

# Philippine Executive Search Industry Trends

## FOLLOW-UP SURVEY: 2018

In 2016, the first ever survey on Executive Search in the Philippines was conducted to determine:

- Areas whereby Clients & Executives are satisfied and disappointed.
- How PAESPI can address those areas of dissatisfaction.
- How PAESPI can continue to raise the standard of service of its member-firms.

This follow-up survey of 2018 is aimed at monitoring levels of satisfaction and/or disappointment in the industry as well as PAESPI's progress in raising the standards of executive search in the Philippines.

## INDUSTRY BACKGROUND

There continues to be a rise in the number of executive search and recruitment firms over the past 2 years.

Encouraged by low barriers to entry, these firms have risen to 80+ and growing. Many such firms are not even SEC-registered and can therefore evade taxes. Because of intense competition, malpractices, whose victims are both executives and clients, continue to flourish.

Even the **Data Privacy Act** has not prevented the unauthorized release and peddling of CVs.

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*“Malpractices, whose victims are both executives and clients, continue to flourish.”*

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## PAESPI (Philippine Association of Executive Search Professionals Inc.)

Because of malpractices and the need to professionalize the search industry, a group of like-minded search firms formed PAESPI (Philippine Association of Executive Search Professionals, Inc.) in September 2010. As an advocacy group, PAESPI aims to help professionalize the industry, promote a Code of Ethics & expose malpractices.

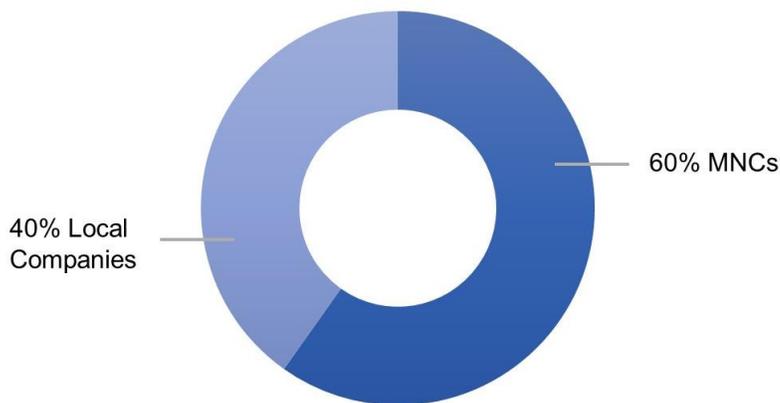
Key to this advocacy has been sustained educational campaigns in social media, breakfast forums, articles in broadsheets and business journals, TV guesting and participation in companies' HR programs. Our new interactive website ([www.paespi.org](http://www.paespi.org)) has just been launched to showcase PAESPI's advocacies, activities and insights. It is also in this website where career opportunities are featured.

PAESPI has been able to gain the support of **Corporate Advocacy Partners** among the top 500 Corporations in the country. As Advocacy Partners, they have allowed the use of their logos in PAESPI materials to signify their support to our advocacy.

## STANDARDS

- *For quality of service:* Very Satisfactory, Satisfactory, Not Satisfactory
- *Positives for deliverables:* Most Important, Very Important, Important
- *Negatives for deliverables:* Most Disappointing, Very Disappointing, Disappointing

## PROFILE OF RESPONDENT CORPORATIONS



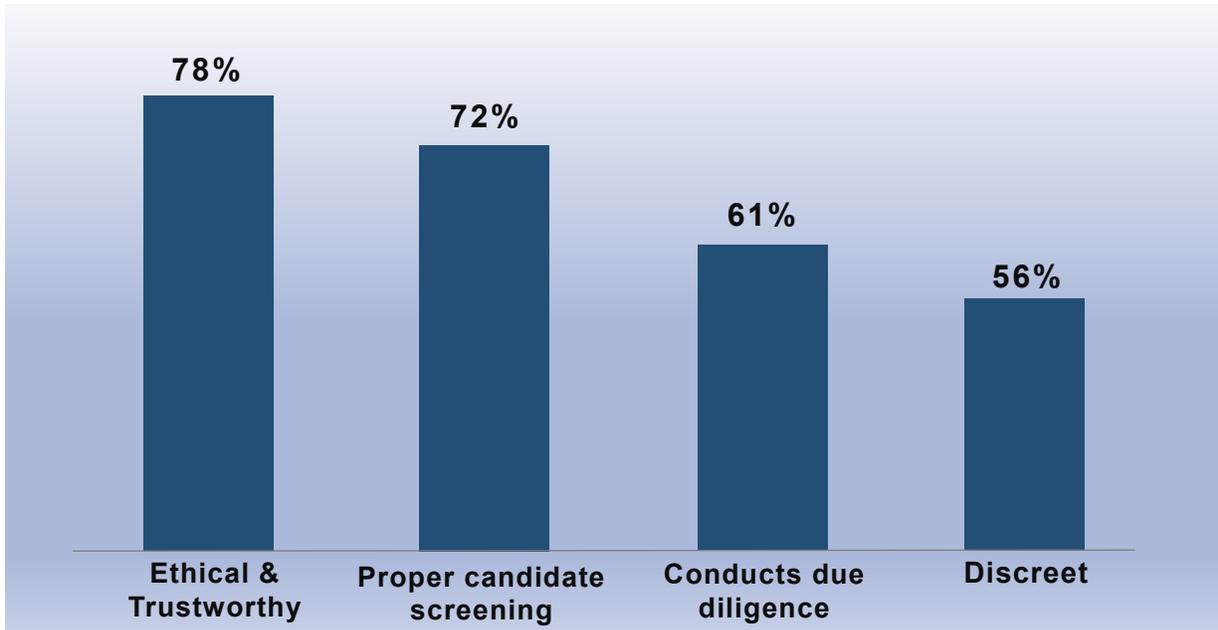
BPO	19%
Industrial	17%
Consumer	15%
Financial Services	13%
Services	12%
Health Care	7%
Real Estate	7%
Retail	6%
Conglomerate	4%

## METHODOLOGY

- Respondents were randomly chosen from the Top 500 Corporations. This was supplemented by PAESPI's former & current clients and executive talents.
- Minimum of 100 respondents each from Corporations/ Clients and at least 300 from Executive Talents.
- Structured questionnaires focusing on service areas that are practiced by Global Search Firms.
- Open-ended questions were added to provide more substance to the statistics through verbatim comments.
- These questionnaires were mostly sent by e-mail. Some were handed to respondents.
- Fieldwork August to October 2018; analysis and summary December 2018

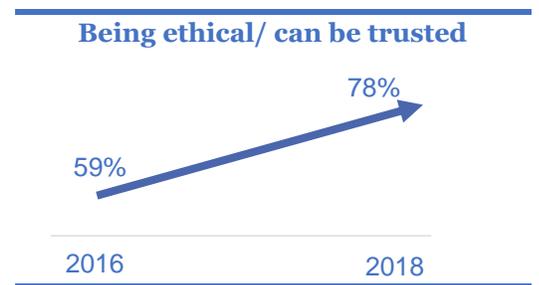
## KEY FINDINGS

### *Most Important Positives for Companies*



**“Being ethical/ can be trusted”** has become the most important positive, jumping from 59% in 2016 to 78% in 2018. Being ethical even when no one is watching, earns the trust of clients. It is a values-driven hallmark of PAESPI’s advocacy which has risen in importance in two years.

PAESPI’s Board of Directors feels amply rewarded that this survey has affirmed the importance of ethics in the business world.



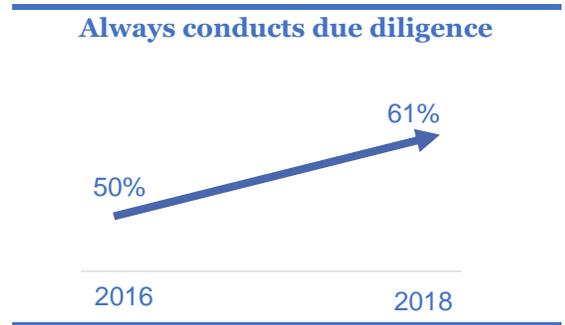
#### Proper screening and evaluation of candidates



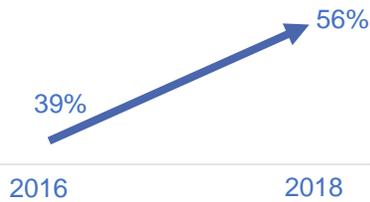
**“Proper screening and evaluation of candidates”** continued to post high marks at 72%, growing from 61% in 2016. As an integral part of the search process, this is a given, the bare minimum to be expected from a search firm. And yet, respondents gave it a high mark, possibly because many search firms do not properly screen and evaluate candidates. Those search firms who do so, delight their clients, thus the high scores.

**“Always conducts due diligence/ reference checks”** continues to occupy the third highest positive at 61% , improving from 50% in 2016.

Professional search firms always conduct due diligence/ reference checks among the candidate’s peers, superiors and subordinates to validate achievements cited in resumes. Having a 3-dimensional and independent feedback likewise helps validate interview impressions.



**Discreet. Able to keep search under strict confidence**



**“Discreet. Able to keep search under strict confidence.”** This is the positive that posted the biggest gain, increasing from 39% in 2016 to 56% in 2018. It is likely that the high score of “Ethical/ Can be trusted” may have pulled up this attribute given their complementary meaning.

**Most Disappointing for Companies**

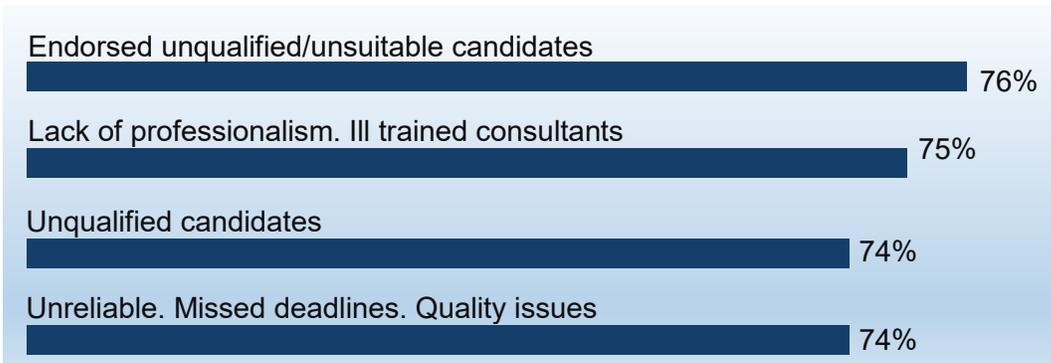
Corporate clients tended to be more vocal about their disappointments in 2018. Most of the shortcomings are due to lack of disciplined process which is exacerbated by so-called consultants who are ill-trained. This has led to short cuts, unqualified candidates, hit-or-miss endorsements and a host of horror stories that have been giving the industry a black mark.

The absence of core values account for the rest of disappointments. This has led to unethical and predatory practices such as poaching from own clients.

Five major disappointments are in virtual tie (74%-76%) for the topmost disturbing malpractices in the industry.

The first four relate to lack of professionalism brought about by ill-trained consultants. This major shortcoming has resulted in unqualified candidates, missed deadlines, quality issues and overall unreliability.

**“Slow. No sense of urgency.”**



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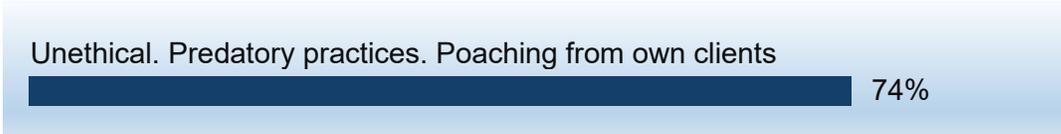
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***“Totally unethical!  
Imagine, they poach  
from their own  
clients.”***

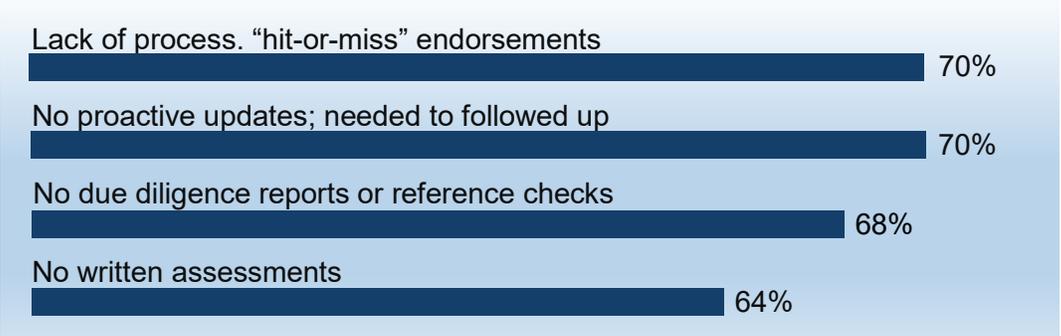
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Ethics or the lack of it has been cited as a major disappointment. When the search firm’s motivation are fees and volume of assignments, process is thrown out of the window. This is manifested by predatory business practices such as poaching from one’s clients and violations of the Data Privacy Act. Some well-known search firms have been reported and blacklisted.



Of major concern is the lack of process. This happens when the search firm simply provides CVs and lets the client do the job of screening. Very seldom will the search firm conduct face-to-face interviews. No wonder, written assessments are not provided. Neither are there any due diligence reports or reference checks.



### ***Most Important Positives for Executive Talents***

Executive talents prefer to deal with Consultants who are knowledgeable, ethical, candid and discreet. These consultants will not only protect the confidentiality of the process. They will be upfront and candid about a candidate’s chances. As added value, they will provide insights as well as pre-interview tips.

Executive talents value comprehensive briefings. These should include challenges of the job, company culture, expectations of the company & other information to help them reach a decision to pursue the opportunity or not.



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### ***Why I like my search firm?***

“My search firm treated me like a valued client.”

“It’s not all about fees. It’s about professionalism, ethics and accountability.”

“My search firm always went that extra mile. They represented me well and guided me throughout the search process.”

“They gave me feedback, good or bad. I was not left hanging.”

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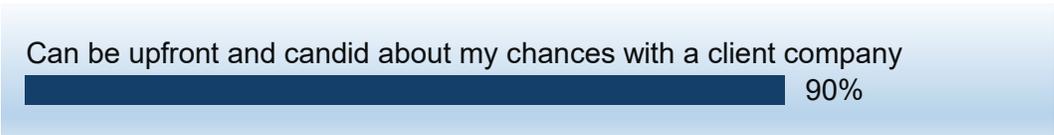
Executive talents expect search firms to be ethical and professional. After all, these talents risk some “exposure” which may compromise them with their current employers. They are likely to reject search firms who have records of malpractices, have ill-trained consultants and whose core values do not include a Code of Ethics.



Executive talents will want to have face-to-face meeting with search firms to thoroughly discuss the opportunity and the candidate’s qualifications. Search firms whose process includes face-to-face meetings will have a better chance of inviting executives to pursue an opportunity.



Executive talents do not want to be left hanging dry after undergoing several interviews. Since search firms are advised by the client who among shortlisted candidates will be pursued, it is the obligation of the search firm to candidly disclose the chances of executive talents. Sadly, many so-called search firms do not have the courtesy of getting back to the candidates.



Executive talents run the risk of “exposing” themselves as they pursue career opportunities outside their current company. High among their expectations is for the search firm to be highly discreet. This includes the careful handling of CVs which should not be released without the permission of the executive.



## Most Disappointing for Executive Talents

The sources of disappointment for executives are largely traceable to lack of process within the search firm, lack of core values such as ethics and customer service. Poorly trained consultants contribute to this sorry state.

Consultants who “do not provide feedback” disappoint executive talents the most. The incidence of this failure has worsened from 2016.

Does not provide feedback on search progress  
 88%

Poor “grasp of search specifications”, continues to be a source of disappointment at 80% although its incidence has declined. This is troubling since any failure to understand the specifications will lead to unqualified candidates.

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***“They have no search process. Too lazy to meet candidates face-to-face. Doesn’t even have a good grasp of search specifications.”***

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Poor grasp of search specifications. Lacked process  
 80%

Short-cuts or plain laziness explain why consultants make “no effort to meet candidates.” This is a sure sign of a failed search and is a source of concern because its incidence has worsened.

No effort to meet face-to-face to know my qualification  
 78%

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***“Does not protect my interests. Peddles my CV without my knowledge.”***

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Search firms who openly distribute CVs without the permission of the candidates should be avoided. This practice is a violation of the Data Privacy Act and should be reported to authorities.

Openly distributes my CV. Does not protect my interests  
 52%

## ***How can we professionalize the industry?***

In reviewing the verbatim comments from both the corporate clients and executive talents, two key suggestions resonate:

### ***1. Search firms must improve the caliber of their consultants.***

- Invest in quality consultants.
- Train them not only in hard skills but develop a high sense of professionalism.
- Inculcate values such as ethics, discretion, customer service and accountability.

### ***2. Clients should be highly selective with search firms.***

- Choose only on those with a proven search process, a proven track record and a Code of Ethics
- Ask about their Success rate? Strengths? Weaknesses? List of Clients?
- Check out qualifications of their Consultants.

## ***How do we prevent malpractices?***

- ✓ *Candidates should not allow their CVs to be distributed without permission.*
- ✓ *Clients should insist that all candidates be interviewed face-to-face.*
- ✓ *Clients should insist on assessments and reference reports.*
- ✓ *Clients should only deal with SEC-registered search firms. Avoid fly-by-nighters.*
- ✓ *Best to deal with PAESPI members. Their advocacy is to promote a Code of Ethics and expose malpractices.*

## **CONCLUDING OBSERVATIONS**

### ***Feedback from Executive Talents***

Only 24% of respondents were “very satisfied” with headhunters.

While this is an improvement over the 2016 survey, we consider this low because in a 3-step rating, “satisfactory” is virtually equivalent to a “fair” grade (good, fair, poor) especially when one considers the many negative verbatim ratings.

Executive talents value confidentiality. Their CVs should not be submitted to clients without their consent as this is a violation of the Data Privacy Act and runs counter ethical practices.

Now that the Data Privacy Act is significantly better known by 70% of respondents, this should further discourage unethical firms from exposing talents needlessly.

Noteworthy is the decent awareness level among executive talents of PAESPI at 34%.

### **Feedback from Corporate Clients**

Only 10% are “very satisfied”, a lower rating than that from executive talents. Worse, there has been no improvement from the 10% of 2016.

This is a signal for PAESPI to not only continue with its educational drive but to sharply improve certain aspects of its communication program.

While the awareness for PAESPI among corporate clients is at a healthy 55%, we are confident that more gains will be made in the future.

It is timely that PAESPI’s website will be re-launched in January 2019 with new features, an energized look and interactive capability.

We will likewise have to review how to expand the membership of PAESPI.

### **Conclusions**

The level of satisfaction from corporate clients and executive talents is still low.

Most of the disappointments come from Lack of Process and Unethical Practices.

Malpractices can be minimized if Clients & Candidates are more selective in the choice of their search partners.

While awareness of PAESPI and its advocacy has improved, PAESPI should stay the course as there is still a long way to go toward professionalizing the industry.

