
Executive Appointments

Hiring and firing is a different business in the US

Head to Head

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What are the differences between executive search in the UK and US?

Wherever the client office is, every search has to balance quality, cost and speed. In the US, speed is more easily achievable than in Europe. The legal differences are to do with the “employment at will” nature of most US contracts, which means that executives have much less security in roles in the US. This is reinforced by American culture, where most people see themselves almost as self-employed within a company. Executives in the US are therefore more open to hearing about opportunities outside their current company, less “loyal”, and easier to move quickly. A typical search in the US takes us less than 90 days; in Europe it can be much longer.

Does this reflect in attitudes towards personnel?

Yes, very much so. Most Americans would think of European employee rights as “socialist”. The complexity and cost involved in dismissing someone with high levels of employment protection and a three, six or 12 month notice period means that companies will consider other options (for example – negotiation, training, conciliation, reassignment, coaching or other kinds of support) with a failing employee before choosing to terminate their contract.

This means that European businesses are slower to fire and slower to hire than those in the US. They see employees as a bigger investment and they reflect that in training, development and support. In general, European corporations are much “warmer” than their US counterparts and more prepared to invest through the bad times. In the US the phrase “human capital” means exactly what it says.

What are the pros and cons of the US system?

The key benefit is responsiveness. Organisations can bring in new skills very quickly. The downside is that there is a loss of handed-down and tacit knowledge within the organisation. That affects relationships with stakeholders that the organisation builds up over time. If the business has significant operations internationally they need to pay careful attention to their style and approach towards people in order to perform at the highest levels.

Are there benefits to staff in the US system?

Staff in the US have an extremely direct link between personal performance and rewards. It is absolutely normal to say: “I want you to give me a pay rise or bonus”. The flip-side means it is also normal for the employer to say: “You are under-performing and I’d like you to leave.” This is shocking from a European perspective, but in the US it’s all about having the opportunity to win. This attitude means that inevitably others have to lose. It’s

very individualistic: you are never expected to subsidise anyone else’s performance.

What are the pros and cons of the UK system?

One benefit is a longer-term approach to problem solving and greater staff loyalty during difficult times. Therefore, when a market recovers, UK businesses tend to have retained more high potential staff who already know how to do their job enabling the company to rebound far quicker. US companies can replace staff quickly, but they will need time to settle in.

Are there benefits to staff in the UK system?

Staff get longer to prove themselves and receive more investment in their personal development. They also get a bigger cushion when things go wrong.

What is the impact on job mobility?

The US approach favours greater job mobility, yet Americans are much less likely to relocate. Those working on the east coast, tend to stay on the east coast and people are less prepared to commute for an hour or more. They are also far less likely to look for a job in another country. European commute times and distances are far greater and we know of hundreds of executives who commute across national borders. US tax law is a key reason for this – American citizens are taxed on worldwide income, so they pay wherever they work.