

# Now, talent hunt becomes cheaper

**SLOWDOWN EFFECT** Head hunters see hiring fees drop 20% to 30% since 2011 as firms turn to in-house resources

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**NEW DELHI:** Executive search firms in India have witnessed hiring fee drop by 20 to 30% in the last couple of years. Reason? Economic slowdown impacting the job market, intense competition with executive search firms mushrooming and companies focusing on recruitment through internal resources.

While top level hiring, which includes CEOs, are still being outsourced by companies to a large extent, the mid-and-junior level hiring are gradually being done in-house to keep costs under check.

"Due to the increasing cost pressures and deadlines, most of the leadership decisions are moving in-house. By adopting such practice, companies avoid about 30% to 40% of fees paid to consultancies per hiring," said S Varadarajan, executive president, human resources (HR), Tata Teleservices.

To fight the intensifying competition, instead of charging the traditional one fourth of a candidate's first-year salary, some recruiters are offering 15% or less, dropping extra administrative and reimbursement charge they once commanded. "We are



■ Companies are shifting to in-house hiring to save costs

accepting fixed payments as well. Also, companies are getting sensitive about our scotch and wine bills," said a senior executive from a top global search firm.

Industry sources said that the market is now predominantly driven by a just a few big headhunting firms unlike a few years ago.

Besides, social network sites such as LinkedIn and Facebook have also helped companies in the talent hunt.

Companies like Coca Cola, HSBC, General Electric, Woodland, Cisco, Britannia, Wipro are increasingly relying on their internal teams for

hiring of mid-and-junior level executives. Industry analysts say that companies have gradually shifted to in-house hiring practices since 2008-09, when the global economic slowdown first hit after the collapse of Lehman Brothers. "Earlier, over 75% of hiring happened through consultancies, mainly to catch the executives heading operations abroad. Today, the exact 75% is handled by internal teams to save cost and time," said Sreekanth K Arimanithaya, chief HR at Britannia Industries.

"The major causes are the slowdown in corporate sales and profits which has fostered a very serious cost-consciousness, coupled with the mushrooming of the executive search and selection firms with many corporate executives opting for an entrepreneurial life," Rajiv Burman, managing partner, Lighthouse Partners told HT via an email.

Ronesh Puri, MD, Executive Access, however, said that clients are today more demanding and are focused on quality of hire, speed of hiring and post hiring handholding.

A senior executive at a multinational bank who did not wish to be identified said the in-house HR team is also focused to avoid mis-hiring to contain costs.