

Executive Search on the brink of Brexit

London, UK – It is the issue that nobody in the United Kingdom can avoid right now: the referendum on European Union membership that will be held on June 23rd. On this date, British voters could take a momentous step and vote to leave a club that most European countries are members of, or wish to join. This is the first such referendum in the EU, so it is naturally difficult to make predictions about the outcome, and in particular the impact on the executive search sector of what has come to be known as “Brexit”.



Anti-EU sentiment has long been strong in Conservative circles, and forms the basis of a political rivalry that suffuses all levels of British society. British Prime Minister David Cameron announced the referendum in 2015 in an attempt to settle the issue permanently and fend off future challenges from Brexit supporters.

While surveys indicate that most voters expect the United Kingdom to stay in the EU, the final outcome is too close to call, consistently around 50/50 for Brexit/Remain. At the end of April, polls indicated that the Brexit campaign was slightly in the lead.

British voters may be split down the middle, but many groups representing business interests such as the [Confederation of Business Industry](#) (CBI) have expressed concern about the dangers of leaving. The CBI has warned that leaving the EU could cost Britain 950,000 jobs and leave the average household GBP 3,700 worse off. Moreover, a survey by accountancy firm [Grant Thornton](#) showed that almost 90% of CEOs, CFOs, managing directors and other executives were against the UK leaving the EU.

One of the most crucial aspects of the debate is the impact on jobs and recruitment. Under EU law, the UK cannot prevent any person from another member state coming to live in the country, and conversely, Britons enjoy the right to live and work anywhere else in the EU. The uncertainty has led to a jump in UK citizenship applications from European citizens who live and work in the UK, and immigration lawyers are warning that a Brexit vote could mean that some EU nationals would need to apply for the right to live and work in Britain.

A large number of personnel management specialists in the UK are involved in international recruitment, and cross-border assignments are very common, especially for clients that have locations in multiple EU countries.

The recruitment industry has made extensive use of the EU free movement regulations, which have greatly broadened the selection of global executives who are available to corporations in the UK. This legislative framework has fostered the identification and hiring of talent that fits the culture, values and strategy of UK-based businesses, and the influx of fresh executive blood has contributed substantially to the strengthening of revenue streams. If the UK left the EU, these employment relationships would continue, but there is a risk of isolation. In addition, leaving the EU could result in extra unwelcome regulations for corporations.



According to the international law firm [CMS](#), “It appears likely that even if the UK does vote to leave the EU, the UK would ultimately retain a strong European influence in order to both protect its trade position internationally, and to continue certain protections afforded to employees.”

Investors are traditionally cautious before a referendum, and recruiters are nervous in turn, delaying decision-making until after the referendum result. Although recruitment specialists are keen to assure their clients that they will continue to be able to attract and retain foreign talent with as few red tape issues as possible, analysts point out that decisions are being delayed at senior levels of the recruitment industry due to the unclear situation, and the market is markedly different from what it was at the same time in the previous year.

Brexit supporters argue that Britain’s economy will be able to handle any challenges and problems that arise. They say that an independent Britain would flourish without the constraints of EU regulations, which they see as a huge burden. Norway is frequently held up as a solution for the post-Brexit UK: the Nordic state has access to the European single market, but is not subject to EU legislation on areas such as agriculture.

The [Economist](#) argued that “if Britain were to join the Norwegian club, it would continue to be bound by virtually all EU regulations, including the working-time directive and almost everything dreamed up by Brussels in future.” Remain supporters also point out that Norway is obliged to pay contributions to the EU, but has no say in how it is run.

If Britain does vote to leave the EU, predictions for the future vary. The Brexit camp is confident that the post-Brexit negotiations would be swift and straightforward. “Remainers” say the process would take much longer, given the complexity of EU legislation and the number of countries involved. US President Obama’s recent comments that Britain would be at “the back of the queue” in any trade negotiations pleased the Remain camp and irritated the Brexit camp in equal measure. On 24 June, one side or the other will prevail.

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