

THE RIGHT FIT

As finding talent becomes increasingly difficult, corporations look at recruitment partners to come up with innovative ways to search, source, screen and hire employees

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Two years ago, CenturyPly, a ₹1,300 crore-plus company and one of the leading names in the plywood business in India, was faced with a tough situation. Having established a corporate identity far removed from its earlier family-run business tag, CenturyPly wanted to expand fast but found it difficult filling up key roles in the sales division. Not only was the company losing out on precious time, travel costs — with the company's HR executives travelling all over the country to conduct interviews — were shooting through the roof. Worse, preoccupied as they were with the task of finding the right people for the right jobs in double quick time, the HR team was in danger of overlooking its primary task — managing its existing people and figuring out ways to keep them motivated during a down economy.

That's when someone in the team suggested the company outsource its recruitment process. The top bosses felt that was the best way to get the job done under the circumstances — while an outside agency would handle the whole process of identifying candidates, the in-house team would step in only at the final stages to negotiate salaries and taking the candidates through the on-boarding drill.

Now see what was happening at HCL Technologies, the offshore IT and software development company (sales turnover: ₹16,498 crore as of June 2014), around the same time. The company was facing a sort of 'talent leakage' that was leading to a high percentage of "renegade" employees. Though many of these were entry-level employees, the churn ended up stalling some key work processes. While many of the people who quit were hired through employee referral programmes, some senior team members felt the company needed a more robust recruitment process.

The expert and the rescuer for both, HCL Technologies and CenturyPly, turned out to be recruitment process outsourcing (RPO) companies, which ensured both these organisations achieved their recruitment targets at a much lower overall cost. Thiagarajan Suryanarayanan, global head, talent supply chain, HCL Technologies, explains, "The renegade employee rate came down significantly as RPO partners came in with experience and customised solutions for speedy action. The cost saving was a bonus."

For CenturyPly the result was equally spectacular: the company was able to meet its hiring targets in six months flat and cut down recruitment related costs by 20 per cent over the two quarters. "Our concern was to ensure that the cost lines were controlled even while the top line continued growing," explains Sugata Halder, country head, HR, CenturyPly.

Till about a few years ago, RPO was just another acronym being thrown

around. Although many of the first adopters of RPO were global giants (like Kellogg's and Hershey's), the protracted slowdown of the last few years has kindled new interest in the industry, especially in India, point out various industry surveys done in recent months. The signals are clear: More companies are taking the plunge and are outsourcing some or all of their recruitment processes. Many more HR and recruiting companies are broadening their repertoire to offer end-to-end recruitment services; and HR professionals are establishing associations such as the RPO Alliance to develop benchmarks and best practices to grow the business.

But why this sudden interest? Experts say conducting recruitment in-house can prove burdensome adding between 20 and 35 per cent to the overall HR bill. Says Rativ Menon, head, innovations and new products development at MeritTrac, which offers recruiting services to companies, "RPOs are sort of diagnostic labs that are created specifically to offer end-to-end recruitment solutions to companies. These solutions not only save time but they also have a better bit rate (in the case of MeritTrac, the success rate of hiring for companies is 80 per cent) given the intensive search processes, customisation and checks, including the mammoth filtering and sifting processes."

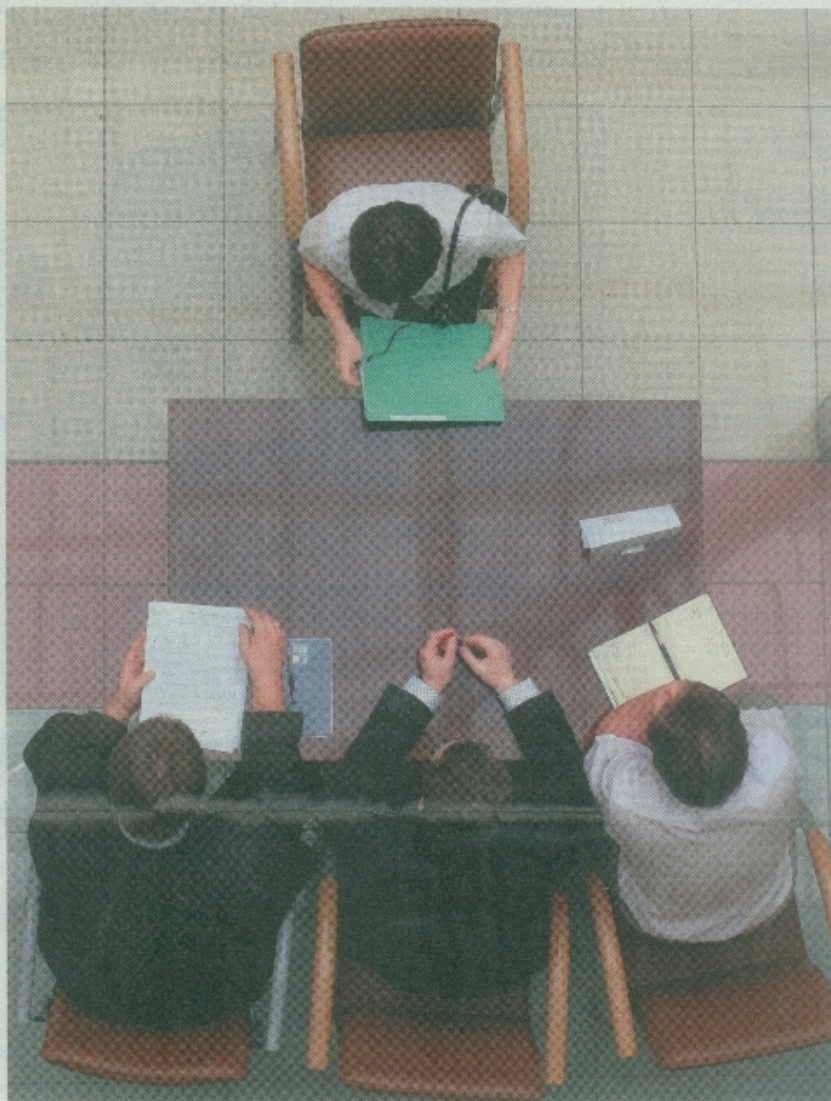
As the economy shows signs of bouncing back, companies large, small, and those in between are desperately trying to locate the right people as quickly as possible to kick-start growth. Many of these companies would like to get rid of the headaches associated with finding qualified candidates and simultaneously keeping a check on the time and money involved. So they are turning to RPOs that are known to save time, money, and reduce the possibility of bad hires.

Getting started

Outsourcing recruitment is not yet a big deal in India, but the trend is fast picking up. Some reports peg the present value of RPO industry in India at around \$2.5 billion, and say it will grow at 30-40 per cent over the next few years. In general, companies follow either of the two models of RPO. Under one model the RPO provider offers support services to on-shore recruiters to enhance their productivity and organisational effectiveness. Otherwise, the RPO could provide cycle recruiting. In this model, the RPO provider performs the entire recruitment function from scratch, including sourcing, screening, interview scheduling, appointment execution and even on-boarding for permanent and temporary positions. The second model has better potential in that it helps companies reduce the overall cost of recruitment and also frees them up to concentrate on their core competencies.

In fact, it makes sense when a company is hiring at the entry level or for the short term. "Recruitment at the entry level is a

short term phase and outsourcing is more cost effective than hiring people fulltime and then wondering how they can create value," reasons Chaitrali Singh, director, HR, ZS Associates. The company uses the services of its RPO partner for campus recruitments and is now considering ways to leverage the company's RPO partnerships to fill up some mid-management and senior positions complete with online assessments, interviews and even background check.



Why outsource recruitment

- **To cut down the overall cost per recruitment**
Especially for bulk hirings or for entry-level, recruitments RPOs are known to save costs to the tune of 40 per cent.
- **To focus more on the core business**
Studies show that almost 70 percent of the work involved in the recruitment process is 'non-core' to your business. Thus, by entrusting the burden of recruitment to a specialist, you can focus more on your core business activities.
- **To build a competitive edge**
Corporations looking to build large talent pools in a short period of time may not have the bandwidth to select the right talent by tapping 'passive' candidates. RPOs can help given their network.
- **To get the best value for money**
A domain specialist is likely to bring in process experts and researchers with in-depth knowledge on the subject to identify the right candidate from a bunch of folks.
- **To use resources efficiently**
If your team is spending most of its time doing work that is prima-facie non-core, you could be sure you are wasting precious resources.

