

The Influence of RPO over Employer Brand in IT Industries from Employer's Perspective

C. Ramani Rajan^{1,*} and T. Vetrivel²

¹ Anna University, Chennai 600025, Tamil Nadu, India

² Department of Management Studies, Vellalar College of Engineering and Technology, Erode 638012, Tamil Nadu, India

Received: 3 Dec. 2018, Revised: 19 Mar. 2019, Accepted: 22 Mar. 2019

Published online: 1 Jul. 2019

Abstract: Outsourcing is a well-known terminology since two decades and yet it is an ever flourishing domain with global presence. When it comes to Recruitment Process Outsourcing (RPO), it is still in its beginning stage and yet to find a reliable place in the recruitment domain. The sole purpose of outsourcing recruitment services is that it is cost effective and it also improves the organization's efficiency by cutting down the hours spent. Besides, there is a requirement for expert advice and trust which are provided by the external recruiting agencies. Our objective is to find whether there is any effect on the employer brand by recruitment process outsourcing. Our study involves five IT companies in Tamil Nadu and our investigation shows no effect on motivation, major effect on effective orientation in almost all the companies under study and also on the performance orientation in one third of the companies by RPO.

Keywords: HR, Interview, RPO, Employer Brand

1 Introduction

When it comes to recruitment, the world has seen some tremendous changes since 1970 and prominently in the recent years. Organizations have their own struggles while selecting the best talents and also to retain them. Huge amount of man hours, energy and money is invested to fill the vacancies with the best available talents especially in a country like India which is one of fastest growing economy. It is not always success and the hunt for the right talent is always there with tight budget. As a need of the hour, Recruitment Process Outsourcing (RPO) intervention comes as an aide. The emergence of RPO has been well accepted by the western world while it is just a new phenomenon in India with a huge market and plenty of stake holders. Organizations cannot grow or expand without the right employee at this "Human Age" where human talent is high in demand. Hence, organizations irrespective of their domains seek RPO to ease their burden of recruiting process, so that they can have more time to concentrate on their business saving saving not just cost, but also the precious man hours. Though India has recently joined the "RPO" trend, the future looks very prospective (INR 1000 crores industry by 2020) with

companies from USA and European Union are looking for international talents [1].

In the year 2009, the review of RPO exposed by 62% of the companies are outsourcing partial/full recruitment which is able to trim down the cost and it found the performance gains across the board. Nowadays recruitment is a complex process. In an effective recruitment process of skilled employee, it was required to find efficient employee in a wide range of market. The hiring manager has to manage and care about talented employee in related technology. RPO has to take care of the candidates who are experts in the subject having talent in the core competency. They sort out the recruiting process by updating the current technology in recruiting and see whether they can meet the recruiting process with proper capability. RPOs understand people, technology, process and metrics as a skilled function. If it is followed and implemented successfully it can gain more in business outcomes and other metrics forms.

While outsourcing the recruitment process to an external agency, organizations either transfer the process entirely and/or RPO service provider either offers their own service or utilizes the company's staff, technology and infrastructure. RPO differs from other service

* Corresponding author e-mail: ramanirajan@email.com

providers in claiming ownership of the plan and execution process and the outcome. The *end-to-end* recruitment process is managed by the RPO providers that includes job profiling, on-boarding of the new recruit and other related tasks. If the recruitment outsourcing is well managed, an organization's hiring time, talent pool, cost savings and quality will certainly improve. In general, the R&D department in any organization focuses their research mostly on education, skills, training but very little focus on labour due to limited knowledge on recruitment and recruitment is always given less priority [2]. In recent times, many recruitment processes have moved from one organization to another whereas lone organizations attempt to build unique processes which are indeed part of operations carried out in big organizations. Here, outsourcing gets a new aspect of work force management for staffing and selection [3].

Huge candidate databases, tools and strategies available with the RPOs enable them to provide affordable services. Performance-based targets are fixed between the RPO and a service provider for better quality services. Sometimes payments are linked with target achievements leading to effective recruitment that is highly significant in the RPO industry. In the context of " $RPO = Hiring\ potential + Hiring\ worth$ ", recruitment could be outsourced to a recruitment process outsourcing agency supported by many organisations with a scope to recruit skilled workforce fulfilling the clients' requirement [4]. The service provider represents the internal staffing department to another organization where, the team integrates various aspects like the market situation, knowledge about the industry and capacity to recruit the right candidate in a given period obeying the contractual agreement (monetary-based). Most of the time, the organisations fail to meet the aforementioned aspects as senior management sole aim is to augment the business using strategic interventions [5].

1.1 Indian IT Sector

This study, mainly concentrates on the RPO's effect on brand image of Indian IT sector. As we all know that the software industry and the IT technologies are the forerunners when it comes to RPO spurge in Indian market. This effect and its identification drive the study. In this study we discuss about three factors-motivations which drive the outsourcing process, performance and the effectiveness of the process that aides in forming a bond between the RPO and brand image of the organization. Further process includes evaluation of different issues and it is further followed by evaluating various challenges in the implementation of RPO process and the resulting benefits. In recent years, there has been some enormous changes in the HR industry mostly due to growth in technology and domestic MNCs. Though there are mixed opinions, the growth is approximately over 300 million pounds with over 70% for the recruitment. When

compared to their western counterpart, Indian HR service has prospective opportunities which are not yet considered. The fact is that except for the Info Edge there are no other options in this domain [6]. While considering the growing requirements and manpower being the foundation of growth, increasing job opportunities and a backup of talent database, hiring is not just selecting candidate and filling the vacancy. But it is fulfilling the need and exact requirement for the job role.

Therefore, there is a high demand for qualified candidates for the vacant posts by the organizations and right candidate selection is very important for the future of the organization. This job is done by the RPO systems that do the best with a good technology and tools with world-class expertise. As our study focuses on the influence of RPO on the employer brand, hence we explore the links and association between the concepts of recruitment process outsourcing and corporate growth. Outsourcing is the need of the hour and is highly in demand across the world [7, 8]. Once performed in-house recruitment HR activities are increasingly outsourced [9, 10]. Our study details on how the outsourcing is seen and accepted by the in-house HR professionals and top management and also the impact of RPO on their employer brand. Our study also focuses on the performance of RPO within organizations and then its influence on employer brand. The core objective is to do a detailed study on the effect of RPO on employer branding of an organization. The paper is organized by presenting the literature review in Section-2; followed by research questions and methodology in Section-3; Section-4 respectively; Section-5 presents the findings and analysis from the interview, the paper concludes through the Section-6 followed by references.

2 Literature Review

In Recruitment Process Outsourcing (RPO) a type of Business Process Outsourcing (BPO) the employer outsources or gives the entire or part of its recruitment process to an external service provider [11]. The external virtual recruitment service provider provides a set of skills, tools, technologies and activities. Decision of what should be retained in-house and what should be outsourced in the recruiting process is the significant element [12]. RPO shares major features with other commonly-outsourced HR processes. Even then, the model [13] on RPO shows differences from the traditional recruitment process models discussed in their study. Their model not only finds ways in the process but also suggests if they should be kept in-house or outsourced to an OSP [14].

In 1996 Backhaus and Tikoo [15] first introduced the term employer branding while conducting a research whether branding management techniques could be applied to HR management. The study shows that as both the functions come together a mutual benefit happens

with strong corporate equity and also an improved brand's customers. Human resources that could immediately augment the return on brand equity from outside clients. Kakabadse and KakabadseA gave a theoretical outline [16] where they put forth that there are a couple of benefits from employer branding; brand association and brand loyalty and by adding both outside and inside employer branding productivity and employer attraction can easily be attained. When it comes to the LUT Finna search engine, there is a combination of multiple academic databases conducted by the study on the employer branding witnessed to be gradually growing from 2004 and from 2004 to 2017, where 2961 peer reviewed articles have been published.

The sole purpose [17, 18] of RPO is to control expenditure. Besides, they have also included some features for outsourcing like best practices, good service quality, with paying attention to the principal capabilities of an organization. The decision [19–21] on the HR activities outsourcing has the motives to reduce the expenditure, get world-class expertise, right candidates easily matching the requirement and focus on managerial resources related to strategic issues [22]. It was shown [23] that there is a link between the notions of recruitment outsourcing and employee job satisfaction and they are directly related to one another. Numerous studies put forth that HR outsourcing approach is often considered having low morale, job uncertainty and lack of motivation thereby leading to job frustration [24, 25]. On the other hand [26], it was shown that outsourcing brings in a culture of fear, anxiety, mistrust and disloyalty leading to job displeasure. Ultimately, all the studies suggest that HR managers work closely and observe the morale and motivation levels of employees recruited through outsourced agencies. Things go serious when such outsourced employees impact on the company's employer branding.

3 Research Questions

With a keen eye on our research objectives, and the related literature review, we would be answering the first part of the following research questions through this research article.

1. Are there any positive and/or negative influence of recruitment process outsourcing on the employer brand?
2. How the perception of the newly recruited employees and the reinforcement of the employer brand are affected by RPO?

4 Methodology

As the article is about deep analysis pertaining to the aim and objectives of the research, qualitative research



Fig. 1: The correlation between the RPO and employer brand

methodology is preferred. Our study is also based on Holloway's [27, 28] qualitative research which takes into account the perceptions, feelings and insights of people.

With an aim to select research questions and objectives, we have conducted semi-organized interviews with careful selection of interviewees. We have gone through the case studies of various industrial organizations that have transferred their recruitment responsibilities to RPO. A qualitative method is used to collect the findings of this case study. We have conducted the interview with the participants who are carefully selected and hold various positions in the organizations so that their views can be different with their practical knowledge on the topic. We select 5 organizations whose names are withheld on their interests. Our candidates include the heads of departments and directors having a deep knowledge on RPO and employer branding. 10 face-to-face interviews are carried out, 2 from the case studies referred. The questionnaire was basically *how*, *what* and *why* type. An interpretive thematic analysis technique is used to understand each response of the interviewee. Data is analyzed using content analysis and the outcome for assessing the research theme [29, 30]. The carefully-interpreted data is compared with the previous studies discussed in the literature review on effectiveness of RPO on employer brand [?]. Ultimately, we derive the conclusions using the key findings on the RPO and its influence on employer brand.

Fig. 1 is an empirical model for clarifying the significance and depict the correlation between the RPO and employer brand as crusts. Each crust represents its process and sub-processes that RPO contains. The arrows signify the direction of the effect this research investigates, enabling the reader to form a picture and follow the logic behind the methods and conclusion.

Tables 1 and 2 illustrate the findings from the interviews carried out with the HR representatives from each organization. The inference obtained under four categories that include motivation, performance orientation, effective orientation and employer branding from each person representing different companies are presented in columns. Following the findings the analysis of category wise inference is presented in Sections 5.1 to 5.4.

Table 1: The findings from the interviews carried out with the HR representatives from different organizations

Company Type	Motivation	Performance Orientation
Company C	Outsourcing the recruitment should motivate the employees to work harder. But, here there has been no change in the motivation ever since RPO were utilized. The reasons for this reply could be aplenty like unity amid the staff, unwillingness to change their way of working or since they have been working for a long time, there could be some job insecurity when it comes for replacements. Ultimately, the concluding point could be that the supervisor/manager might not have had the opportunity to know the happenings in his absence.	Astonishingly, the influence of RPO on performance orientation could not be correlated by the previous studies mention that it is the tendency of the employees to compare their performance with others. We assume that the existing employees try to show off their working skills when new employee join the company thereby elevating the brand image of the company.
Company V	Here, motivation amid employees was based on their decision-making which has not been affected by RPO,. But, motivation always changes at least on newest employees. The fact is the employee's motivation is inversely proportional to changes in the management.	This factor has not been affected here due to RPO based on the interview. But, in their opinion constructive goals achievement have been faster than before. This is a bit contradictory to the interview.
Company W	Here, as per the interviewee, there have been no changes.	This factor also did not see any changes as per the interview done. But based on previous studies changes are ought to happen and may be the interviewee did not want to discuss them or they did not occur at all.
Company L	Here, the employees are motivated with privileges, feedback and good-work environment. While hiring with RPO, expecting a good working environment could be challenging as management is not participating here except few. There comes the role of RPO for motivating as fulfilling the promises made by the management is essential. Finally, in our opinion the HR should be aware of the happenings in the organization.	The interviewee did not find any relation between the Performance orientation and RPO. As per the previous studies, the main reason for hiring a RPO is to save man hours thereby providing the employees more time to perform.
Company M	Here, based on the interviewee's opinion, there have been no changes in this factor and all employees are treated and motivated equally. But the fact is there is always a disparity in treating the core employees and those hired through RPO.	Performance orientation has remained unchanged but with better work conditions. As per the previous researches, better situations are due to overcoming the RPO hired staff by the core employees.

5 Interview Findings

5.1 Analysis of Employer Brand and RPO

Some of the candidate interviewed expressed that they see some changes in the employer brand image but not because of RPO, while others stated that they do not see any changes at all. The reason might be because the employer brand vast and they may not be aware of its nuances. As per the literature the brand is an amalgamation of shared basic assumptions understood by the group thereby solving the external adaption issues and internal integration issues. So far this has worked out and has been seen as quite helpful. Hence, they teach the new recruits also in the similar manner to follow, think and understand. Though certain changes are healthy some can even affect the employer brand negatively. Nevertheless, this cannot be avoided for maintaining the brand. Considering the three factors analyzed, the results show changes and on the other hand most of the candidates interviewed have deviated from the concerned topic which shows their lack of knowledge in the area.

5.2 Analysis of RPO and Motivation

The very first factor is motivation, and all the interviewed candidates are unanimously stating that RPO does not have any influence on the motivation. But, RPO certainly has influence on motivation specifically when there is a possibility of getting replaced by another employee even when the companies strive to make it happen. If an organisation finds out poor performance in an employee they can use any excuse to replace them. As per the literature in order to attain targets and be effective and positive, senior management should motivate the employees within the organisation, and sometimes they also use RPO as a motivation factor.

5.3 Analysis of RPO and Performance Orientation

Based on our analysis it shows there may or may not be changes in performance orientation in accordance to the

Table 2: The findings from the interviews carried out with the HR representatives from different organizations

Company Type	Effective Orientation	Employer Branding
Company C	The positive response being an effective orientation among employees since the RPO intervention but only in view of the manager. We agree to the fact that effective orientation would increase when there is shortage of workforce.	A particular interviewee here did not value brand like other interviewees. In his opinion, employer brand and its reputation is not same with all, but how much ever one values the Employer Brand, changes are to happen influencing everybody. Besides, there has been a welcoming reaction from the employees for the RPO. His opinion may be so because he is the manager.
Company V	This factor also yearned a response similar to the Performance Orientation from the interviewee.	As per the interviewee’s opinion, there should be an awareness of the Employer Brand among the employees and this should not be affected by RPO. We infer that RPO has influenced the brand image. In order to preserve the brand image, company should pay more attention on it particularly while recruiting young talents.
Company W	The interviewee said that effective orientation is indeed influenced by RPO which is in line with our opinion.	As per the interviewee, the customer service has improved after hiring RPO and this could be due to the huge customer base. Besides, the interviewee also said that the initial reaction on RPO among them was threatening. This reaction is quite normal with staffs who have not worked with an IT company for a long period.
Company L	As per the interviewee, there is no link between the effective orientation and RPO.	Here the interviewee is the HR incharge and in his opinion, there is no influence on this factor. The most astonishing thing he said was, “ <i>employees have not much to say about the recruitment, since that is not their decision</i> ” as though their opinions are not counted. Even if it is true, their opinions should be valued as they are also important for the company Brand. Besides, his strong opinion was that company brand is very significant thereby giving mixed opinions.
Company M	Here, the interviewee sees some betterment but not due to RPO.	According to this interviewee, company brand is highly significant and the staff hired through RPO should be aware of it. Practically, the awareness of company brand prior to joining is not possible. Besides there is always pressure on the new recruit to show changes compared to the existing employees.

interviewees, but they tell whether it is related to RPO. Two out of five organizations interviewed stated that there are changes in performance orientation and the other three do not see any change. According to the two organizations which agreed to changes could not say whether it is due to RPO. May be they are not much educated on the effects of RPO on performance orientation. Or they might be aware but do not have any solid proofs. The other three organizations might also have felt the similar way but due to indecision they could not proceed further. As per the previous studies, better performing tends to compare themselves with others, but we do not see this trend here why.

Performance orientation comes when organizations or societies encourage and reward individuals and groups for giving better performance as per the literature. We assume that the interviewed individuals may not be willing to credit the RPO.

5.4 Analysis of RPO and Effective Orientation

In case of effective orientation our study results demonstrate that three out of five felt that there are changes and two do not see any changes. The later two are insecure in their answers. One stated that *though there are no changes in the effective orientation positive goals are achieved faster* otherwise it shows only minimal effect on effective orientation. The other one said that they could see better work situation benefited by the whole company. As per the literature effective orientation is considered as a tool for the new recruits to advance and optimistically work for the company and the outcome gives greater satisfaction and better performance. This implies RPO has influenced the organisation.

6 Conclusion

Based on the detailed analysis with previous studies mentioned in our literature review and primary data analysis, we conclude that RPO role is very significant in enhancing the employer brand of the organization only if the organization carefully selects the RPO after observing their abilities, services offered meeting their demands and RPO service expertise. We choose motivation, performance orientation and effective orientation as factors as they get affected badly when it comes to brand image. Our research infers that RPO does affect employer's brand. When it comes to choose companies it was a difficult task and this research work has chosen 5 different IT companies as they are mostly seek recruitment outsourcing. The software companies are interviewed and their answers are concluded. The analysis of the investigated factors shows that effective orientation was affected the most, then performance orientation while motivation is not affected at all.

References

- [1] Team lease white paper, RPO Redefining The Future of Recruitment, [https://www.teamleasegroup.com/sites/default/files/resources/Team Lease/ WhitePaperRPO.pdf](https://www.teamleasegroup.com/sites/default/files/resources/Team%20Lease/WhitePaperRPO.pdf)
- [2] S. Aruna, Gamage, Recruitment and Selection Practices in Manufacturing SMEs in Japan: An analysis of the link with business performance, *Ruhuna Journal of Management and Finance*, Vol. 1, No. 1 (2014).
- [3] G. Anthony, J. Belanger, P. Lapointe, G. Murray, *Work and Employment in the High Performance Workplace*. Abingdon: Routledge (2013).
- [4] D. Ofori, M. Aryeetey, Recruitment and Selection Practices in Small and Medium Enterprises. *International Journal of Business Administration*, Vol. 2, No. 3, pp. 45–60 (2011).
- [5] R. Rajesh, Recruitment Process Outsourcing (RPO) Annual Report 2013-Dichotomy of Market Exuberance and Subdued Economy, pp. 1–66 (2013).
- [6] V. Patter, Recruitment in India. Available at: www.peoplematters.in (2016).
- [7] F.L. Cooke, J. Shen, A. McBride, Outsourcing HR as a competitive strategy? A literature review and an assessment of implications, *Human Resource Management*, Vol. 109, No. 2, pp. 153–170 (2005)
- [8] G. Johnson, P. Wilding, A. Robson, Can outsourcing recruitment deliver satisfaction? A hiring manager perspective, *Personnel Review*, Vol. 43, No. 2, pp. 303–326 (2014)
- [9] T.A. Stewart, W. Woods, Taking on the last bureaucracy, *Fortune*, Vol. 133, pp. 105–108 (1996).
- [10] B. Schneider, D. Bowen, Employee and customer perceptions of service in banks: replication and extension, *Journal of Applied Psychology*, Vol. 70, pp. 423–33 (1985).
- [11] L.K. Stroh, D. Treehuboff, Outsourcing HR functions: when—and when not—to go Outside, *Journal of Leadership and Organizational Studies*, Vol. 10, No. 1, pp. 19–28 (2003).
- [12] W. Byham, S. Riddle, Outsourcing: A Strategic Tool for a More Strategic HR. *Employment Relations Today*, pp. 37–55 (1999)
- [13] A. Ume, Outsourcing of recruitment and selection is beneficial for an organization [Individual analysis of ten banks including local and multinational], *Interdisciplinary Journal of Contemporary Research in Business*, Vol. 2 (2010)
- [14] T. Ambler, S. Barrow, The employer brand, *Journal of Brand Management*, Vol. 4, No. 3, pp. 185–206 (1996).
- [15] K. Backhaus and S. Tikoo, Conceptualizing and researching employer branding, *Career Development International*, Vol. 9, No. 4/5, pp. 501–517 (2004).
- [16] A. Kakabadse and N. Kakabadse, Trends in outsourcing: contrasting USA and Europe, *European Management Journal*, Vol. 20, No. 2, pp. 189–198 (2002).
- [17] L. Worall, C. Cooper, Quality of working life: 1997 survey of manager's changing experiences. Institute of Management, London (1997).
- [18] S. Lever, An analysis of managerial motivations behind outsourcing practices in human resources. *Human Resource Planning*, Vol. 20, No. 2, pp. 3, *Academic Journal* (1997).
- [19] H. Abdul-Halim, N. Che-Ha, A. Geare, The influence of business strategy on the decision to outsource human resource activities, *Journal of Human Resource Costing & Accounting*, Vol. 13, No. 4, pp. 273–293 (2009).
- [20] B.S. Klaas, J.A. McClendon, T.W. Gainey, Outsourcing HR: The Impact of Organizational Characteristics, *Human Resource Management*, Vol. 40, No. 2, pp. 125–138 (2001).
- [21] F. Lievens, W. De Corte, Development and test of a model of external organisational commitment in human resource outsourcing, *Human Resource Management*, Vol. 47, No. 3, pp. 559–579 (2008).
- [22] T. Kosnik, D.J.W. Ji, K. Hoover, Outsourcing vs insourcing in the human (2006)
- [23] J.F. Kennedy, D.T. Holt, M.A. Ward, M.T. Rehg, The influence of Outsourcings on Job Satisfaction and Turnover Intentions of Technical Manages, *Human Resource Planning*, Vol. 25, No. 1, pp:23–31 (2002).
- [24] C.B. Clott, Perspective on globe outsourcing and the changing nature of work, *Business and Society Review*, Vol. 10, No. 1 (2004).
- [25] Holloway, Immy. *Basic Concepts for Qualitative Research*. London: Blackwell Science, 1997. Print.
- [26] H. Immy, *Basic Concepts for Qualitative Research*, Blackwell science illustrated, reprint Wiley, pp. 1–208 (1997).
- [27] W.G. Zikmund, *Business Research Methods*. 6th edn. Fort Worth: Dryden Press (2000).
- [28] Tom Kosnik, Diana J. Wong-Ming Ji, Kristine Hoove, Outsourcing vs insourcing in the human Resource supply chain: A comparison of five generic models, *Personnel Review*, Vol. 35, pp. 671 (2012).
- [29] A.S. Gamage, Recruitment and selection practices in manufacturing SMEs in Japan: An analysis of the link with business performance. *Ruhuna Journal of Management and Finance*, Vol. 1, No. 1, pp. 37–52 (2014).
- [30] S. Cappello, S. Constance, Getting the next level benefits from RPO, *Strategic HR Review*, Vol. 10 (2011).



C. Ramani Rajan

B.Sc. (Maths), MBA (HR & Finance), MDAIT, PGDMM is an energetic full time employee with over sixteen years of on hand experience in the field of Supply Chain Management (SCM), in varied industries like viz Manufacturing, Construction, IT/ITES, Oil & Gas,

Refineries, who is presently working towards his research work in HR domain from Anna University, Chennai is also a dynamic speaker and has given numerous lectures in colleges of southern part of Tamil Nadu in India. He is carrying out his research work under the guidance of Dr. T. Vetrivel.



T. Vetrivel M.B.A.,

M.Phil., PGDCA., MISTE., Ph.D. is Professor & HEAD, Department of Management Studies (MBA), at Vellalar College of Engineering and Technology, is full time lecturer who has authored for 6 books, published 65 papers in National & International

Journals. He has guided and produced 7 PhD researchers and currently guiding 8 research scholars. He is well known for his lectures and won many awards in his journey so far and conducted numerous workshops and FDP (Faculty Development Program). Apart from research scholars, he also guided many M.Phil and MBA students in their education.

e-mail: vetreemba@gmail.com