

# **The Moral Aspects of Headhunting. The analysis of work by executive search companies in 'Competition Valley'.**

## **Abstract**

The moral order is created on the level of interaction and on this level is fully realized. The social world of headhunting also has its own values, social norms and agreements concerning the actions, interactions that pertain to ethical values and issues. Moreover, the moral order refers also to verbal 'accounts' of actions by recruiters which is the second level of moral order of headhunting.

The moral aspects of social world of headhunting will be analyzed in the paper. How do the moral rules are complied with by executive search consultants in a very competitive environment? The next point of analysis will be the topic of 'common sense moral justifications' presented to a researcher by headhunters. How do they relate it to their identity? There will be also shown the way how do the complying with the moral rules create trust in the interactions between recruiters and clients? The conclusions of the paper show the relation a relation between the very competitive environment and the ethics in the context of organizational 'outsourcing of morality', i.e. the taking over the morally ambiguous undertakings by external to organization agencies, e.g. executive search firms.

The paper is based on the qualitative research (free interviews and observation) done in 20 executive search firms in the Bay area of San Francisco (USA).

## **Introduction**

The moral order is one of many types of the social order. Along the spatial order, the time order, the work order, the technological order etc., we can also distinguish the moral order. It refers primarily to the norms and rules, and agreements of ethical character expressed in the commonly valid ethical values (Strauss, 1993: 59-60). Thus, the moral order appears at the level of interactions and that is where it is realized. The social world of headhunting also has values, norms and agreements worked out within it, which concern actions and interactions and refer to ethical values accepted more commonly in the society (the first level of moral order). Moreover, the moral order of the social world of headhunting refers also to verbal "justifications" (accounts) of the actions of headhunters expressing the second level (alongside the order of rules) of moral order (see: Table 1). Along with growing social acceptance for this type of business these justifications assume a typical character. They are frequently included in the scope of the headhunter profession's ideology creating additionally justifications for the existence of the social world of headhunting.

Table 1. Moral dimension of the social world of headhunting and its relationship with the trust in interactions between headhunters and customers (own project).

The reflections below are a side-product of our studies devoted to the activity of headhunters in the region of San Francisco and Silicon Valley (01.10.1994 - 30.09.1995). Silicon Valley is a place of severe competition between firms, especially in recruiting outstanding specialists. The moral order was not a central idea of our analysis. However, moral issues emerged when analyzing the process of search for and selection of candidates for jobs by the headhunting agencies. Moreover, this problem was frequently tackled by the literature of the subject (Whyte, 1977; Adshead, 1990; Lucht, 1988). The headhunting agencies themselves are also aware that moral issues are interpreted in their activity and they take certain remedial measures to operate 'morally' in the market wishing to win confidence of the customer<sup>1</sup>.

### **1. Order of moral rules and agreements**

The headhunters do not seem - at a glance - to be interested in the moral dimension of their work. The questions concerning the good and the evil in their work do not interest them. The main goal of their activity and reflection is to see to it that an appropriate candidate is hired by a company. However, if we ask headhunters about the moral aspects of their work, it will appear that they are aware of them. They know, for instance, that headhunters can be found in their branch, who work and act immorally. Of course, it does not concern the respondents themselves who speak about it. They usually wish to prove in the interviews that their service activity conforms to the moral rules of business and to the ethical code of headhunting business as well. Observing the moral rules of running a business paves the way for creating a network of social ties and, consequently, to receiving orders (see: Table 1). One of the rules is, for example, that headhunters should avoid accepting two similar orders simultaneously from companies competing with one another. Such procedure would allow them to send candidates to both companies, who would ultimately be rejected in one of them.

The raiding of employees from some company is a frequent charge made by employers in relation to headhunters consultants, and especially in the Wall Street. Another popular charge advanced to the headhunters from the Wall Street, and also from other places of their activity, is that they can detect very quickly that a company has financial troubles. Recruiting the best people from such company and telling them that their company is in trouble can in reality lead to its weakening or even collapse: 'They are like sharks, which attack when they smell blood' (Whyte, 1977). The financial companies from the Wall Street, in turn, use certain strategies to fight the headhunters of this type or make them their allies. A director of a brokerage company can, for instance, phone a director of another brokerage company to find out if the 'raiding of employees' takes place in

the latter. He can also find out that at the present time there is broken an unwritten rule saying that one company cannot hire more than two employees of another company during one year. Another tactic are phone calls made by directors of companies to the headhunter who say that a given company will never employ the headhunter, if the headhunter does not cease contacting the employees of the company. Yet another defensive tactic is submitting an application to the Arbitration Department of the New York Stock Exchange to solve the above dispute or problem (Whyte, 1977:36).

Moreover, the reservations made by customers can concern the so-called 'upgrading' of the candidate's recommendations and CV to increase his/her chances of being recruited (overselling practices). The headhunters send to the customers their candidates, whom they present as 'stars', and it appears later on that their qualifications are very low (the so-called 'sending turkeys'). Hence, the customers distinguish the headhunters, who according to them are the so-called 'name droppers' or the so-called 'matchmakers'. The 'name droppers' do not usually describe their relationships with other companies and their directors in accordance with the truth. They frequently lie about their connections. The 'name dropping' has also another dimension. The headhunter, who is recruiting at the moment, often phones the candidate, e.g. a high class financial analyst and claims that, for example, such company as Morgan Stanley is interested in the candidate. This does not have to be true. It is also the 'fishing expedition', which means only the checking of the candidates motivation for changing the job.

One of the customers regularly using the headhunters' services describes them as a 'necessary evil', and admits that he was using their services fearing a revenge, that is a possible 'raiding' of the company employees (ibid:121). All these reservations concern only a small part of the headhunters, but we are presenting them here to show their trade tricks, and also the way in which this milieu is perceived by the customers. The customers are the headhunters' most important partners and, hence, their observations and perception of the social world of headhunting are significant for our analysis and also for the headhunters themselves.

Another trade rule says that during a specific period of time, most frequently during one year, the headhunting firms should avoid recruiting people from the company, for which they carried out a search for candidates recently (off-limits rule). The bigger the number of customers of the headhunting agency the smaller will be the number of companies, from which it can recruit candidates. The customers want to be sure that the headhunters will not use later on the knowledge, which they acquired during the recruitment process in their company in favour of other customers (Adshead, 1990:56). The headhunter has access to the information about the customer's employees and it would not be fair to use this knowledge seeking employees for other customers. Here is a rule from the code of ethics of the Association of Executive Search Companies (AESC):

'A member of the organization shall not be recruiting any person from the

customer's organization within two years after completing the last recruitment unless the headhunter and the customer agree otherwise' (quoted after John Lucht, 1988:77)<sup>2</sup>.

The above rule implies that a company hiring a headhunting agency remunerated for its service remains outside the list of potential candidates during the next 24 months. It is a major constraint for the future headhunting, because large executive search firms have many affiliates, orders and, consequently, a limited field of search for candidates. However, this rule is sometimes broken because of a strong financial motivation of headhunters: 'It is very difficult to observe ethical principles when you have 20,000 dollars within reach. People think differently about it. As for me, I think that money is not worth it, but can you explain to anybody that money is not worth it?' (an account of a female headhunter about her colleague from the headhunting business).

The headhunter can present, however, an employee from a company, which is still excluded from the list of human resources, if the candidate goes directly to his/her superior and openly admits the desire to leave the company. In such situation the headhunter can work with a given candidate without any limitations. The candidate assumes a full responsibility for leaving the job, because he/she himself/herself were the first to approach the headhunter with a request to find a new job and informed the superior about the intention of leaving.

Another rule is excluding from the recruitment process the company for which the headhunter seeks candidates at present. If the headhunter breaks the rule there is a threat that his firm will lose its prestige. In the region of San Francisco the access to business information is quite easy:

'... it is a small world, and the Silicon Valley is even smaller, and I always assumed that whatever I did was commonly known, because I know that people talk and there are no secrets. Even to find the person who recruited you, you just go to the Human Resources, to the department which paid for the recruitment service and ask 'whom did you pay? There is no private information' (a headhunter's account).<sup>3</sup>

**There exists, however, a structural difference between the two main types of executive search companies**, which affects their activity and, consequently, moral assessments. The companies getting paid only **when an employee recruited by them has been hired** and the companies being **paid for performing services** operate according to different remuneration criteria and at different remuneration levels. These structural conditions affect the manner in which candidates are sought and the quality of search. Let us remind here that **the companies paid for performing a service (retainer)** are paid no matter whether a presented candidate is hired or no (33% of a candidate year salary). Thus, they are remunerated for their professional skills and efforts just the way, for instance, doctors or lawyers are remunerated. **The other companies are paid only when a candidate recruited by them is hired (contingency) by the customer** (20%-30% or less of a candidate year salary). They take a grater risk in their economic activity than

companies paid for their services. There is a likelihood in the companies remunerated only when a candidate is hired that they will not receive the remuneration for the work done. The headhunters resemble here the professional sales intermediaries. There is also a bigger likelihood that a headhunter working for such company will try by all means to 'sell' fastest a big number of candidates, because only then is he/she remunerated. A rapid search process or also the practice of 'selling a candidate by all means' do not always lead to a high quality of the headhunters' work,<sup>4</sup> and it can lower the effectiveness of their work in future.

The headhunters from both types of the executive search companies perceive the difference in their activity and attempt to disavow the reputation of the companies they do not belong to. The former and the latter praise their effectiveness and morality in order to confirm their high status in the business and 'look down' on partners from a different type of the executive search companies. Both types of companies do not want to 'mix' their way of work with that of the other type companies. This refers, in particular, to the large companies remunerated for performing a service (retainer). They perceive their company type as enjoying a bigger prestige than the companies remunerated only when a candidate is hired (contingency). Here is how a headhunter from a company remunerated only for hiring a candidate presents the egoism of the other type companies (paid for performing a service - retainer) trying to justify also his dumping practices:

"I had a very close friend, who was a headhunter (retainer) for 15 years and saw my promotion letter - a customer gave him this letter. He called me and said, 'Your intention is to worsen our situation, because you are lowering the commonly binding remuneration from 33% to 25%. We went out to lunch and discussed as two gentlemen. I told him, 'There is enough work for every good headhunter for 25% - even enough work for 20%'. The chaps who do the job for 33% are very selfish. They would never mix with us, it is just their ego, symbol of status. People say, 'I am only involved in search paid in advance'. And I say, 'If I had to I would even dig holes to feed my family and I would be doing that as long as I could.' The selfish part of my identity is not important for me. I can get a smaller pay and that after completing the search" (an account of a headhunter paid when a candidate is hired).

The headhunter wishes to prove that a higher status of companies paid for performing a service is only a 'selfish part' of the identity of headhunters working there. He negates that such factor exists in his personality. This practice of building one's professional identity could be called the 'practice of denial of alter ego', because an attempt is made here to discredit the activity of one's friend from the another company remunerated for performing a service (see: Ghidina, 1992).

The headhunter wishes to underpin his/her professional identity in this way, although he/she sometimes does a 'dirty job', i.e. in the case of dumping practices. Thus, the negotiations of identity occurred during an interaction with a headhunter coming from a more prestigious part of the headhunting business. The headhunters from companies not getting paid

until a candidate is hired have problems with maintaining a high professional self-assessment in comparison with the headhunters remunerated for performing a service, because the latter often point to their lower qualifications.

However, apart from underpinning one's professional identity and the denial of *alter ego* we are dealing with a real work, that is the recruitment of candidates. It can happen that a headhunter searching for a candidate at the present time or 'selling employees' to a customer may obtain in his/her company the names of potential candidates for future searches:

'You are selling candidates and during this process you get next orders. When you are trying to get an order and search for candidates, some become candidates in the future sales' (an account of a headhunter).

In this situation getting the names of candidates for future searches is improper from the viewpoint of the headhunting business ethics. However, the headhunter does not think in moral categories using mainly the language of trade: marketing of candidates, securing orders, sale of candidates. The practice of selling candidates is oriented at **converting 'potential customers' into 'potential candidates'**. The headhunter engages the customer in the identity game, when he/she attempts to convert the customer's identity into the candidate's identity. He/she attempts to 'seduce' the customer so that the latter wished to change the job. It is, of course, a continuous and hidden process of the so-called 'stealing' or 'raiding' of employees from a company. The 'stealing' can take place not necessarily when selling candidates to a given company, but it can be defined as such later on in retrospection, when the headhunter, who has completed the sale of candidates, after a few months can try to recruit the former customer as a candidate for another company. **The customer's identity is changed then into the candidate's identity.**

For the headhunter from an executive search company remunerated only when a candidate is hired, each customer has a **potentially dual identity**. At the same time he/she is a hiring manager and a potential candidate in the future recruitment process. A similar situation of dual identity can also concern a candidate. A candidate, to whose hiring the headhunter has contributed, is a potential hiring manager, that is a potential customer generating orders for the future searches. The headhunter working with/on a candidate always thinks about the other side of the interaction partner's identity. The headhunter works on changing a candidate's or a customer's identity frequently to save time. At the same time he/she can be selling candidates or winning new ones. The work at interaction level (Konecki, 1988) is, thus, extremely important here to accomplish one of goals of the headhunter's work, i.e. receiving a new order.

The work on a customer's identity to change it into a candidate's identity is carried out during an interactive process of 'selling candidates'. The interaction, which initially is only a 'selling process' changes into a 'buying process', when it is the headhunter who wishes to obtain information

about the interaction partner and change his/her identity from that of a customer into that of a candidate:

"If you are the director of the R&D department at some company and I phone you and say: 'Kristof, I have a person with the past, who will certainly interest you.' And you answer: 'You know we need such a person. 'And I state: 'Let me tell you that my remuneration amounts to 30% of his salary for the first year, if you hire him then the situation will be like that.' If you say that you do not know that there is a need of employing such a person in your company, then I say: "Have you got anybody in your company who wants to hire somebody at the moment?' You answer: 'No, I do not know anything about it.' And I say: 'Kristof, how long have you been working for this company?' You say that three years and a half. - "How are you getting on here?' You answer: "Not too well. One of my main projects was rejected, the funds were not as high as they should be.'- 'Would you be interested in changing your job?'- I ask. - "If you found something which would interest me, I would be interested in changing my job'- you answer. Thus, I am changing the whole talk, first I think about somebody to be hired and next about your future."

Thus, the headhunter speaks openly about his work on the customer's identity. For him it is a normal practice of selling and buying, which has little in common with moral assessments. The moral order is defined here rather through the language of common trade practices, which can be assessed only through the criteria of effective selling or buying, that is through hiring a candidate and satisfying a customer, or ultimately through creating a positive image of the company.

## **2. Moral 'accounts' of the job**

During interviews with the headhunters - sometimes even without being asked about moral issues by the researcher - they began explaining certain moral aspects of their job. But they discussed these problems more widely when the researcher asked about moral dilemmas in their work. The headhunters give the following types of moral accounts of their work:

**1/ Accounts presenting their recruitment activity as always proper.**

**2/ Justifications of headhunting as a necessary service in contemporary world.**

**3/ Accounts 'normalizing' headhunting services as a normal purchase-sale act.**

**Ad 1. Accounts presenting the headhunting activity as always proper.**

Honesty, according to headhunters, is one of the most important characteristics of their business. The respondents underline their honesty and in their accounts they try to show its relationship with future profits

displaying in this way a **utilitarian approach to morality** (see: Ossowska, 1956: 68, 125). At times the present honesty may lead to losses but in the future it can contribute to obtaining profits:

'You can be honest in many ways in this business. I phoned a company, for which I was just recruiting a candidate. It happened this year. I discovered that the candidate was a thief, who robbed his own company. I discovered that at the last moment. I phoned the president (customer) and told him:

- It is not a good candidate. I have just received information that it is not a good candidate.

- Why, why?

- Believe me, you don't need this man in your company.

- But you are losing money in this way - he said.

- No, I don't intend to earn anything on this transaction....

This chap (customer, K.K.) may not call me for a year, but if he has a job for me he will call me, because he will remember that I was an honest chap. This opinion means a lot to me' (a headhunter's account).

The headhunter attempts to show that he/she is always honest and acts morally. At the foundations of this morality lies an assumption that a social and economic activity has a quid pro quo character. If the headhunter is sincere and honest in relation to the customer, then the customer will also be honest and sincere in relation to the headhunter.

## **Ad.2. 'Justifications' of headhunting as a necessary service.**

Headhunters often show the usefulness of their services. They attempt to justify that customers can save money, time and hire the best candidate, and they claim that the headhunting business is as good as any other business:

'In fact, people do not care whether the stock exchange is bullish or bearish, they want to earn money. They want transactions, because that is what they want and where they make their money, they are paid for the service. The headhunters do the same, their motivation is connected with a good prosperity of their companies.'

The headhunter compares the headhunting business to the other types of economic activity and concludes that headhunting is a certain type of sale and transaction. The respondent rationalizes the sense of existence of this type of business: 'headhunters do the same'. Later on in an interview the headhunter emphasizes that even at the time of economic crisis there is a big demand for headhunting services. This type of economic activity has a strong position and it represents a universal type of services, which have a measurable market value. He predicts that this type of business will be



expanding due to rapid technological changes, which take place in the economy and generate demand for new specialists. The economy has not future without it, without the headhunting business.

One of fundamental **assumptions** of headhunting is that people constantly change jobs and move from one place to another, and that it is an immanent feature of the business world:

'People will be mobile and change jobs, because that is what the business world wants. Of course, it costs, but it is a real cost of economic activity' (a headhunter's account).

Thus, there exists a naturally formed market niche for the activity of executive search companies. The prices of services provided by these companies are today a natural cost of economic activity. The costs of economic activity are connected with the movement of people from one place to another. The costs of headhunting service are only a small part of the *natural* costs of running a business. The headhunter describes his/her work and shows his/her role in 'shifting people and employees' as a *natural* role. 'If people shift from place to place, why not help them?'- this sentence must be the summing up of the headhunter's perspective. Another respondent expresses also a similar opinion claiming that he does not force people to change jobs, people themselves want to change jobs and the headhunter only helps them:

'The candidate is a free man and I am not doing anything unethical. It is ethically improper if you recruit someone for some company and at the same time you recruit someone from this firm through the back door... My customers are never my source of recruitment. I would never recruit anybody from a company for which I am working at the moment.'

**Ad.3. Accounts 'normalizing' headhunting services** (normal purchase-sale transaction').

The headhunters are aware that they 'sell candidates' even when it concerns only 'a part of the candidate' (i.e. his/her qualifications). In their accounts they try to show that their activity is a **normal selling process**, even if they are selling a 'defective' part of the candidates professional identity, e.g. when the candidate was fired or went bankrupt running a business.

Hence, the headhunter's job is **similar to the seller's job**, although it is not called so by the headhunters due to a pejorative sense of the term 'sale of candidates'.

The headhunter sometimes tries to "sell" a candidate even if the latter has some defects. At such times the headhunter will attempt to present a 'defective' part of the candidate's biography as a strength. That which is done by the headhunter then is an element of the selling process, in which attempts are frequently made to redefine the significance of events, characteristics and biographies of candidates in order to make them more attractive:

'Once I phoned a customer and told him that I had a chap who fitted his specification. The chap had moved to the tourist industry five years earlier and opened a firm in the Hawaiian Islands manufacturing surfboards, and now he returned, because the firm had gone bankrupt. Let me tell you why I like him. Owing to the bankruptcy he learnt what profit meant and what a firm in trouble meant. He had worked 14 hours a day, a good work ethics. Thus, you know that he was in business for a long time and he will contribute experience to your firm, which you would not find anywhere else... It is my job to sell a part of somebody, which we cannot normally see' (account of a headhunter from a contingency company).

The headhunter tries to neutralize moral issues through the practices of 'excessive praises of a candidate'.<sup>5</sup> Sometimes, however, young assistants of the headhunters display some resistance to such practices of 'excessive praises of candidates', who do not possess appropriate qualifications for specific positions. It also happens during the selling process that an assistant calls on the customer and tells him/her that he/she has candidates, whom the customer might need even if he/she does not have them.

The pressure of time may be used as a justification for 'excessive praises of candidates', when headhunters quite deliberately overestimate the qualifications of their candidates in order to complete the recruitment process fast. Here is a justification given by a female assistant of the headhunter:

'It wasn't something bad, yes - he (her superior) knew about such excessive praises. In nine cases out of ten they want to do the job as fast as they only can'.

We can supplement the above interpretation by our interpretation and say: 'if you want to do the job very fast and the present job is what you are concentrating upon at the moment, you can bypass partly the trade rules.'<sup>6</sup> This situation occurs particularly in the executive search companies **remunerated only when a candidate has been hired**, with the speed with which candidates are sought being equal to the company's income unlike such companies remunerated for performing a service.

Another justification for the above mentioned unethical behaviours can be the following statement:

'People do it to earn their living... I was only saving money, because I wanted to go to school, but they (other headhunters) earned their living. You can be more moral if you have money for living (account of the headhunter's female assistant).

Thus, the respondent was more moral in her work, because she worked at an executive search company not to make her living unlike her friends.

**Another argument 'normalizing' headhunting practices is pointing to a rational and standardized process of search for candidates. It**

the process is arranged rationally there is no need to mention the moral or immoral activities of the headhunters.

'Rationality' is here a moral justification for the entire economic activity, whose objective is to increase profits. It becomes particularly visible in the headhunting business, where finding a candidate in another company by the headhunter is considered to be more moral than finding such candidate directly by the interested customer in his/her rival's company:

"R. (headhunter) - One of the latest moral issues in our headhunting work was the case of R.B.'s company. I am speaking about an old programmer recruited by a direct customer from another company. Thus, they received with him all secrets of the competitor's company. This aroused plain objections in the industry due to the moral issue of a transfer to a direct competitor. It could be called the theft of people to attain own personal benefits. Is it morally correct? This is an ethical issue.

A. (interviewer) - But is it moral if a person from a direct competitor is recruited by a hired headhunter?

R. Yes, it is, because the headhunter is independent, he/she is from outside. His work consists in finding the best people in the industry, not only among competitors. He should submit the plan of search - 'this is the list of 350 persons whom I phoned, and these five are the best of them'. Such process is more objective, less biased."

### **3. Work on trust**

The moral order of the headhunting business is established through building trust between the executive search company and the customer, and between the executive search company and candidates. The trust is built during the cooperation of the above mentioned social actors.<sup>7</sup> The moral order is not imposed here by some superior authority and neither is it derived from the formal code of ethics, although such code exists. It is a derivative of the headhunters' individual interpretations and their desire to preserve the balance of forces in the headhunting process (see: Table 1). The headhunter, for instance, tries to keep the candidates' names secret to protect them against negative consequences in their present workplace due to participation in the recruitment process. The headhunters treat it as their duty. Some headhunters do not send the candidate's CV to the customer until the time he/she decides to invite the candidate to an interview. Examining the candidates' past, their professional accomplishments in the course of work at their present company is risky for them, because if they are not hired by a new company, the candidate's superior in the present workplace will find out that they wanted to change the job, which can affect negatively the relationships between the superior and the candidate. Keeping the candidate's name secret by the headhunter is one of the factors building **trust between the candidate and the headhunter.**

The trust between two sides of an interaction, between the headhunter and the customer, is created also by the customer. Here is an account

given by a headhunter from a company remunerated when a candidate is hired:

"We send, for example, a candidate to a job interview in a bio-technological firm. They decide that the candidate is not the person they would like to hire. Two months later we receive a cheque for 5,000 dollars from the customer's company. 'Why have you sent us a cheque for 5,000 dollars if you have not hired the candidate?' They answer, 'We know, but when we were conducting an interview the candidate recommended somebody else to us, whom we hired later on.' It is unbelievable and I shall certainly be perceiving such firm in a special way. There is a smaller likelihood that I will do something that could harm the company, and that is because of their fair play. Thus, our business has certainly the character of *quid pro quo* business".

In this way the customer builds trust, which yields fruit over a longer period of time in relationships between the interaction partners. If the customer uses the information provided by a candidate about another potential candidate and, thus, indirectly by the headhunter, and simultaneously the customer feels obliged to pay the headhunter for this information, in such situation trust emerges between them. From the legal point of view the customer would not have to do it, because it was not from the headhunter that he received directly the information about the candidate. Moreover, it is rather unlikely that the headhunter could learn about his participation in hiring the candidate. Consequently, the headhunter receiving a payment owes the customer a debt of gratitude. Thus, in the headhunting business we are dealing with a social exchange in the following activity: 'if you observe the rules of social exchange in relation to me, I will also observe them in relation to you.' The moral order exists only with regard to given social interactions and not as an abstract rule imposed by someone: 'it is a *quid pro quo*' business'- says one of the headhunters. The building of trust is, to some extent, restricted by this rule: 'if you give me something, I will also give you something.' A positive reciprocation is, thus, quite probable.

The economic risk of the headhunters is caused also by unpredictable behaviours of candidates. A candidate can resign from participating in the process at any moment, without any negative consequences for him/her. Their risk is not big and they can at best lose the proposals of offers from the headhunter in the future searches.

Building trust is an extremely important aspect of work in the headhunting business. However, despite building trust the headhunters try to safeguard themselves against customers' dishonest practices. The executive search companies remunerated only when a candidate is hired may not receive a payment for presenting them. The customer can conceal the fact of hiring a candidate. **The contingency in the above executive search companies is bigger than in the companies paid for performing a service (retainer)**, because in the latter strong interpersonal ties protect both sides against dishonest practices.

If the customer acts dishonestly the headhunter has to fight for the pay

through negotiating, persuading, threatening or even suing the customer:

'We are in the course of a court trial. I will not tolerate it any longer. It is very foolish and it is a shame, because there is a business partner, who could be OK. Why are you trying to cheat?!'(a headhunter's account about behavior of a client). Thus, breaking a moral rule has consequences for the reputation of the customer's firm, who tried to cheat the headhunter.

In the Silicon Valley there is an unwritten law concerning the headhunting business saying that the interaction partners are bound by unwritten contracts. When a headhunter from the company remunerated only when a candidate is hired does not make a formal contract with the customer and does not have any ties with the customer, he has to protect somehow his/her interests. The headhunter's strategy protecting him/her from a dishonest customer is keeping the whole documentation from a given search process: documentation concerning telephone calls, faxes concerning appointments and interviews, etc. The customer has probably an impression that the headhunter is not protected in any way (closed awareness context),<sup>8</sup> and it can sometimes lead to the customer's evading to remunerate the headhunter. It is difficult also to present to the customer at the beginning of recruitment process (open awareness context) all precautions taken by the headhunter, as it could shed an unfavorable light (suspicion) on their relationships. The customer might think that the headhunter does not trust him/her and suspects insincerity. It would arouse mutual suspicions (the so-called 'suspicious awareness context').

The customer takes also a risk transacting business with the executive search companies receiving remuneration only when a candidate is hired, with which he/she had no prior contact. A network of informal ties and a personal, close contact protect both sides against immoral acts. This, however, concerns mainly the companies remunerated for performing a service for the customer (retainer). **Immorality of certain executive search companies remunerated only when their candidate is hired has frequently its social sources in the absence of a network of ties and in anonymous procedures of receiving orders. Close personal contacts based on trust protect both sides of interaction from violating the rules of moral order. It refers especially to the firms remunerated for providing a service.**

Certain companies, which are remunerated only when a candidate is hired, try to catch the customer in the net of their 'trade intrigues'. They send to the customer, e.g. piles of CVs of professional candidates. After some time they check whether any of the candidates has been hired, and if so they demand payment for their 'service'. The headhunter's documentation is a sufficient evidence to prove before the court that it was the headhunter who contributed to the candidate's hiring even if such was not really the case. The CV was sent to the human resources department, where it was included to the files. A formal issue here is the question: who brought about an interview with the candidate. The customer's company could have a full documentation of the candidate even before the headhunter was contacted, but if the interview was

caused by the headhunter then the customer is obliged to pay for the candidate's recruitment.

This game initiated by certain companies remunerated when a candidate is hired and next continued by the customer does not build trust between the interaction partners. At such times the moral order is absent and the social relations are governed by the rules of the above interaction game.

**Generally speaking, the trust between the headhunter and the customer appears as a derivative of observing the rules of moral character, standardization of headhunting work, network of social ties, and frequently indispensable accounts normalizing the headhunting practices** (see: Table 1). Observing the rules of moral character and the resulting trust enhance the effectiveness of the headhunter's work generating further orders and creating a positive reputation of his company.

#### **4. Final remarks. 'Outsourcing'**

Companies hire the executive search firms for the following reasons:

- to save time and money,
- to obtain the best candidates,
- to get advice on the personnel policy.

In this way companies 'outsource' one of human resources management functions, i.e. the recruitment function. The function is performed by an executive search firm being a part of the organizational environment. However, such firms can be also hired for many other reasons. Companies hire the headhunters to **externalize** outside their organization also **moral issues** connected with the recruitment of candidates from their competitors or other companies. Although an active recruitment of candidates from the competitors is accepted in the world of business to an increasingly bigger degree some directors can have certain reservations. The customer wishing to hire somebody from another company is usually a competitor from the same industry. On the other hand, if the customer hires a headhunter as an intermediary he/she avoids moral responsibility for 'stealing employees' from the competitors (whom he/she most frequently knows personally), although technically he/she would be able to carry out the recruitment job himself/herself. The headhunter as an intermediary doing the 'dirty work' (see: E. Hughes, 1958) may be accepted more easily by the customer's competitor:

"Customers would rather the headhunters did the job. If you are in an industry with six other companies then you know each competitor, and if you want to start a war you recruit the managing director from them and you have a very unhealthy environment. But if the headhunter does it and gets paid as an intermediary it is more acceptable. It can happen that a director of one company phones a competitor and asks: 'What are you doing? You are taking my finance director!' The chap (customer) can

answer then: 'Jesus Mary, a headhunter phoned us and said that a certain director wanted to change the job! I had no idea it was your company, please forgive me" (a headhunter's account).

In this way the customer's company avoids the moral responsibility for recruiting someone from its immediate economic environment. It is the headhunter who assumes a full responsibility. Such situation is more acceptable in the world of business, as it lies in the very nature of economic activity to penetrate different companies. Moreover, the penetration of companies has a rational and legal basis. The candidate is a 'free man' and can change jobs whenever he/she feels like it. The change of job with the assistance of headhunters is well organized, standardized and, thus, matching the job with the candidate should be perfect. Consequently, the moral acceptance of this activity is achieved through the 'rationality of procedures' inscribed in the moral order of headhunting economic activity.

### **Bibliography**

Adshead J. 1990. Headhunting Without Tears. *Personnel Management*, October: 56-57.

Cooley H. C. 1994. Rozszerzenie pierwotnych ideałów, w: Hałas E. *Obywatelska Socjologia Szkoły Chicagowskiej*. Lublin: Redakcja Wydawnictw KUL.

De George R. T. 1995. Kształtowanie norm etycznych w międzynarodowym biznesie: Jaką rolę powinien odgrywać biznes, a jaką rząd? w: Minus P. 1995. *Etyka w biznesie*, Warszawa: PWN.

Ghidina M. 1992. 'Social Relation and Definition of Work: Identity Management in a Low Status Occupation', *Qualitative Sociology*, Vol. 15, no 1, Spring.

Glaser B., Strauss A. L. 1964. Awareness Contexts and Social Interaction, in: *American Sociological Review*, vol.29, No 5.

Hughes E. 1958. *Men and their work*. Glencoe, Illinois: The Free Press.

Konecki K. 1988. Praca w koncepcji socjologii interakcjonistycznej, *Studia Socjologiczne*, nr 1: 225 - 245.

Konecki K., (1994), *Kultura organizacyjna japońskich przedsiębiorstw przemysłowych*, Łódź, Wydawnictwo Uniwersytetu Łódzkiego.

Lucht J. 1988 *'Rites of Passage at \$100,000+*. New York: Viceroy Press.

Ossowska M. (1956): *Moralność mieszczańska*, Łódź ŁTK - Wrocław Ossolineum.

Strauss A. L.(1993): *'Continual Permutations of Action.'* New York: Aldine de Gruyter.

Sykes G., Matza D. (1979): Techniques of Neutralization: A theory of Delinquency, w: *Social Interaction. Introductory Readings in Sociology*, Robboy H., Greenblatt S., Clark C. /red./ New York: St. Martin Press, s. 497 - 504.

Whyte R. 1977. Headhunting in Wall Street. *Institutional Investor* 11: 31-36, 121.

<sup>1</sup> The personnel consultancy agency Hill International operating on the Polish market e.g. never uses the method of head hunting (i.e. securing for a post vacant in the customer's company a concrete person employed in another company through persuading him/her to change work), because it considers it to be unethical. The founder and president of Hill Int. psychologist dr. Othmar Hill believes that in this way there are created a black market, an informal sphere, a network of private connections. According to him, the market should be transparent, and that is why his company inserts advertisements in the press, and next makes a selection of candidates, in which psychological tests play an important role. Everybody has equal chances regardless of age, appearance, connections, and the number of earlier failures (Gazeta - Praca, No. 46;1, "Unethical persuasions?").

<sup>2</sup> In the United States a big share of corporations from among 500 corporations distinguished by the "Fortune" magazine have codes of ethics. It is difficult to estimate their exact number, as different surveys define "codes" in different ways. The 1987 survey claims that among 300 corporations 76% have written codes of ethics (Corporate Ethics, Research Report No. 900, p.13). The number of companies possessing codes of ethics in other countries than the United States is still relatively small (according to De George, 1995:86).

In Poland the recruitment consultants established their professional association in December 1996 (called the Association of Personnel Consultants - APC) and they worked out the principles of professional ethics. It is a testimony of institutionalization of the social world of headhunting and its legitimacy.

<sup>3</sup> The social world of headhunting seems to be a world characterized by a big intensity of social contacts and communication, and communicating with one another is the basis for development of certain rules of moral nature. Although it is the individual who is the subject of moral order, it is the social communication mechanism which determines a greater "subject orientation" and a simultaneous popularization of this order. Thus, the moral order is shaped and sustained in the interaction dimension. Let us quote here Charles H. Cooley: 'There cannot exist a moral order which would not be in the individual's mind. Apart from the personality - do we interact with it? - there must be an adequate mechanism of communication and organization (underlined by K.K.)...Communication



must be complete and rapid to create this readiness for an exchange of suggestions, on which the moral unity depends"(underlined by K.K.; Cooley, 1994: 73).

<sup>4</sup> It appears that in certain Polish headhunting companies the pressure of time causing stress and tension exerts a negative influence, according to Polish consultants, on the quality of recruitment work.

<sup>5</sup> What the headhunter does in the above situation is 'neutralizing' any possible negative moral assessments of his activity. He is showing that the selling process is governed by peculiar laws (see: Sykes G., Matza D., 1978: 497-504).

<sup>6</sup> Already in the beginnings when the ethos of a capitalist trader was being developed Daniel Defoe supported an opinion that certain deviations from honesty were permitted. Using a definite rhetoric to sell a product is treated with forbearance by him (see: Ossowska, 1956L: 125-126).

<sup>7</sup> The foundations of such moral order governing the conduct of business activity have existed since the very beginning when the ethos of capitalist began to be built. It is mentioned by M. Ossowska (1956: 68-69) when she discusses B. Franklin's moral instructions concerning the 'assurance of social trust for oneself', which is anyway beneficial for merchants' interests and enhances the effectiveness of the merchant's work. Moreover, trust is one of inseparable elements in the social exchange, and it is frequently inscribed into the system of norms of culture of a given country, as well as organizational cultures of different economic institutions (see: Konecki, 1994: 36-40; 82-83).

<sup>8</sup> The concept of awareness context was created by B. Glaser and A. Strauss (1964), and it refers to the degree and type of knowledge possessed by interaction partners about the partner's identity and own identity as perceived by the partner. There can be distinguished four awareness contexts: 1. Open awareness context - each participant knows both the partner's authentic identity and own identity as perceived by the partner of interaction; 2. closed awareness context - one of interaction partners does not know both the partner's identity and own identity as perceived by the partner; 3. Suspicious awareness context - one of interaction partners suspects the partner's true identity or their true view about own identity; 4. Pretended awareness context - both participants know their identity but they pretend that they do not know who they really are. The interactions occurring in a definite type of awareness context can be classified in a similar way.