



Interview

THE EXECUTIVE SEARCH LANDSCAPE - CHALLENGES, OPPORTUNITIES, AND THE ROAD AHEAD

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1 Given the current global economic challenges, including inflation, the prospect of a synchronized recession, and geopolitical tensions, how is the executive search sector adapting to navigate these complexities?

Working in Executive Search for many years, I am lucky to be on the front-row seat to notice even the slightest changes in the market, and I would like to share some critical insights for top management and owners.

In this turbulent global economy, marked by inflation, potential synchronized recession, and geopolitical unrest, the executive search sector is pivotal in navigating the complexities. Asia's growth is at its slowest since 1960, China faces economic deceleration in 2024, Europe is in a precarious position, while North America is slightly more optimistic, despite recent disturbances in Israel. Geopolitical instability presents substantial economic threats, indirectly influencing our industry.

Now, shifting from just filling positions to strategically attracting the right talent is imperative. We advise utilizing innovative,

data-driven marketing and focusing on employer branding. We encourage clients to prioritize developing their existing workforce, focusing on retention and upskilling, and promoting from the inside (even though it might sound counterintuitive to us).

With companies prolonging notice periods to retain top talent, maintaining candidate engagement is crucial for a seamless transition. What helps is that we can cover these long power vacuum periods with Interim Managers until a permanent placement is ready.

We're championing talent mapping, aligning internal skills with organizational objectives, and ensuring each placement is a strategic fit. Our approach also includes advocating for a hiring perspective shift and encouraging consideration of candidates with transferable skills beyond the C-suite experience.

The prevalence of remote work has opened doors to international hiring, broadening our talent pool, and our global network, InterSearch, allows us to leverage this trend for localized impact with global reach.

2. The macro-environment factors do have an impact on the executive search market. How do you anticipate these factors influencing the labour market, especially for top executives and highly skilled knowledge workers?

Economic fluctuations shape the demand for top executive talents; recessions might flood the market with talent, while booms spike competition. Particularly in tech, we notice a demand shift towards leaders adept in cost management and turnaround strategies. In such uncertain times, our role as executive search consultants becomes invaluable in setting realistic hiring expectations and adapting to market changes in real time.

Technological advancements require leaders well-versed in AI, blockchain, AR, and VR, integrating them seamlessly into business strategies. Hence, we advocate for our clients to engage with industry experts consistently and thought leaders for early trend insights.

Government policies and global events directly impact hiring, more so for multinational corporations. Staying updated on employment laws and immigration policies becomes imperative to facilitate top talent acquisition.

Societal shifts towards diversity, equity, inclusion and mental health awareness reshape executive leadership criteria.

Our approach and recommendation: broaden your talent search beyond traditional pools and industries, valuing transferable skills and diverse experiences. While technical proficiency is crucial, soft skills like adaptability, cultural intelligence and resilience are equally vital.

Lastly, the global sustainability drive necessitates leaders genuinely committed to green initiatives, avoiding greenwashing actions that market and people will heavily penalise. Risk management and market navigation skills become paramount as tensions and trade uncertainties loom.

3. Reflecting on 2023, we have seen a candidate-driven market and increased opportunities for hiring. How has this affected the qualities companies seek in top executives, and how has Pendl & Piswanger

adapted its approach to meet these evolving needs?

Indeed, the candidate-driven market presents challenges for the executive search industry, and we have noticed intensified competition among firms to attract and secure the best talent for executive roles because, with more job opportunities in the market, top-tier candidates are in a position to be more selective. Plus, the “great resignation” seems to just increase at C-level when, in the last years, it was visible instead for more junior roles.

Candidates now have higher expectations regarding compensation, benefits, work-life balance, and organizational culture. They are also looking for roles that align with their personal values and long-term career aspirations, and here, an experienced Executive Search Consultant is a great addition to the recruitment process because they are skilled in building up the USP for each role and company.

The hiring process from identifying and engaging to closing, has become more prolonged. Extended negotiations and counteroffers have become more common, even at the top level, leading to an increase in demand for executive interim managers who come and cover the gap (and also solve urgent problems) until the permanent placement is finalized.

The main advantage of high-performing executive search firms (and, with all the lack of modesty, we are one of those) is that they can focus on building deeper, more personalized relationships with candidates, understanding their career aspirations, personal values, and life goals to present opportunities that resonate and decrease the risk of declining an offer.

4. For the past few years, companies have faced “quiet quitting” as a potential continuation of disengagement. How can managers combat this trend, and what role does executive leadership play in fostering employee engagement?

While last year buzz words were “quiet quitting”, for the following years executive search industry’s biggest challenge is the so-called “quiet ambition”, especially noticed in the States but slowly moving towards Europe especially.



A successful leader builds ambitious plans but is prepared for the worst and transforms a challenge into an opportunity.



My message for leaders and decision-makers: interim management is more than a fleeting trend; it is a strategic revolution in hiring.

These trends will become a challenge for filling leadership positions as the pool of interested candidates shrinks only 4% (four!) of younger generations employees consider getting promoted to the C-suite a top career goal, and only 38% of individual contributors are interested in becoming a people manager!

What could executive search firms and their clients do to transform these threats into opportunities? With fewer employees aspiring for traditional leadership roles, firms need to redefine what leadership looks like, emphasizing soft skills, adaptability, and a balance between work and personal life.

Our advice to counter the declining interest in managerial roles is that companies should diversify their talent pools, tapping into underrepresented groups and considering candidates with non-traditional backgrounds.

5. The year 2023 confirmed the trend of increased demand for Executive Onboarding and Interim Management services. What drove this evolution, and how do these services align with the changing needs of businesses and executives in the current landscape?

In 2023, the rise of Executive Onboarding and Interim Management services mirrored the evolving business landscape, catering to extended executive selection timelines. This trend, set to continue into 2024, offers firms adaptability and shared growth in a shifting environment.

Specifically, Executive Onboarding streamlines leadership integration as senior roles face heightened scrutiny.

A rising need is also the demand for Intercultural Communication Understanding, now expanding beyond Western countries to markets like Romania. This addresses the labor shortage and influx of foreign personnel, supporting managers in navigating multicultural challenges and establishing effective leadership across diverse cultures.

Recent research from leading Interim Management associations and our insights at P&P and IM Advisor highlight the growth of interim executive hiring. Companies gain time or cost-effective solutions and seamless project continuities, especially when

permanent roles are filled slower than in the past, often surpassing traditional consultancy offerings. This approach taps into a varied talent reservoir, ushering in innovative perspectives. The “try before committing” approach is rising, benefiting companies and managers alike.

I have one message for leaders and decision-makers: Interim management is more than a fleeting trend; it is a strategic revolution in hiring.

6. In 2023, which executive roles and industries have been challenging to fill, and what strategies? How did you help companies to address these recruitment challenges?

In 2023, executive search faced (again) a dynamic landscape driven by challenges and demands across various sectors globally. High-demand roles centered around AI, automation, and digital transformation, especially in the industrial sector, requiring leaders to blend tech innovation with broad business strategies. The push for Industry 4.0 projects highlighted the industrial sector’s challenging projects, emphasizing speed and cost-effectiveness.

Sustainability took center stage, boosting demand for roles tied to Environmental, Social, and Governance (ESG) criteria. Geographical nuances were evident. Western Europe’s mature markets focused on digital transformation, sustainability, and data compliance, Nordics on green energy experts, battery producing and R&D, while Eastern Europe, an emerging market, highlighted manufacturing, logistics, and supply chain roles.

To address these challenges, we’ve taken leverage of our international network InterSearch and searched for talents globally. Also, we remained devoted to our strategy to bring executives back to Romania.

Another strategy we stick to and see more companies adopting is pivoting candidates’ industries or roles. For instance, someone with 25 years in retail banking. What could be the transferable experience? Highly regulated industry, financial products, volume transactions, multi-channel, complex pricing modelling, just to name a few. Adjacent sector to pivot to? Insurance, wealth management, financial products,

brokers, treasury, payments, telco, pharma, energy sector.

7. What unique challenges and opportunities do you anticipate for executive search in the Romanian market in the coming year? How does your company plan to address the specific dynamics of the domestic business environment?

Most probably, 2024 will be a pivotal moment for Romania, as the introduction of new fiscal laws is set to reshape the economic set-up. While many perceive this as a challenging period, I see many opportunities if we adopt a holistic perspective.

These laws, primarily aimed at amplifying revenue, could bolster public spending in crucial sectors like healthcare, education and infrastructure, fostering economic growth. But they also present potential challenges: increased taxes might deter businesses from expanding or even prompt relocation considerations. Additionally, if indirect taxes rise, domestic consumption may falter.

Focusing on our industry, the executive search field, we anticipate to be impacted. Revised corporate and employment taxes could amplify operational expenses, compelling a rethinking of pricing structures and client agreements. We must also be vigilant about sectors hit hardest by these fiscal changes, as they might halt hiring, necessitating a more agile approach from recruitment firms.

The talent mobility at all levels might be negatively influenced by the new taxation laws because it will affect individual income tax rates. Higher taxes might discourage top-tier talent from staying or accepting opportunities in Romania, posing challenges in sourcing high-caliber candidates.

8. As a closing, what is your main message to clients and partners regarding the challenges and opportunities they may face in the short and medium term? How can organizations benefit from the services provided by Dr. Pendl & Dr. Piswanger in navigating the complexities of the current business landscape?

In the world of executive search, which I love and have served with passion for more

than 15 years, 2023 has been another testament to the resilience and adaptability of our industry.

The power dynamics in recruitment have shifted towards candidates, demanding a more strategic and personalized approach from search firms.

The silent yet significant influence of passive candidates and “quiet quitters” and the prolonged waiting period due to extended notice periods call attention to the evolving nature of our industry.

Moreover, the rise of “quiet ambition” and the declining interest in traditional leadership roles present challenges and opportunities. Companies must redefine leadership, emphasizing adaptability, cultural intelligence, and resilience. Executive Onboarding and Interim Management services have risen in prominence, offering businesses the flexibility and adaptability they need in this volatile landscape.

For our clients and partners, the message is unequivocal: the challenges of today are the opportunities of tomorrow. In this candidate-driven market, the emphasis is not just on hiring but on strategic and cultural alignment and long-term vision combined with solid implementation capabilities.

To all leaders out there, I launch the following messages:

- 1.** Don't wait to act until you have a problem! It is evident that the economy will face a downturn, get prepared and figure out what to do even under the worst-case scenarios!
- 2.** Focus on developing the middle management layers because they are the forgotten (many times) backbone of any organization.
- 3.** Be bold, be innovative, stay out of the crowd! Diversify your talent pools, tapping into underrepresented groups and considering candidates with non-traditional backgrounds, coming outside your industry or even the role they are hired for.

As we look to the future, Pendl & Piswanger stands committed to supporting you through these dynamic times. Our deep industry insights, global reach, and personalized approach position us as a trusted partner in executive search and interim management.



For our clients and partners: today's challenges are tomorrow's opportunities.