

How to Solve the Diversity Problem When Recruiting Your Next Leader?

MU Executive Search™ widens the gate and raises the bar.

Choosing a leader

The purpose of leader recruitment is to appoint the best possible candidate.

Leaders have a huge impact on an organisation's people, health and results. Research tells us that a failed leader appointment costs, at least, a staggering 30 times their salary.^{1,2} And the wrong leader may even prove fatal for your organisation altogether.

Given the huge importance of successful leadership, it is alarming that close to half of all leader appointments fail soon after being made. As one team of scientists, who published their research in 2022, put it: "These days, 'Success rates' in executive appointment equate to a 'coin flip'.³ The recruitment approach most often used, conventional Executive Search, clearly has a **Performance Problem**.

The Diversity Problem

A main contributor to this **Performance Problem** is the **Diversity Problem**. Different types of relevant people are not systematically included in conventional Executive Search work in the first place, whilst others have special access. This over reliance on connections and status means "the club" of potential candidates—those in or close to the Headhunters black book or database—is restricted.

Making matters worse, different forms of bias and subjectivity in recruitment are routinely found by researchers in inclusion and later selection decisions.⁴ And including candidates based on quotas to counteract this layers another problem on top. Demographic characteristics that have no relation to performance in the job lead to tokenism and the illusion of diversity, not to effective leader outcomes.⁵ The "old boys club" is not good enough, and the "new girls club" is as problematic. Indeed, any club where demographics, status or personal connections are a condition of membership places irrelevant restrictions on potential leaders. **The Diversity Problem** is caused by the club-based way of finding candidates. No doubt this is why the Association of Executive Search Consultants conclude that clients of Executive Search firms want high performing and long term successful leaders, and lacking diversity is a main problem in securing them.⁶

Organisations are weakened when they hire from a restricted pool of club members and make selection decisions based on either subjectivity or on trying to project an image of diversity. To solve the **Diversity Problem**, and at the same time solve the **Performance Problem**, a more inclusive recruitment approach is required—one that both widens the gate and raises the bar.

Effective recruitment is inclusive recruitment

The best possible leader, the one you must always hire, is defined by an effective match to your need for results. Not by connections in the Headhunter's black book, rolodex or state-of-the-art database. To employ a leader with a high probability of success, diverse plausible candidates must be systematically included in your search from beyond these networks and selection decisions should be accurate so they are factual and free from skew. The ultimate test of success in any recruitment is when you evaluate the result they achieved—inclusive recruitment maximises your chance of success. To achieve this, stereotyping, shortcutting and subjectivity (i.e. bias and random error) must be avoided both in inclusion and in selection decisions.

How does MU Executive Search™ ensure effective and inclusive recruitment?

MU Executive Search™ uses prediction logic and a step wise selection procedure to increase inclusion and selection accuracy. It solves the **Diversity Problem** and the **Performance Problem** at the same time—through using tested and proven methods to reduce the negative impact of stereotyping, shortcutting and subjectivity.

1. Set and strictly follow fact based criteria for inclusion and later selection.

MU Predictive Analysis™ precisely tailors recruitment to focus on the specific context and relevant role criteria for inclusion and selection. Identifying criteria based on each unique leadership challenge, allows for precise predictions that overcome stereotyping—making sure that the recruitment criteria are inclusive and can be assessed objectively.

2. Put attention on inclusion and merit throughout the recruitment procedure.

Monitoring selection decisions for skew and comparing them to industry benchmarks ensures that candidates objectively meet the inclusion criteria—and focus efforts on inclusion as well as performance.

3. Widen the gate and secure potential candidates beyond "the club".

MU Inclusive Candidate Acquisition™ uses stepwise selection and extended targeting to include diverse candidates within and beyond existing networks. A diverse candidate pool is secured through structured mapping of target organisations and inclusion of adjacent relevant talent pools as well as targeted candidate marketing. A wider search and stepwise inclusion, using evidence, avoids shortcutting.

4. Fair and accurate selection decisions—to reliably predict success.

MU Leadership Assessment™ uses fact-based selection to reduce bias and means error. A combination of stepwise selection and reliance on factual evidence recommends candidates have a very high probability of success in the role. Fact-based stepwise selection reduces and controls subjectivity. Both diversity and meritocracy can be achieved by ensuring integrity in the process and focusing on competence in outcomes.

5. Effectively involve the new leader and guide them to get off to a fast and successful start.

MU Accelerated Onboarding™ has the purpose of increasing the speed and quality of the newly appointed leader's achievement of short-term objectives, guide their fulfilment of organisational contribution requirements and secure their effective inclusion in their new team.

How do we know that MU Executive Search™ is an effective solution to the Diversity and the Performance Problem found in conventional Executive Search?

MU Executive Search™ is tested and proven by the MU Research Institute to offer a reliable solution to the **Performance and Diversity Problems** found in the conventional Executive Search model.

- **Inclusive Search.** Diverse qualified candidates are included "beyond the club". Skewness is effectively monitored, controlled and reported. The finding is that MU Expert selection decisions are reliably factual and minimise skewness.⁵
- **Accurate Selection** solves the **Performance Problem**. A precise prediction of performance "beats the coin flip". More than 90% of employed leaders meet or exceed expectations, as validated independently by the MU Research Institute and DNV-GL Quality Assurance Auditors.⁷
- **Reliable Leadership Advice™.** The MU Executive Search™ model is powered by MU Leader Selection Science™ which is certified to ISO 106677—meaning it provides clients with Reliable Leadership Advice™.⁸

Science explains that diversity is not enough to improve results—inclusion is required. Sustained success at work and organisational outperformance most often come down both to effective inclusive leadership AND inclusive open and fair recruitment. Inclusion will lead to valuable diversity. Valuable diversity will lead to outperformance.

By employing leaders based on what they can do, matched to specific required results in a new role—rather than on what they did before, who they know or how liked or "generally talented" they are, MU has evolved Executive Search to widen the gate and raise the bar.

Effective leadership is best secured by using MU Executive Search™—a way of working that is tested and proven to be inclusive, accurate and reliable. To find out more about how to increase your chance of success in hiring a leader—how to widen the gate and raise the bar—talk to an MU Expert serving your location and industry sector.

www.mercuriurval.com/global/our-services/executive-search/



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¹ Smart, B. D. (2005). *Topgrading: How Leading Companies Win by Hiring, Coaching, and Keeping the Best People*. Penguin.

² *Leadership Matters: The Cost of Failed Leadership* (MU, 2024)

³ Kiefer, K., Martin, J. A., & Hunt, R. A. (2022). Multi-Level Considerations in Executive Organizational Transfer. *Human Resource Management Review*, 3 (1)

⁴ Whysall Z. (2018). *Cognitive Biases in Recruitment, Selection, and Promotion: The Risk of Subconscious Discrimination*. In: Caven V., Nachmias S. (eds) *Hidden Inequalities in the Workplace: Palgrave Explorations in Workplace Stigma*. Palgrave Macmillan, Ham.

⁵ Jonsson, E. (2023). *Diversity analysis: Gender distribution in the MU Selection process 2019-21*. The Mercuri Urval Research Institute.

⁶ AESC. *State of the Profession*. (2019). AESC.

⁷ Jonsson, E. (2023) *Success Rate for Leader Appointments*. The Mercuri Urval Research Institute.

⁸ *The Mercuri Urval Assessment Method Technical Report* (2023). The Mercuri Urval Research Institute.