Emerging Trends in Recruitment Process Outsourcing

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ABSTRACT

With the changing times the roles of HR are also changing and became more diversified. The competitive pressures wrought by the new economy call for a change in the role of the "Human Resources" function. In today's business environment HR must become a leader in identifying new business opportunities, defining business strategy and corporate priorities, and preparing the organization for continuous and often disruptive changes. Similar is the case with the profile of recruitment – having limited perspective changes and gets a new face having many changes and broader perspective.

Hiring good people is one of the most significant contributions of the HR function. To find the right person who would fit the job specification is increasingly becoming difficult. Thus, many specialized firms that totally deal with the hiring process have come up as a boon for the organizations, giving birth to the "Recruitment Process Outsourcing" (RPO). The objective of the RPO's is to provide effective recruitment, reducing the hiring costs significantly to generate greater results.

KEYWORDS: *Human Resource, Recruitment, Outsourcing, Headhunting, Talent*

I. INTRODUCTION

The growth in economy is making organizations to look at ramp-up their workforce. At the same time competition calls the organizations to focus more on their prime business functions.

Recruitment Process Outsourcing (RPO) is a form of business process outsourcing (BPO) where an employer out-sources or transfers all or part of its recruitment activities to an external service provider. RPO association is when a provider acts as a company's internal recruitment function for a portion or all of its jobs. RPO providers manage the entire recruiting/hiring process from job profiling through the on boarding of the new hire, including staff, technology, method, and reporting. A properly managed RPO will improve a company's time to hire, increase the quality of the candidate pool, provide verifiable metrics, reduce cost and improve governmental compliance. The biggest distinction between RPO and other types of staffing is "Process". In RPO the service provider assumes ownership of the process, while in other types of staffing the service provider is part of a process controlled by the organization buying their services.

How Does Recruitment Process Work

While temporary, contingency and executive search firms have provided staffing services for many decades; over time, companies began to examine how they might reduce the growing expenses of recruitment fees while still hiring hard-to-find technical specialists. Toward this end, companies began to examine the various steps in the recruiting process with an eye toward outsourcing only those portions that they had the greatest difficulty with and that added the greatest value to them.

Over time, as business in general embraced the concept of outsourcing more and more, RPO gained favor among Human Resource management: not only did RPO reduce overhead costs from their budgets but it also helped improve the company's competitive advantage in the labor market. As labor markets became more and more competitive, RPO became more of an acceptable option.

II. RPO-SCOPE OF SERVICES

The typical scope of services, may include but not limited to searching candidates from internal database, job boards, posting open positions ads on job boards, CV/Resume screening, response handling, research for passive candidates, corporate intelligence research, database maintenance, skills testing, research and monitoring open positions of other companies on their websites or job boards to help analyze market trends and recruiting market.

Benefits

- RPO's promoters claim that the solution offers improvement in quality, cost, service and speed.
- RPO providers claim that "economies of scale enables" them to offer recruitment processes at lower cost while "economies of scope" allow them to operate at high-quality.

Challenges

- RPO can only succeed in the context of a well-defined corporate and staffing strategy, and hiring objectives
- An RPO solution may not work if the service provider has inadequate recruitment processes or procedures to work with the client.
- RPO may not resolve difficulties that organizations have hiring staff when potential employees perceive the organization negatively. This will instead require improved branding and an adjustment of image.
- Organizations with efficient hiring process that are viewed as employers-of-choice by potential

staff may stand to gain negligible benefits from RPO.

Why today companies need RPO?

Hiring involves careful thought about what the positions entails, what characteristics are required to carry out its responsibilities successfully, and who would make a good candidate.

International competition, the rapidly growing size and complexity of organizations, the changing values, career concerns and structure of workforce – all these and a host of other factors have made the traditional approach to personnel management obsolete.

The current trend demands a more comprehensive, more strategic perspective to recruit utilize and conserve valuable human resources. HRM strategy must fit into competitive strategy because HRM involves investment decisions with long-term implications.

Recruiting and selecting the right people is of paramount importance to the continued success of any organization. This Recruitment and Selection Policy sets out how to ensure, as far as possible, that the best people are recruited on merit and that the recruitment process is free from bias and discrimination.

"There is an intense war for talent. The hiring projections for India are very rosy and the clients are demanding higher quality candidates with increased efficiency. "Hiring pressure is forcing companies outsource the entire recruitment cycle from needs assessment to sourcing, screening, and interviewing candidates, and hiring.

In addition, rapidly changing markets and industries now forced people to consider shifting employers when beneficial to them as opposed to staying with the same company over the course of their career. This combined with the arrival of Internet technologies, Internet recruiting, and job boards, such as Monster.com, CareerBuilder.com, and HotJobs.com resulted in greater attrition and heightened competition for talent.

RPO providers utilize their inherent economies of scale along with heightened levels of recruiting expertise that is expected within a company that does nothing but recruiting.

Costs can be reduced because an RPO provider typically provides greater recruiting efficiencies with best practice processes and improved sourcing techniques. In addition, RPO solutions typically allow for greater fluctuation in volumes and do not require dedicated staff to support a department when volumes are low.

III. RPO-Enabling Factors

HR's changing role in a globalized work scenario

The booming economy and increasing globalization, is making India Inc. look at employees as 'talent' and not just as a 'work force'. Consequently, the HR role in an organization has also changed leaps and bounds. It has become important for organizations to retain quality talent and HR plays a major role in it. Today, HR managers try to identify the talent gap within the organization and bridge it. They also take care of the career enhancement needs of the employees and merging their personal goals with the goals of the organization. Thus, the HR function has come a long way from a backend data operator to a consultant who is capable of providing resourceful solutions to strategic problems.

BPOs relying on RPOs to handle attrition

That BPOs face attrition rates as high as 40% is a well-known fact. What is interesting to note here is that these days, BPOs are hiring RPO companies to make sure there is a replacement as soon as somebody quits. These RPOs not just hire people but also train them, thus BPOs can press employees into work from the day of hiring, saving valuable time spent in training.

Talent crunch makes RPO hot

With the country set to face a talent crunch of half million people in the next few years; RPO is posing a lot of opportunities. With emerging sectors like retailing and IT, the need for focused players in recruiting, RPO service providers will increase.

Help sorting out Resume Discrepancies

Taking stern action against employees producing fake resumes at the time of joining is necessary to maintain a healthy recruitment. The company takes services of external agencies for doing background screening. RPO services would help reduce costs and time for the companies, by taking over the entire process of employee verification cycle.

Mid-level employees hold key for recruitment outsourcing

With talent getting pricey in the corporate corridors, middle level employees may be the next targets for the emerging RPO industry. "The middle level executives hold huge potential for the recruitment process outsourcers. The segment is left untapped as the top level gets head hunted and the fresher get taken up through campus recruitments and under trainee programmes.

Recruitment Process Outsourcing Solutions

- Recruitment is the core function of HRM
- Recruitment Process Outsourcing (RPO) cuts down time-to-hire by half
- Offshore outsourcing of recruitment process to cuts down recruitment cost by half

IV. Objective

To study the emergence and effectiveness of Recruitment Process Outsourcing

V. Literature Review

Over time, as business in general embraced the concept of outsourcing more and more, RPO gained favor among Human Resource management: not only did RPO reduce overhead costs from their budgets but it also helped improve the company's competitive advantage in the labor market. As labor markets became more and more competitive, RPO became more of an acceptable option. Furthermore, through the advent in the 1980's and 1990's of human resources outsourcing (HRO) companies that began taking on the processes associated with benefits, taxes, and payroll, companies began recognizing that recruiting--a significant cost of HR--should also be considered for outsourcing. In the early 2000's more companies began considering the outsourcing of recruitment for major portions of their recruiting need.

According to AMACOM, a division of American Management Association, 1967, New York, "The Recruiting Yield Pyramid is useful in hiring candidates." AMACOM says that when the goal is to hire 5 managers and the company learned from the past experience that for every 2 managers who are offered jobs, only 1 would accept, the company will need to make 10 offers. Furthermore, the company has learned that to find 10 managers who are good enough to receive an offer, 40 candidates must be interviewed; i.e. only 1 manager out of is usually judged acceptable. However, to get 40 managers to travel to the company for an interview, the company has to invite 60 people; i.e. typically only 20 out of 3 candidates are interested enough in the job to agree to be interviewed. To find 60 potentially interested managers, the company needs to get 4 times as many contacts or leads. Therefore, the company has to make initial contacts with about 240 managerial candidates. The yield ratio (240:5) differs depending on the organization and the job in question. Highly attractive employers have fewer people declining

their offers, and less demanded jobs are filled with less selectivity.

A Hewitt Survey

As the leading HR outsourcing service provider in the world, Hewitt has been conducting several surveys in North America, Europe and Asia to explore the reasons behind outsourcing human resources. Some of the important results of a recent survey reveal that the most frequently cited reason for outsourcing HR activities was that outsourcing "allows HR to focus on strategic business responsibilities" reported by 23% of employers, followed closely by "both cost effectiveness and maintains/enhances services to employees" (17%). Of all the objectives cited as a reason for outsourcing, in two objectives a very high percentage of employers felt that the objective had been met; 82% of the employers looking for cost effectiveness felt that the objective had been met, and 82% of those wanting to capitalize on technological advances felt that the objective had been met. 92% employers said their HR outsourcing were effective in meeting strategic business goals. 30% said outsourcing have been very effective. 93% of employers currently outsource some part of their HR activities, and another 4% are considering outsourcing. Only 1% said they considered outsourcing, but decided against it.

After BPOs, it's now the turn of RPOs

The employment boom in India is creating a talent shortage; RPO aims at taking the burden out of the headhunting business of the corporate sector. Factors driving RPO growth in India include exponential growth in recruitment and employment activity, perceived shortage of talent, changing attitudes at workplace and need to achieve cost savings, efficiencies and recruiting expertise. The most frequently outsourced HR functions today are "low-end" transactional duties like payroll, benefits administration, and education.

VI. Recent Trends in RPO

Localization Though many organizations are targeting the global offices for their recruitment process, many have realized that undiscovered talent exists locally. Even though it involves a well-structured and complex plan, that's exactly what RPO is there for. With the help of collective information over the past years, many reputed RPO vendors have tailored the best way to identify the

right candidate for the job, and then retaining them.

Social Media

The use of social media as a mean to generate employment has proven to be more effective in reaching out to people on a mass scale basis than older methods, mainly due to the fact that social media is a much more sophisticated way to present data and information for both employers and employees alike. This helps by creating a perfect match between the required skill set and the perfect candidate for the job. Social media serves as a direct link between the employers and employees, and filters the right applicants for the post offered.

Assessment

Through years of planning and research, RPO vendors have developed a well-defined structure for making the filtration of applicants much more precise and accurate. It saves a lot of time and money, and also locates the best candidate for the job. This will be a strong trend in 2016 as most reputed RPOs have a well-defined way of operating, and the results show.

Employer Branding: In today's world of "Talent war", attracting candidate is considered as important as attracting the customers. In such a scenario, recruiting will transform into more like a marketing function. Employer branding would gain more important than ever. Employers across industries to focus on building attractive employer brands, and using channels like social media and video marketing to reach the workforce apart from the traditional methods.

Headhunting: For executive search firms this service is the best offering. For those candidates who are not actively searching and have not posted their resumes on Job portals and networking sites, headhunting is the best option to find them. Target companies and get the candidates with niche titles and positions and provide with contact details to the clients.

Passive Search: The Internet is a vast resource for finding more candidates. Most of these candidates have suitable profiles for specific jobs but may not be actively looking for one. Internet researchers scour the Web to create a passive candidate database sorted by skill, background and location. Once collated, this information can be validated for accuracy via the telephone then delivered to the recruiting team to start building relationships with these high-value prospects.

Data Mining: Data mining (DMM), also called Knowledge-Discovery in Databases (KDD) is the

process of automatically searching large volumes of data for patterns using tools such as classification, association rule mining, clustering, etc.

Data Processing: Providing services to enter crucial data into company's Associate Tracking System.

Recruiter Training: Training people who want to make a career in International Recruitment to become a full-fledged recruiter.

VII. FINDINGS

- Enhanced Hire per Recruiting staff
- Reduce Recruitment process time substantially
- Scalable team size based on hiring cycles/needs.
- Project Based Recruitment
- Database is the most preferred recruitment source used by the employees while sourcing. Networking is given next consideration while sourcing. Advertisement is given the least consideration while sourcing.
- Communication Skills is the most preferred factor considered while selecting candidates. Next preference is given to Qualification and the last preference is given to Subject Knowledge.

VIII. CONCLUSION

Outsourcing organizations strive providing for cost saving benefits to their clients. One of the major advantages to organizations, who outsource their recruitment process, it helps to save up to as much as 40% of their recruitment costs. RPO is primarily being embraced in two models – model one is pure sourcing and providing support services to on-shore US based recruiters to enhance their productivity and effectiveness, model two is full cycle recruiting from sourcing, screening and on-boarding for both temporary contract as well as permanent positions to reduce overall cost of recruiting operations and to improve efficiency at the same time.

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