28 cities with 37 offices) had five or more offices, with 21 cities (from 54) accounting for 78% (192) of all offices (Table 8). By 2005, this geography of

concentration had proliferated with 40% of the 152 cities (61) having five or more offices, with many more five-office or over cities in Latin America (+5 cities [+250%]) and the Asia-Pacific (+9 cities [+180%]) than in 1992 (table 8 and 9). The remaining net offices (+112) were opened in already established 1992 cities, with Warsaw (+9 offices), Istanbul (+ 7), Mumbai (+6), Amsterdam (+5), Moscow (+5), Buenos Aires (+5), Barcelona (+4), Dublin (+4), Boston (+4), Chicago (+4), Toronto (+4), Sao Paulo (+4) and Singapore (+4), all experiencing relatively high absolute office growth.

Turning back to table 7, combined with tables 8 and 9, we can interpret and identify a number of patterns in these data: (i) the consolidation of office growth in a large number of established Western European and North American cities, and in a small number of established Latin American and Pacific-Asian cities, consistently atop of tables 8 and 9; (ii) significant spurts of office growth in new opening city-markets of Eastern Europe, Latin America, East Asia for example, where there would have been none or only one office previously (e.g. Caracas, Warsaw, Moscow; Bangkok; Jakarta; Mumbai); and, (iii) significant new organic growth in the burgeoning emerging markets of China (e.g. Shanghai), India (e.g. New Delhi), Latin America (e.g. Lima) and the oil states (e.g. Dubai). This mimic's surprisingly well the recent globalization of law firms and points to the fact that, again, headhunters have created their marketplaces by responding to and reproducing the behaviors and strategies of other advanced producer services. For example, since 1992 Allen & Overy, a UK-based global law firm, has like headhunting firms concentrated its internationalization strategy on: (i) Western European and North American cities (e.g. Amsterdam and Frankfurt); (ii) Eastern Europe and Asia (e.g. Warsaw, Moscow); and (iii) emerging markets (e.g. Beijing and Shanghai). Other global law firms such as Clifford Chance and Baker and McKenzie have exhibited similar patterns of internationalization. This can be seen, then, as basic 'follow the client' internationalization by headhunters but also, more importantly to our

argument here, as indicative of how all advanced producer services engage in ‘market-making’ as well as ‘market exploiting’ internationalization strategies. The geographical expansion of headhunting marketplaces has, as a result, required transnational strategies to be implemented to enter into both mature and emergent headhunting marketplaces. Inevitably, markets in leading ‘world city’ environments such as Paris exhibit great potential for the development of a headhunting marketplace whereas others, such as New Delhi or Lima require more active market-making strategies. Consequently, an intricate ‘differentiated network’ form became important for headhunters during this period. We, therefore, now briefly review the three concurrent organizational forms in which global headhunting firms are engaging in such transnational operations (table 3). This further reveals the complexity of internationalization logic and the need to understand the ‘spatial economies’ and market-making opportunities created by internationalization.

6. Contemporary transnational headhunting typologies

6.1 The wholly-owned firm

This is a transnational form managed by either an executive board or partnership that defines priorities and strategies for all offices (as defined by Bartlett and Ghoshal, 1998). Each office acts as a ‘branch’ of the global firm, using the organisation’s name and being tightly coupled economically, socially and culturally to other offices, where technology, accounting and financial procedures and training programmes are shared between all offices within the company. Headhunters aim to foster ongoing, long-term relationships with large transnational clients so that whenever they need to use a headhunter, they automatically turn to them, rather than accepting pitches from a number of different firms. The fact that all offices use the same brand name and corporate culture allows clients to trust that they will receive the same level and type of

service wherever their executive search is in demand. As Spencer Stuart suggests, “[We] draw our energy and creativity from working together. As a global firm, we foster teamwork through our highly effective international practice structure, while retaining strong local capabilities in each of our 50 offices”

(<http://www.spencerstuart.co.uk/about/values/>, accessed 2/06/05). In addition, the owned firm is able to share successful practices and strategies in the form of ‘know-how’ management. These are then used to improve services and create demand in each market. Offices also share lists of ‘headhunted’ executives between offices such that they maximise the number of people they can offer to their clients in the shortlist, colloquially known as the ‘beauty parade’.

6.2 *The networked firm*

The networked transnational firm brings together several independent (often single office non-global) headhunting firms in a strategic alliance to meet a client’s global elite labour search. Networks are not businesses in themselves, but architectures linking single country firms together into a global network of ‘best friends’ that can perform labour searches across many nations when needed. Firms call on other members of the network when they need an overseas search. Consequently there will often be several members of a network operating in one country, competing for the same business. Headhunting networks are *temporary* and *dynamic* inter-firm coalitions that grow through repetitive use. There is no long-term lock-in to these collaborations, thus allowing the member firms the flexibility to draw on the resources and knowledge base of the most suitable firm in the network (in terms of their database of candidates and knowledge of nationally distinct employment legalities and practices).

The advantages of network alliances are aptly stated by the Globe Search Group, the leading network in 2005, “[B]y combining international reach with regional

excellence, the Globe Search Group expertly supplies the resources, experience and knowledge in the identification of key executives internationally” (<http://www.globesearchgroup.com/>, accessed 2/06/05). Two distinctive features of the way networked firms organize to deliver internationalized headhunting can be identified. First, they tend to have a lead institution that manages the relationships between the member firms, sets the parameters of business practice and makes decisions about new entrants into the network. For example, Globe Search Group was founded by the Chairman of the UK based Miles Partnership in 1997 and remains headquartered in London. Second, the so-called ‘off limits’ problem fails to emerge in any significant way. In the network, it is possible to select a partner for a search who is not locked-out from selecting the most suitable candidates as a result of having completed searches recently for the key firms in the field. The network also allows firms to have a toe-hold in an emerging market without exposing themselves to the full risk of establishing a new market as would be the case in the wholly owned firm.

6.3 The hybrid firm

The hybrid is part of a formalised global alliance bringing initially independent firms together to trade under one corporate name but operate as independent businesses, consequently blurring the boundary between transnational and multinational organisational forms. Hybrids involve tighter integration than in a network with only one office in each country and shared standards and approaches existing across the alliance. However, it is not as culturally, socially or economically integrated as the wholly owned firm. Hybridity eliminates the potential for competition between different member firms operating in the same country as might be the case in the network, although it does not allow as much flexibility for the independent businesses in terms of how they actually go about the search or how they avoid off-limits issues. In each independent business, specialisms may be offered by function or sector. These

specialisms are organised at the individual office level with each office having an expertise. Amrop Hever summarises the advantages being a hybrid:

“the ... group operates as a tight-knit global partnership of individually owned firms that produces client advantage from unsurpassed local market knowledge whether in New Delhi, Malmo or Melbourne. Our policies, strategies and high quality standards all are centrally mandated and monitored. We speak over 100 languages but always with a single voice” (www.amrop.com/aboutus.html, accessed 18/08/05).

In the hybrid approach, benefit can be gleaned from the network-wide reproduction of certain norms but also local conditioning of strategies when local practices are ‘thickly’ institutionally embedded.

6.4 Blurred typologies

Of course, in practice, firms adopt a suite of different approaches simultaneously as they both respond to client need and build their own market. A well-developed example of this heterogeneous organisational form is found in Korn/Ferry. Predominately, Korn/Ferry operates as a wholly-owned firm (table 3), however, on closer examination, in certain geographic markets it adopts three other organisational strategies – what it terms the alliance, the satellite and the affiliate office. The only affiliate offices are located in Mexico City and Monterrey. They are reminiscent of the hybrid office structure since they trade under the Korn/Ferry name but have a greater degree of autonomy than wholly-owned offices. Its satellite offices are located in Quito and Auckland. This organisational form lies between the hybrid and the network since again they operate under the Korn/Ferry name, but in the case of the Auckland office, it is in competition with Korn/Ferry’s wholly-owned office in Wellington. Finally, alliance offices resemble the network organisational form since they trade under their own name and are located in the ‘high’ risk emerging markets of headhunting. For

example, in Africa, Korn/Ferry runs their operation through an alliance established with the Johannesburg company Leaders Unlimited (2003). This limits the exposure Korn/Ferry has in a comparatively new headhunting market but ensures that it is well placed to take advantage of future developments in the region. It shows how strategy can also be used when reproducing marketplaces and, in particular, how a blurred typology is a valuable way of engaging in internationalization that responds to locally variegated opportunities for market reproduction.

7. Discussion: advancing theories of internationalization in advanced producer services

Our investigation of the proliferation of global headhunting firms in the world economy makes in-depth inroads into informing a wider understanding of the complexities of the *why*, *how* and *where* of internationalization and the different ways in which ‘spatial economies’ are created as firms intermediate in geographical market places. In so doing, we have also drawn attention to an understudied activity within Thrift’s (1997) ‘cultural circuit of capital’. Three major observations shed light on the symbiotic link between internationalization and spatial economies in the headhunting industry, particularly the way internationalization strategies use space to produce and reproduce markets for producer services as well as to respond to existing market opportunities.

First, we began by outlining the ‘innovative’ spatial strategy used by executive search firms to overcome the difficulties created by the ‘off-limits’ best practice guidelines. By exploiting the existence, in principle at least, of ‘Chinese walls’ between offices, executive search firms are able to claim to follow best practice yet engage in labour recruitment from recent clients. This provides a clear example of the type of ‘spatial economy’ Yeung (2005) refers to as the ‘market blockages’ faced by executive search firms are cleared due to the internationalization practice. This is illustrated by

the exponential growth of revenues of executive search firms after internationalization. We returned to this argument and noted how different approaches can be used, depending on the mode of internationalization used, and therefore the need to understand the motivations for, and various methods for creating, different types of spatial economy.

Second, we have demonstrated the need to couple examinations of the spurs of internationalization (e.g. Dunning and Norman, 1983; 1987) with in-depth understanding of *how* firms internationalize. Examining the history of the internationalization of headhunting firms shows that both the spurs evolve over time, but most importantly so do the strategies used. We have shown that organic, M&A, network and hybrid strategies are used at discrete moments in the internationalization process to create new markets from scratch, to rapidly expand into existing markets and to experiment and develop risky and immature (small) marketplaces respectively. However, we stressed this is not a temporally linear process as many firms may engage in multiple modes of internationalization simultaneously reflecting the range of marketplaces they are attempting to develop. This is particularly important to headhunting firms because of their ‘intermediary’ role and the need to cultivate a ‘headhunting marketplace’ in order to be successful.

Third, as was noted earlier, headhunting is a strategy with its roots in the USA. The organic office opening in Europe during the 1960’s allowed, in particular the ‘big four’, to export their US practice to the UK to serve existing US and new European clients. At the same time they were able to cultivate the awareness of and desire for headhunting in European firms. Without the reproduction of the intermediaries marketplace they operate in, the firms would have limited business. In other markets where US firms have not flocked in such large numbers, it is necessary to either tap into existing executive search marketplaces (using M&A) or attempt to cultivate (through a

network or hybrid form) such a market through the small headhunters who inevitably operate in a different style and at a different scale. These points all highlight the need to understand how internationalization occurs and the reasons for choosing different strategies.

Most importantly, however, they demonstrate that the theorisation of the internationalization of advanced producer services can be enhanced and moved forward by examining not only how firms internationalize to exploit pre-existing organizational, locational or internal advantages, but by also examining how firms create new advantages through spatial strategies. Table 10 exemplifies this by reworking the ‘eclectic paradigm’ around the internationalization of headhunters and expanding discussions to include both the new advantages created (in particular by market reproduction) and the organizational forms used to exploit this. As the elements highlighted in bold (O3 and L4 and L5) demonstrate, recognising advantages created by internationalization and coupling these to the ‘why’ and ‘how’ questions of internationalization is crucial so as to explain the true complexity of, and the intricate strategic decision making associated with, internationalization in advanced producer service firms.

7. Conclusion

This paper has used the understudied global headhunting industry to develop extant understandings of the internationalization of producer service firms. Particular attention has been drawn to the ways headhunters have used different organisational forms and strategies at different times to both respond to client demand but also develop their own markets in ways most advantageous to themselves. We have suggested that theories of producer service firm internationalization need to acknowledge, and critically engage with, the messy, intricate and complex set of practices and rhetorics that reproduce and

enable the business practice used by firms involved in different markets. Indeed, the case of headhunting demonstrates that it is too simplistic to assume internationalization is only about entering and serving extant demand in overseas marketplaces. Instead, internationalization can be seen as a spatial strategy (Yeung, 2005) that has various modes of operation in order to most effectively allow both the reproduction of marketplaces overseas but also, where relevant, their integration. The ‘eclectic paradigm’ (Dunning and Norman, 1983; 1987) and Bartlett and Ghoshal’s (1998) typology alone might not allow such complexity to be integrated into analyses.

However, whilst this argument has considered the rise of an international headhunting industry over the last fifty years or so, centring around its use of ‘spatial economies’ as well as its concomitant role in promulgating ideas of ‘soft capitalism’, it would appear that the story of innovation within the headhunting industry is far from complete. Looking to the future, the trajectories of both low and high end labour market intermediaries will be interesting since they are both moving towards operating in middle management recruitment, despite their differing institutional biographies. On the one hand, as Peck *et al* (2005) demonstrate, temping agencies see the middle management market as the source of higher returns. On the other hand, as headhunters institutionalize the use of executive search and selection within producer service industries, its use becomes more important (and expected by both the client firm and the headhunted themselves) lower down the managerial hierarchy as a source of legitimation and a sign of excellence.

The activities of Korn/Ferry over recent years are indicative in this regard (Jenn, 2005). The firm initiated a virtual organic development through the launch of its ‘Future Step’ initiative in 1998. This division concentrates on the recruiting of middle management, as opposed to the elite recruitment that has typified the executive search industry to date. As such, it represents a clear example of active market-building by

Korn/Ferry, using its existing knowledge of different national recruitment laws and norms, and applying them to a new sector of the labour market. It is also innovative in its reliance on electronic information transfer, as opposed to face-to-face meetings between the client and the headhunted. The way 'spatial economies' develop in this new form of headhunting will be intriguing and of significant importance for the recruitment of executive labour throughout the globe. However, regardless of whether these sorts of initiatives are economically successful or not, labour market intermediaries beyond the temping industry studied to date by economic geographers, deserve far more attention than they have hitherto enjoyed within the sub-discipline, not least because of the insights they can shed on contemporary processes of corporate internationalization strategy and form.

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Table 1. Ownership, location and internalisation advantages in resource-based and import-substituting services

Ownership advantage	Location advantage	Internalisation advantage	Types of activity
Capital; Specialist knowledge; International reputation; Access to markets; Managerial skills.	Skilled Labour; Size of local market; Need to protect market; Information.	Protection and exploitation of knowledge (labour supply) and business contacts (demand); High information costs; Quality control; Buyer uncertainty.	Reinsurance; Executive Search; Accountancy; Management and engineering consultancy; Branch banking; Investment banking; Insurance; Design.

Source: adapted from Dunning and Norman (1983, 679).

Table 2. Organizational characteristics of the transnational.

Organizational characteristics	Multinational	Global	International	Transnational
Configuration of assets and capabilities.	Decentralized and nationally self-sufficient.	Centralized and globally scaled.	Sources of core competences centralized, others decentralized.	Dispersed, interdependent, and specialized.
Role of overseas operations.	Sensing and exploiting local opportunities.	Implementing parent company strategies.	Adapting and leveraging parent company competencies.	Differentiated contributions by national units to integrated worldwide operations.
Development and diffusion of knowledge.	Knowledge developed and retained within each unit.	Knowledge developed and retained at the center.	Knowledge developed at the center and transferred to overseas units.	Knowledge developed jointly and shared worldwide.

Source: Bartlett and Ghoshal (1998, 75).

Table 3. The top twenty global headhunting firms (ranked by 2004 worldwide revenue), 2005

Firm (founded)	Revenue (US\$m) ¹	Global HQ	Structure	Offices	Partners & consultants ¹
1. Korn/Ferry International (1969)	402	Los Angeles	Owned	73	776
2. Heidrick & Struggles Int'l (1953)	375	Chicago	Owned	59	297
3. Spencer Stuart (1956)	362	Chicago	Owned	49	292
4. Egon Zehnder Int'l (1964)	336	Zurich	Owned	59	290
5. Russell Reynolds Ass. (1969)	268	New York	Owned	33	133
6. Ray & Berndtson (1965)	147	New York	Hybrid	48	300
7. Amrop-Hever (2000)	135	Brussels	Hybrid	78	264
8. Globe (1997)	76	London	Network	15	69
9. IIC Partners (1986)	75	Alberta	Hybrid	53	180
10. TransSearch (1982)	70	Paris	Hybrid	67	145
11. Whitehead Mann Group (1971)	61	London	Owned	10	70
12. Highland Partners (2003)	60	New York	Owned	17	66
13. A.T.Kearney (1946)	45	Chicago	Owned	27	84
14. Signium Int. (1972)	43	Crystal Lake	Hybrid	30	62
15. Stanton Chase Int. (1990)	39	Dallas	Hybrid	59	306
16. Christian & Timbers (1980)	25	New York	Owned	8	48
17. Eric Salmon & Partners (1990)	16	Paris	Owned	5	31
18. Penrhyn Int. (1979)	18	Brussels	Network	20	87
19. ITP Worldwide (1993)	14	Houston	Network	21	40
20. Boyden (1946)	N/A	New York	Owned	66	214

Source: Firm worldwide web sites, accessed 07/12/05

Note

1. Source: Jenn (2005)

N/A. Data not available

Table 4. Major merger & acquisitions in selected global headhunting firms

Firm	Key mergers & acquisitions (place, date)
Korn Ferry	Guy Pease (Sydney, 1979) Hazzard Ass. (Mexico, 1977) Carre Orban (Brussels, 1993) Hofman Herbold (Germany, 1999/0) Levy Kerson (New York, 2000/1) Helstrom Turner & Ass. (Los Angeles, 2000/1) Pearson, Caldwell & Farnsworth (San Francisco, 2000/1) Westgate Group (USA, early 2000/1) Amrop (Sydney, Auckland, early 2000/1) PA Consulting (recruitment arm, early 2000s)
Heidrick & Struggles	Mulder Partners (Germany, 1997) Sullivan Partners (New York, 1999) SHP Associates (UK, 2001)
Ray & Berndtson	Odgers (London, 2000) The Berwick Group (n/a, 2001)
Amrop Hever Group	Battalia Winston (New York, 2005)
ICC	Xecutive (Hong Kong, 2004) FGSA (Brazil, 2004) Harris Associates (USA, 2004) Elbinger (Vienna, 2004) Hoffman (Brussels, 2004) Merc (Dublin, 2004)
Transearch	Norman Broadbent (London, 2004) Cromwell Partners (New York, 2004)
Whitehead Mann	GKR Group (n/a/, 2000) The Change partnership (UK, 2001) Baines Gwinner (UK, 2001) Summit Leadership Solutions (USA, 2002) Leonard Hull (n/a, 2004)
Stanton Chase	Bo Le (Asia, 2003) Ward Howell Euroselect (eastern Europe, 2003)

Source Jenn (2005)

Table 5. Leading 15 global executive search firms: office change by region, 1992 – 2005 (ranked by 2004 worldwide revenue)

Region	1992 ¹	2005 ²	Absolute change	% change
Europe	247	306	+59	+24
North America	115	173	+58	+50
South America	29	64	+35	+121
Asia and Pacific	68	126	+58	+85
Middle East & Africa	2	15	+13	+650
Totals	461	684	+223	+48

Sources: 1. Jenn (1993); 2. Firm worldwide web sites accessed 07/12/05

Table 6. Office change of top five global headhunting firms by region, 1987 and 2005 (ranked by 2004 worldwide revenue).

Firm	Office Location														
	Europe ¹			North America			South America			Asia & Australasia ²			Totals		
	1987	2005	%Δ	1987	2005	%Δ	1987	2005	%Δ	1987	2005	%Δ	1987	2005	%Δ
Korn Ferry	n/a	25	n/a	n/a	23	n/a	n/a	10	n/a	n/a	15	n/a	33	73	+121
Heidrick Struggle	6	23	+283	1	18	+1700	0	7	-	0	11	-	7	59	+743
Spencer Stuart	10	20	+100	0	17	-	1	5	+400	5	7	+40	16	49	+206
Egon Zehnder	13	31	+138	4	11	+175	3	6	+100	4	11	+175	24	59	+146
Russell Reynolds	4	13	+225	11	12	+9	0	2	-	5	6	+20	20	33	+60
Totals ³	33	112	+239	15	81	+440	4	30	+650	14	50	+257	100	273	+273

Notes

1. Includes Middle East and Africa

2. Includes Pacific

3. Excludes Korn Ferry by region

n/a Data not available

Sources: for 1987 firm annual reports; for 2005 firm world wide web sites accessed 07/12/05

Table 7

A ranking of new office-city locations of the leading 15 global executive search firms, 1992-2005

Europe (offices)	North America (offices)	South America (offices)	Asia and Pacific (offices)	Middle East & Africa (offices)
1=Antwerp (2)	1. Miami (7)	1. Santiago (8)	1. Shanghai (8)	1. Dubai (3)
1=Bad Homburg (2)	2. Denver (4)	2. Lima (5)	2. Beijing (6)	2=Kuwait City (2)
1=Birmingham (2)	3=Detroit (2)	3. Rio de Janerio (3)	3. New Delhi (5)	2=Sandton (2)
1=Riga (2)	3=Summit, NJ (2)	4. Quito (2)	4. Wellington (3)	4=Beirut (1)
1=Tallin (2)	3=Tysons Corner (2)		5. Bangalore (2)	4=Cape Town (1)
1=Vilnius (2)	6=Baltimore (1)		6=Chennai (1)	4=Jeddah (1)
7=Aberdeen (1)	6=Cerritos (1)		6=Guangzhou (1)	4=Tel Aviv (1)
7=Aarhus (1)	6=Charlotte (1)		6=Perth (1)	
7=Belfast (1)	6=Colorado Springs (1)		6=Pune (1)	
7=Glasgow (1)	6=Crystal Lake (1)			
7=Harrogate (1)	6=Edmonton (1)			
7=Kiev (1)	6=Encino (1)			
7=Lille (1)	6=Fort Worth (1)			
7=Limerick (1)	6=Halifax (1)			
7=Lugano (1)	6=Irvine (1)			
7=Sofia (1)	6=Kansas City (1)			
7=St. Petersburg (1)	6=Ottawa (1)			

7=Thessaloniki (1) 6=Redwood City (1)

7=Turku (1) 6=San Diego (1)

7=Wroclaw (1) 6=St. Louis (1)

21 cities (27 offices)	21 cities (33 offices)	4 cities (18 offices)	10 cities (29 offices)	7 cities (10 offices)
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Source: firm worldwide websites, accessed 07/12/05

Table 8 Rankings of cities by number of international offices of the leading 15 global headhunters (by region), 1992¹

Europe (offices)	North America (offices)	South America (offices)	Asia and Pacific (offices)	Middle East & Africa (offices)
1=Paris (15)	1. New York (13)	1. Sao Paulo (8)	1. Hong Hong (12)	
1=Milan (15)	2. Atlanta (9)	2. Mexico City (7)	2. Sydney (11)	
3. Madrid (14)	3=Chicago (8)		3. Tokyo (10)	
4. London (13)	3=Toronto (8)		4. Melbourne (9)	
5. Brussels (12)	5=Los Angeles (7)		5. Singapore (7)	
6=Frankfurt (11)	5=Dallas (7)			
6=Zurich (11)				
8. Dusseldorf (10)				
9=Munich (9)				
9=Stockholm (9)				
11=Amsterdam (8)				
11=Barcelona (8)				
11=Copenhagen (8)				
13=Budapest (7)				
13=Helsinki (7)				
13=Vienna (7)				

17=Berlin (6)

17=Lisbon (6)

17=Rome (6)

20=Geneva (5)

20=Oslo (5)

Sub-totals

21 cities (192 offices)	9 cities (70 offices)	2 cities (15 offices)	5 cities (49 offices)	0 cities (0 offices)
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1992 Totals

54 cities (247 offices)	43 cities (115 offices)	9 cities (29 offices)	14 cities (68 offices)	2 city (1 offices)
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Note: 1. Cities with five or more offices

Source: Jenn (1993)

Table 9 Rankings of cities by number of international offices of the leading 15 global headhunters (by region), 2005¹

Europe (offices)	North America (offices)	South America (offices)	Asia and Pacific (offices)	Middle East & Africa (offices)
1. London (16)	1. New York (15)	1. Sao Paulo (12)	1. Sydney (13)	1. Johannesburg (5)
2=Amsterdam (13)	2=Chicago (12)	2. Buenos Aires (9)	2. Tokyo (12)	
2=Paris (13)	2=Toronto (12)	3. Santiago (8)	3=Hong Kong (11)	
4=Frankfurt (12)	4. Atlanta (11)	4=Bogota (7)	3=Singapore (11)	
4=Madrid (12)	5. Los Angeles (9)	4=Mexico City (7)	5=Melbourne (8)	
4=Milan (12)	6=Boston (8)	6=Caracus (5)	5=Seoul (8)	
4=Munich (12)	6=Houston (8)	6=Lima (5)	5=Shanghai (8)	
8=Brussels (11)	6=San Francisco (8)		8. Mumbai (7)	
8=Stockholm (11)	9=Dallas (7)		9=Beijing (6)	
8=Warsaw (11)	9=Miami (7)		9=Kuala Lumpur (6)	
11=Barcelona (10)	9=Washington DC		11=Auckland (5)	
11=Copenhagen (10)	12=Minneapolis/SP (6)		11=Bangkok (5)	
13=Helsinki (9)	12=Montreal (6)		11=Jakarta (5)	
13=Vienna (9)	14=Stamford (5)		11=New Delhi (5)	
13=Zurich (9)	14=Palo Alto (5)			

16=Istanbul (8)
 16=Oslo (8)
 16=Dusseldorf (8)
 19=Budapest (7)
 19=Moscow (7)
 19=Hamburg (7)
 19=Lisbon (7)
 23=Geneva (6)
 23=Rome (6)
 25=Prague (5)
 25=Dublin (5)

Sub-totals

26 cities (244 offices) 15 cities (126 offices) 7 cities (53 offices) 14 cities (110 offices) 1 cities (5 offices)

2005 Totals

61 cities (306 offices) 47 cities (173 offices) 13 cities (64 offices) 23 cities (126 offices) 1 city (2 offices)

Note: 1. Cities with five or more offices

Source: firm worldwide websites, accessed 06/12/05

Table 10 A re-conceptualization of the advantages accounting for the internationalization of headhunting firms.

Ownership (competitive advantages)	Location (configuration advantages)	Internalisation (coordinating advantages)	Organisational form
<p>(O1) Access to transnational clients;</p> <p>(O2) Reputation;</p> <p>(O3) Headhunting practices that can be reproduced and promoted overseas to create new market demand;</p>	<p>(L1) Access to existing overseas markets;</p> <p>(L2) Face-to-face contact with local representatives of existing transnational clients;</p> <p>(L3) Adaptation to local labour laws;</p> <p>(L4) The ability to market and promote services to new clients and develop demand in the marketplace;</p> <p>(L5) Reduction in ‘off-limits blockages’ by creating ‘chinese’ walls between spatially separated offices</p>	<p>(I1) Protection of client-databases from outsiders eyes;</p> <p>(I2) Quality control easily maintained;</p> <p>(I3) The ability to develop globally uniform standards and systems, ultimately bringing economies of scale through integration;</p>	<p>(F1) Wholly owned transnational when advantages O3, L4 and L5 can be gained from opening overseas offices;</p> <p>(F2) Network transnational when O3, L4 and L5 advantages are unlikely to be gained immediately;</p> <p>(F3) Hybrid when O3, L4 and L5 advantages exist but with some locally contingent influences.</p>

Captions

Figure 1 The worldwide distribution of offices for the top fifteen global headhunting corporations, 1992 (source: Jenn, 1993)

Figure 2 The worldwide distribution of offices for the top fifteen global headhunting corporations, 2005 (firm www sites)