

## WHY MORE COMPANIES ARE USING EXTERNAL RECRUITERS

Recently there is an obvious trend that more and more companies are turning to external recruitment resources i.e. headhunters, for their services. Corporate senior management realize the value and importance of using professional external recruiters as their business partners.

This is justifiably so because nowadays human capital is perceived as the most valuable capital of a business. Therefore when it comes to acquiring human capital, instead of just leaving it in the hands of the HR department, companies are putting in more serious management attention and external resources as they would do for acquisition of other important capital assets.

Below are reasons why companies use headhunters in their talent acquisition processes, especially for senior management positions.

1. ***Evolving Ecosystem*** - With the demand for innovative business models and approaches, certain skill sets are in high demand and very often involve cross-functional competences. Organizational structures and decision making processes are also changing. Management need to team up with the best external and internal minds to cater for these needs.

The internal HR function has been transforming to work more closely and proactively with management for meeting the current day transformation and business challenges. Likewise, sophisticated and experienced external recruiters are also gearing up to support companies to meet such challenges.

2. ***Speed*** - Speed is king. It is not only for startups that may make or break in a couple of years, even for long standing industry players, things are happening much faster than before and prompt actions or reactions is the winning factor in business in the current technological era.

If you are hiring, there is a business need for it. This means that you should get the best fitting personnel available as soon as possible to ensure achieving the business and functional goals without delay. Headhunters do this for a living so they will work their socks off to get the best candidates for you.

Companies control business processes by action plans and time lines. The hiring process should no longer be seen to be an uncontrollable link in the plan and one of the most popular excuses for business plan delays.

**3. Middle Man Role** - No matter how objectively intended, sometimes there may be unnecessary second guessing between companies and talents especially when it comes to negotiating the terms of employment. This is understandably human nature and the use of a professional third-party middle man can help mitigate the situation.

Communication efficiency can also be significantly enhanced by the use of external recruiters. Believe it or not, talents are more receptive and open to learning about the opportunities in the market when they are approached by headhunters rather than their competitors.

**4. Professional Expertise and Objectivity** - Good recruiting firms have all-rounded HR, business and management expertise and experience and can be trusted business partners for companies, not just resume vendors. They can help companies conceive the functional HR needs and job specifications, structure proper employment relationship and packages, and manage the whole recruitment and on-boarding process.

Professional recruiters can also provide market intelligence, industrial norms and references, and are able to advise objectively on best practices, compensation structure, and even efficient business models from the human capital perspectives. If you are using headhunters, involve them as early as possible in your business plan, and you will be amazed how professional service providers can add value to your business.

**5. Confidentiality** - Obviously, external recruiters can help companies keep their identities confidential until at a more mature stage. This can significantly reduce business sensitivity and awareness in the market especially for senior management or key positions.

Needless to say, and subject to business etiquette and sometimes local rules and regulations, the use of third party headhunters can also help companies more effectively explore opportunities with their competitors.

**6. Cost Saving** - If you consider business opportunity costs, internal time costs, and other related business and hidden costs, not to mention frustration and other unquantifiable implications, recruitment are very costly exercises.

It is true that using external recruiter services comes with fees. However even some recruiters charge retainer fees, very often at least part of the service fees are on success bases, plus there are generally guarantee periods. This means that the external recruiters will recruit replacement candidates for you in case the successful candidate you hire leaves before the guarantee period. In most cases, the headhunter fees are more than justified than doing the recruitment internally from a total cost perspective.

7. **Internal Constraint** - Companies use internal resources, often the HR department, for hiring purposes if headhunters are not used. However, not a lot of companies can afford to have deeply experienced full time recruitment HR personnel in the staff team.

Therefore it may be a stretched burden on the HR department, and sometimes an unfair expectation on HR which may not be experienced enough or equipped with the necessary resources to do the recruitment. The end results may be mediocre candidates from limited channels which will of course lead to mediocre outcomes.

8. **Market Knowledge and Resources** - Good headhunters have established networks, research channels, professional procedures and extensive resources. They are very updated on market and industrial demands as well as compensation trends and talents' preferences. Being close to the market, they are your eyes and ears on competitor intelligence.

Headhunters are on the frontline on a daily basis and know the market well, including good and not-so-good candidates. They can help companies tap into different talent resources hence will provide bigger chances of success.

Nevertheless, it is crucial that companies carefully choose experienced recruiters with solid professional experience and service capabilities. Working with effective service providers is key for successful hiring. If companies are not happy with their existing service providers, they should do an evaluation to see if their external recruiters are really helping and doing a good job. After all, even if recruiters' fees are contingent upon success, companies cannot afford the business opportunity costs.