

Emerging Role of Recruitment Process Outsourcing in MNCs

By

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Abstract

This study makes an effort to inquire into the current fashions and methods used by RPO firms in India. It will discuss the various RPOs in India and the services they provide for Indian businesses. The rising popularity of the idea of outsourcing is having an effect on every facet of company, including the HR department's Recruitment efforts. Human resources tasks such as hiring new employees, processing payroll, managing salaries and benefits packages are often outsourced by businesses. Companies use recruitment process outsourcing to cut down on the high cost of hiring new employees and to get access to the top applicants on the market. This practice also aids in HR strategic planning and development, which streamlines operations and lessens the burden on HR professionals. The company is looking for human resources consulting and services, not just lower prices. This paper will analyze the effects of RPO on HR departments and will compare the efficiency of RPO with that of in-house recruitment processes from the viewpoints of HR managers and professional IT recruiters at RPO companies.

Keywords: Recruitment Process Outsourcing, RPO, Recruitment Outsourcing, Human Resource Outsourcing.

Introduction

Human capital is a company's most prized asset. Having the appropriate people on the board is essential for any business. The Human Resources department's responsibilities have expanded to include participation in the company's top-level decision making as the need to accommodate a more diverse workforce has become more pressing. Human resources are the most valuable asset any business has, thus HRM places a premium on making sure they are being used to their full potential in order to assist people reach their personal, professional, and social objectives. Because of this worry, specialized agencies that can send the appropriate quantity and quality of workers at the correct time have become necessary. Recruitment process outsourcing firms assist businesses find and hire qualified employees so that they may devote more time to developing their core competencies [1-3].

To better attract and retain top talent, many companies are turning to RPO Services, or recruitment process outsourcing, in which the company outsources all or part of the recruiting process to a third-party service provider. Some RPOs include a full suite of HR operations management tools, including sourcing, job advertising, screening, onboarding, research, recruiting, and more. An RPO may either use its own employees, technology, processes, and

reporting system, or it can adopt those of the client organization, according the Recruitment Process Association. An RPO firm may serve as an outsourced HR department, filling some or all of an organization's open positions. An RPO's role in a given project may range from that of a full-fledged recruitment department to that of a consultant whose services are contracted in order to fulfill narrower hiring needs, such as access to a qualified candidate pool or the filling of niche positions. In addition to saving time and money, a well-managed RPO will also ensure compliance with all applicable laws and regulations, as well as providing actionable KPIs and a qualified candidate pool [3-5].

For a little charge, a business may hire a recruitment process outsourcing service provider (RPO) to handle its hiring needs. RPO's primary service is helping businesses find the most qualified candidates by screening, interviewing, and evaluating them. "Recruitment Process Outsourcing (RPO) is a form of business process outsourcing (BPO) where an employer transfer all or part of its recruitment process to an external service provider," said the RPO Alliance, a division of the Human Resources Outsourcing Association (HROA). An RPO service may use the client company's personnel, tools, procedures, and data analysis and reporting, or it may develop its own. In other words, when a company pays a third party to handle its hiring needs, they are engaging in Recruitment Process Outsourcing [6-7].

Functioning Of Recruitment Process Outsourcing Agencies

RPO service providers argue that their cheaper prices are the result of economies of scale achieved via the employment of large numbers of recruiters, resume databases, investment in recruiting technology and networks, and so on. Since their clients no longer have to employ full-time Human Resources managers or spend as much time and money on the recruiting process, they save both time and money. RPO service providers boast superior quality, according to their clients, since their business is built on meeting measurable KPIs. RPO costs are often tiered depending on how well they fill open positions [8-9].

James Caan was the pioneer of RPO in the United Kingdom in the 1990s; now, he runs HB Retinue, a firm that provides RPO services worldwide, together with his colleagues Jon Bennett and Rachel McKenzie. Accolo, an RPO, was chosen by the Outsourcing Institute as the top of more than 40 RPO providers globally in two categories: General Services Capability and Value for money. Accolo has a rigorous screening process that eliminates over 70% of unqualified applicants so that only the best get hired [10].

Literature Review

Choosing suppliers in an outsourcing context is difficult since success relies on several factors. As such, the research proposes a combined method in which, in the first stage, several aspects of supplier selection are identified and the structural link among them is modeled using an interpretative structural modelling (ISM) methodology. In the second stage, the MICMAC method is used to analyze the driver-dependence power across many dimensions. The findings show that the "Cost," "Quality," and "Service" aspects are significant from the buyer's perspective when choosing a supplier due to the high reliance power they exert. To aid managers in mitigating the dangers inherent in these areas, a qualitative study grounded on fuzzy set theory has been conducted while taking into account three possible vendors. Supplier selection is a time-consuming activity that may change according on an organization's requirements, as shown by simulation studies with varying combinations of the "Cost," "Quality," and "Service" aspects. Supply chain experts may use the study's suggested strategy to deal with supplier selection issues [11].

Recently, outsourcing services has become an integral part of many service providers' overall strategy for maximizing efficiency and effectiveness. However, most studies ignore the structural consequences of outsourcing while focusing on the influencing variables. This research uses data from 108 service providers in Tunisia to determine whether and how much outsourcing contributes to innovation in the local service sector. Our focus is on the domestic outsourcing of support functions. Our findings corroborate the documented benefits of outsourcing service operations to increase innovation potential. This indicates that outsourcing enables Tunisian service providers to boost value creation, adaptability, and service quality [12].

The idea of agility has evolved in project management as a means of evading the constraints of more conventional, sequential approaches. Iterations are part of an agile project's scheduled procedures. Businesses can better adapt to shifts and new challenges in the global marketplace if their outsourcing processes are flexible. In this research, we provide an integrated cognitive map-based intuitionistic fuzzy multiple criterion decision support tool for ranking and selecting the most effective providers of agile outsourcing. For coping with ambiguous data and the potential loss of information during numerical operations with fuzzy numbers, intuitive fuzzy sets are used. The assessment criteria that are intertwined with causal relationships are given more or less weight using an intuitive fuzzy cognitive map tool. Intuitionistic fuzzy complex proportional assessment, which seeks a solution in relation to the optimal one, is used to determine which of many possible agile outsourcing service providers is the best fit. A case study is performed in the Turkish white goods sector to show the reliability of the suggested intuitionistic fuzzy decision aid. The effects of the COVID-19 pandemic on the assessment and selection of agile providers are explored via a scenario analysis. Results from the scenario analysis suggest that home office practices are fine for keeping the flexibility of outsourced project management [13-14].

The first four are tactical considerations, whereas the latter two are more long-term in nature. However, the research does not provide a defined approach to determining whether outsourcing is optimal. Once a company has decided to reassign the specified capacity, it must locate the most suitable supplier for those services. There are several advantages to working with a single administration supplier rather than a number of smaller ones. The HR department will immediately appreciate the time savings from just having to keep tabs on a single vendor. Additionally, having a single source allows for more streamlined communication and a more complete understanding of the customer's needs. Thirdly, it's a great deal of flexibility that allows a company to offer upon a better understanding when it buys many arrangements from the same source [15].

The purpose of this work is to fill in the information gaps by conducting a literature review on recruitment process outsourcing. This step will help make sense of next scientific endeavors. Approach/Design This research is a systematic review of 36 works on recruitment process outsourcing, including 21 refereed empirical studies, 3 review papers, 7 conceptual papers, 3 reports, and 2 theses. The results show that there are five main topics related to recruitment process outsourcing (RPO), including the advantages and hazards of RPO, the consequences of RPO on various stakeholders, and RPO in India. There seems to be confusion about what recruitment process outsourcing entails. Constraints on the research prevent any firm conclusions from being drawn about the extent to which all empirical studies on RPO were covered. However, it seems that many of the available research were included in the review. To the authors' knowledge, no prior comprehensive literature review on this issue has been published in academic publications, which adds to the paper's originality and value [16].

Methodology

Research Design

In the current study, an exploratory approach was used first, and then a descriptive approach was taken. Data gathering strategies used by the researcher include both quantitative and qualitative approaches.

Sample Size

Two hundred Human Resources (HR) professionals, HR managers, and Outsourcing Service Providers made up the sample for this study. There will be both short answer and free-form questions on the survey.

Data Analysis

Chi-square analysis and the percentage approach were used to conduct statistical analysis of the data in SPSS (a statistical program for the social sciences) and Microsoft Excel. The percentages of the respondents' answers have also been computed by the researcher. This approach was used since it provides the most useful means of investigation, analysis, and result drawing. The goal of data analysis is to draw conclusions and draw descriptions from a set of collected observations and free-form inquiries [17-19].

Hypothesis

The following two hypotheses have been formulated to investigate the effect of recruitment process outsourcing on the recruiting function in the context of improving the quality of new hires.

Null Hypothesis (H0): Recruitment Process Outsourcing has no significant impact on the Hiring of Quality candidate

Alternate Hypothesis (H1): Recruitment Process Outsourcing has significant impact on the Hiring of Quality candidate

To test the above hypothesis One-Sample t-Test was used with explanation below the table.

One-Sample t-Test

The aforementioned hypothesis was put to the test using a One Sample t-Test. Percentage graphs and pie charts were also created for graphical analysis to help determine RPO's effect on these and other factors.

Table 1: Testing of t-test validation

	Test Value = 3			Mean Difference	95% Confidence Interval of the Difference	
	t	df	Sig. (2-tailed)		Lower	Upper
Recruitment process outsourcing leads to increasing quality of hire.	22.168	199	.000	1.100	1.00	1.20

To determine whether recruitment process outsourcing has a substantial effect on the quality of candidates hired, a one-sample t-test was conducted. Recruitment process outsourcing has been shown to have a substantial effect on quality of hire, as the t-Test value of 22.168 is more than the table value of 1.653 at the 5% level of significance. Therefore, the alternative hypothesis (that RPO has a major effect on organizations' ability to attract and hire

top talent) is accepted, and the null hypothesis is rejected [20-21].



Figure 1: *Experience of respondent in RPO firm*

The data in this study is more trustworthy since it was gathered from respondents with expertise in the recruiting process. All possible categories of respondents have been represented in the collected data, which spans a range of experience levels from zero to more than ten years. The majority of workers (74%) here have less than two years of experience. Only 11% of workers have more than five years of experience. Ten percent of workers have six to ten years' worth of experience. While just 5% of workers have more than ten years of experience. Due to the relative infancy of the business in India, many workers have less than two years' experience.

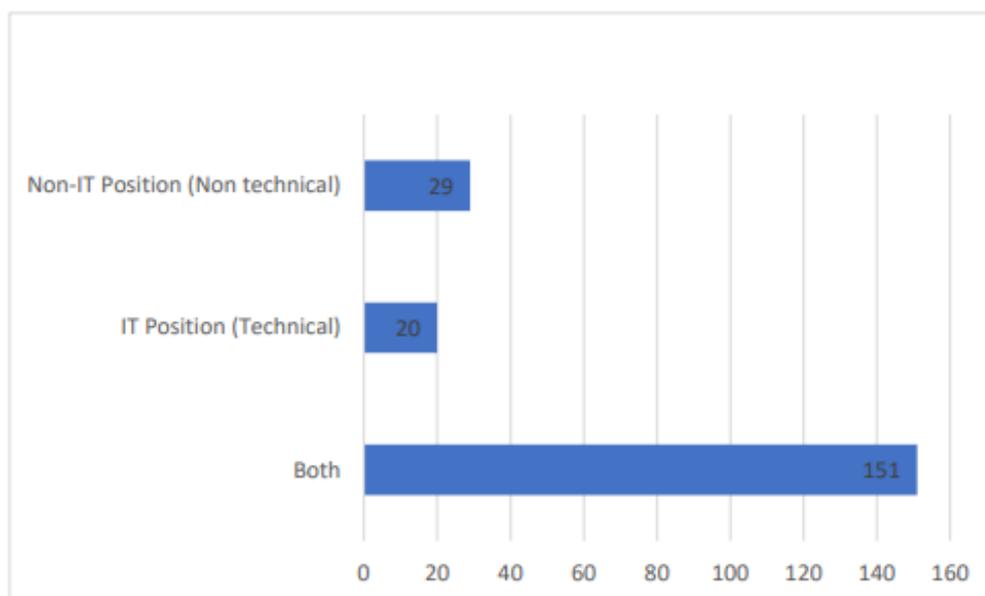


Figure 2: *Types of position on which respondent work.*

Recruitment may be broken down into two categories: those involving information technology (IT) and those that do not. Over half (151 people) of the company's workforce (including technical and non-technical) support outsourced recruiting. For positions outside of IT, just 29% of staff members favor outsourcing recruiting. Only 20% of workers think that IT recruiting should be outsourced. Based on the data presented, it seems that a sizable workforce supports recruiting outsourcing for both technical and non-technical positions [22-23].



Figure 3: *Quality of hire from RPO*

In addition to saving money, outsourcing recruiting may improve the quality of hiring by allowing you to choose from a larger pool of qualified individuals. Here, data shows that 80% of respondents agree that outsourcing provides good quality candidates for the organization, with 50% of recruiters strongly agreeing that recruitment outsourcing leads to increased quality of hire and 30% of recruiters agreeing with this statement. If nobody has chosen the disagree or strongly disagree option, it's safe to assume that outsourcing recruiting is widely seen as a positive practice [24].

Table 2: *Trends in RPO service agencies*

Last 10 years	Current Scenario	Projection coming for years
RPO gained momentum in big and medium sized companies.	RPO gained momentum in all types of companies.	RPO shall gain momentum beyond companies, i.e. will be used by business houses as well.
Main reason for RPO is cost and time benefit for Companies.	Main reason is cost and time benefit along with benefit of specialization and right candidate for the right job.	Main reason will not be cost since companies are focusing more on talent hunt and ready to pay any price.
RPO size was small, since, it was provided by individual vendors.	RPO size increased in volume and brand since companies joined hands with RPO.	RPO service agencies size to increase substantially, due to, reported mergers and acquisitions.
RPO was popular among developed nations only to	RPO diversified to other countries across globe to	RPO shall diversify to other areas of HR not just recruitment

provide recruitment solutions to its clients.

provide customized Recruitment solutions to its clients.

but compensation, development, integration & maintenance of employees.

The survey findings outweigh the benefit of hiring RPO services due to their cheaper costs. RPO service providers may be overcharging their clients by at least one month's wage for each new employee they bring on board.

A security guard recruited via a third-party service provider will cost 8 to 15 percent more per hour than one hired through a traditional walk-in interview process. It's not only about saving money when it comes to outsourcing recruitment; companies also want to improve their efficiency in finding and employing new employees. According to these forecasts, hiring should be healthy in the following year. The recent purchase of HRX, a major RPO, by Seaten, a Chicago-based Company, highlighted further that the range of RPO is expanding as more and more firms join forces with the desire to acquire the top people for their organizations. When PeopleScout and HRX merge, it will improve sourcing technologies, increase service offerings, and broaden the company's worldwide reach, as stated by Patrick Beharelle, CEO of Seaton [25].

As a result, there's no question that outsourcing recruiting is the current trend among businesses. More businesses are expected to employ RPO services in the future years, and the industry's efforts to improve its reputation will contribute to this expansion. RPOs' customer-centric emphasis will drive rapid expansion in the next years, and more businesses will begin to contract out for HR services. KeneXa, an IBM subsidiary that specializes in finding candidates for contact centers by means of its leveraging technology and sourcing approaches to unearth hidden potential, has predicted that its main customers would place a greater emphasis on project-based recruiting in 2015 [26].

Table 3

S.No	Organization	Reason behind opting RPO Services.
1.	Tata Motors.	Gajendra Chandel (Chief Human Resource Officer) says they opted for RPO because they wanted the internal HR team to focus on Recruitment strategy and Branding. The partners are responsible for bringing the candidates.
2.	Citi South Asia	Anuranjita Kumar (Chief Human Resource Officer) said they have gone for rpo “ to address the hiring volume for complex skills sets (like big data , micro strategy etc) in fixed time period.
3.	Mahindra Rise.	Rajeshwar Tripathi (Chief People Officer Mahindra AFS) he says automobile industry runs on cyclical process and it is important for the HR team to keep pace with up and downs of the business. And joining hand with specialized partners helps them to focus on business.
4.	HDFC Life.	Rajendra Ghag (Executive Vice President) says they are outsourcing the recruitment process to improve the efficiency of various HR process and thus empower the internal HR team.

5.	Merck Group.	Rahul Maitra (Head HR India) he says joining hands with RPO has helped them in establishing a regular hiring process, supports in applicant tracking system, and has improved the quality of hiring. It has reduced the cost of recruitment. And improved the quality of talent pool.
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There is no denying that outsourcing the recruiting process is the new normal for businesses. More businesses are expected to employ RPO services in the future years, and the industry's efforts to improve its reputation will contribute to this expansion.

While almost no businesses in India do legal background checks, almost all businesses in the United States and Canada do. Legal background checks are very simple for just 4% of workers, easy for 10%, normal for 25%, difficult for 46%, and very difficult for 15%.

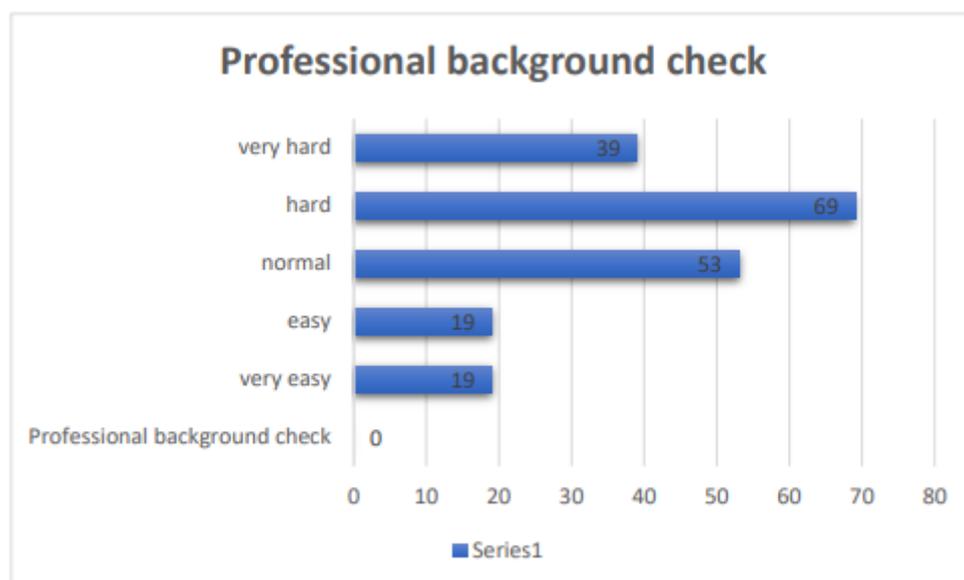


Figure 4: Challenges faced in professional background check of candidate.

The candidates' past employers are contacted in order to verify the candidates' professional history. What this tells about the candidates' character and competence. Professional qualification check is rated as Very easy by 9% of workers, Easy by 9%, Normal by 27%, Hard by 35%, and Very hard by 20% of workers.

Conclusion

The Big Data System, Applicant Tracking System (ATS) architecture, and employee engagement that make up RPO are the backbone of every company's human resource planning and development. This analysis concludes that RPO is undeniably a viable option for HR functions. There is currently no substitute for this service in the traditional recruitment procedure. It is generally accepted to substantially effect HR planning and development in order to create a talent board as a competitive advantage and to develop a robust internal talent procurement executives structure. When this is achieved, an organization is better able to achieve its goals at the most appropriate times. It has a significant impact on HR goal planning since it serves as the benchmark for enhancing the overall performance of the recruiting process. The integration and coordination of the internal group with the external RPO group is one of the test's most significant components. The gaps in efficiency and quality of results may

be reduced with the aid of periodic audits by all parties involved. There is no denying that RPO is on the low side in terms of promoting the organization's brand and focusing efforts, thus it is argued that a little increase in activity would provide enormous gains. RPO is the HRO cycle with the highest rate of growth, but its interactions are not without complications. Further things to think about are being treated with the same level of seriousness, opening the door to even further investigation. Many companies throughout the world employ recruitment process outsourcing as a strong approach since it reduces expenses, speeds up the process, and increases quality hires. Although many businesses around the world have found success by outsourcing their human resources departments, particularly their recruitment processes, this approach has had a negative impact on employee morale and loyalty as well as bottom line results because outside agencies lack familiarity with the company's internal workings.

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