



RECENT TRENDS IN RECRUITMENT AND THE ROLE OF RECRUITMENT FIRMS IN INDIA

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Abstract

Today the main capital for any industry is its Human Capital. Recruitment of good quality employees is becoming an important aspect in today's competitive market. With the entry of technology, Recruitment in India has evolved over the many years from the Traditional to more Modern ways. Employers are willing to pay well to get good employees. This paper concentrates on the external sources that provide manpower to an organization, with particular emphasis on Recruitment firms or Consultants. With the growing number of new businesses being set up, the need for manpower is growing and hence the growth of recruitment firms or consultants. This paper briefly traces the history and growth of the Recruitment Firms in India, based on first hand experience, and the major role that they continue to play today in the recruitment of Senior and Middle level employees. It also covers the importance and usage of Social networking sites like LinkedIn as a database by the recruitment firms.

Introduction

Human capital is one of the main assets of any organization. Recruitment is defined, in the Business Dictionary, as the process of finding and hiring the best-qualified candidate (from within or outside of an organization) for a job opening, in a timely and cost effective manner. The recruitment process includes analyzing the requirements of a job, attracting employees to that job, screening and selecting applicants, hiring, and integrating the new employee to the organization.

This paper is based on my experience of over twenty years in the Recruitment Industry.

Recruitment can be of two types

- a. Internal Recruitment
- b. External Recruitment

The sources of internal recruitment are usually Transfers, Promotions and Re-employment of an ex-employee.

The sources of External Recruitment are

- a. Newspaper and Magazine Advertisements
- b. Walk-ins
- c. Employee referrals
- d. Campus Recruitment
- e. Job Portals
- f. Websites
- g. Social Media Networking
- h. External Recruitment Agencies or Manpower Consultants

This paper discusses External Recruitment and the Role of Recruitment Firms or Manpower Consultants in the Recruitment Process in India and the current trends in recruitment in India.

A Recruitment Consultant acts as an intermediary between organizations wishing to recruit (the client) and the individual seeking a career move or temporary assignment (the candidate).

In the early days, it was a common practice to invite or induct relatives or neighbours or friends to work in organizations. Later, they moved to spreading the word around, or putting up posters regarding the vacancies. Many organizations turned to releasing advertisements in newspapers and magazines in order to find new talent. Although some of these practices continue to exist today, organizations also welcomed the idea of consultants helping them find the right manpower. Recruitment consultants act as a bridge to match the right talent with the right jobs. This not only helps the organizations but also the individuals who are looking for jobs. With the growth of Technology, this Industry has also evolved over the last three decades.

History and Growth of Recruitment Firms

In 1945, at the end of the Second World War, the Directorate General of Resettlement and Employment was set up in India, in order to handle the large number of released service personnel and other war workers. In 1948, this was opened up to cater to all categories of applicants, making it an All India Placement Organization. This ushered in the concept of Placement Organizations in India.



Organized private placement agencies seem to have made an entry only in the 60's in India. The growth of the recruitment firms began in the 80's. There were a few of them, concentrating on senior level recruitment. They also undertook the role of releasing advertisements on behalf of the Organization that they were recruiting for, doing the screening of the applications, and also helped in interviewing the suitable candidates.

The early 90's saw the emerging of a few more Recruitment agencies, catering to all levels of employees. The Internet had just begun entering India, but it was still not used by the recruitment industry. Candidates would send in hard copies of their resumes, and it was either posted or couriered or even hand delivered to the prospective employers. At times the resumes were also sent by fax to the employers. Most of the interviews were done in person.

In the Mid 90's, the Information Technology Industry was growing and companies were getting ready to face the Year 2000. Indian software companies were sending their employees to other countries to help work on the conversion. Software Companies, looked to Recruitment Consultants to help them source the required manpower. 'Bodyshopping' was a term that became prevalent during that time. Many recruitment agencies, sprung up to cash in on this.

At the same time the recruitment consultants were also catering to the other industries in India. It was a booming market. In 1997, several East Asian countries saw a major financial crisis and by the end of that year, the impact of it was felt all over the globe (Dholakia 1998). This impacted India too. This was although India's growth has been driven predominantly by domestic consumption and domestic investment. External demand, as measured by merchandize exports, accounted for less than 15 per cent of our GDP (Subbarao.D 2009). Many Non Banking Financial Services Organisations that were existing in India closed and as a chain reaction this affected many other businesses too, and as a result recruitment was at a very low ebb. Many Recruitment agencies had to close down.

Around the late 90's came the dotcom companies boom, and recruitment consultants sprung up at every nook and corner. Most people who wanted to be entrepreneurs found this as a good time to branch out on their own. Even fresh graduates, who could not find jobs, decided to become recruitment consultants. By now the Internet had made its way into the recruitment industry. The concept of job portals (an online job board that helps job seekers to locate suitable jobs, and employers to find suitable candidates) came in when Naukri.com was set up in 1997. This was followed by other Job portals like Monster India which set up its operations in 2001.

Unfortunately the dotcom boom did not last long. It was always known to be a bubble that would burst at anytime. True to most people's fears, it did burst in 2001. Many businesses wound up and so did many of the recruitment businesses, that could not sustain their high overheads.

Recent Trends in Recruitment

According to the United Nations World Economic Situation and Prospects 2016 report, India will be the fastest-growing major economy in the world in 2016. The report expects the Indian economy, which accounts for over 70 per cent of South Asia's GDP, to grow 7.3 per cent in 2016 and 7.5 per cent in 2017, up from an estimated 7.2 per cent in 2015.

As the Indian economy is growing and as the traditional methods are giving way to the new and modern ways in every area of business, so have the new methods and technologies influenced the recruitment Industry too.

In a recent study done by LinkedIn, it was observed that Organisations stressed very much on the quality of the people that they hire. For this quality of employees that they hire they depended mainly on Employee Referrals. Once recruited and trained, they do believe strongly in Employee retention. Another source was through Job Boards and the third was through Social Professional Networks. In order to attract good quality of manpower, most employers feel the need to concentrate on Employer branding too, to make its presence felt on Social Media.

Some of the recent developments in Recruitment are

Social Media: LinkedIn, Facebook and Twitter are some of the sources that recruiters use to connect with the potential candidate. Jobs can also be posted on some of these sites. Amongst these, LinkedIn is used very widely especially to find suitable candidates for Senior and Middle level positions. Recruiting through social professional networks is expected to grow. LinkedIn's 4th Annual Report of the Recruiting Trends in India in 2015 lists social recruiting as one of the key trends influencing recruiting for 2015 with 73% of recruiters planning to invest more time and money on social recruiting.

Mobile Recruitment: With smartphones becoming increasingly popular, staffing firms have made it possible for a job seeker to apply for a position within a minute. According to a TimesJobs Survey, hiring through Mobile phones is expected to grow. Organizations have built comprehensive mobile recruitment strategies.



Recruitment Process Outsourcing: The next big step for Recruitment companies is Recruitment Process Outsourcing. With most Organisations trying to focus on their Core Business, they prefer to give out a part or all of their Hiring to external organisations.

Technology Usage: When technology entered the recruitment Industry in the late 90's, the resumes were emailed to the Employers. Interviews were telephonic, especially in the Information Technology Industry, when employers were based in other countries. As telephonic interviews were not full proof, Video Conferencing was used to interview candidates.

Today, this feature still exists. Employers interview the prospective candidates through telephone, Skpye, and other such methods as that helps them to have an access to candidates who live in various locations. This also helps them save on travel costs.

Database

Technology has made the maintenance of Candidate databases much easier. Two decades ago, every recruitment consultant's office would be filled with files containing hard copies of resumes. This has now changed to paperless offices. Consultants have their own database of Candidates stored on their computers. The availability of job portals have also been useful databases. A boon to the recruitment industry and to organisations, is the professional networking site 'Linkedin'. This has been very useful for senior and middle level management positions. Most of the recruiters today use this as their database, to hunt for profiles of suitable candidates.

The Indian Recruitment Industry is expected to grow this year (2016). In the recent TimesJobs.com Job Outlook 2016 survey of over 1,614 employers across India, nearly 60 % of the surveyed organisations, said that they were planning to recruit more employees this year. Some of the CXO's who were interviewed said that the e-commerce and the start ups were going to boost recruitment numbers. They also said that the government's 'Make in India' and Digital India, initiatives would also increase the manpower demand this year.

According to an Aon Hewitt Study in 2015, India is the second largest and youngest workforce in the world, the median age being 25 years. Despite these numbers, there is a scarcity of required talent, as a result of which Indian Organisations are paying a premium to acquire the required Talent and Skills.

The Role of Recruitment Firms

The External sources from which Organisations get their Manpower varies depending on the level of the person hired. According to the study, the following are the sources used for hiring for various levels in order of their success rates.

1. Frontline/ workmen
 - a. Online Job portals
 - b. Employee Referrals
 - c. Direct Sourcing
2. Junior Level
 - a. Online Job Portals
 - b. Employee Referrals
 - c. Campus Hiring
3. Mid Level
 - a. Online Job Portals
 - b. Recruitment Firms
 - c. Employee Referrals
4. Senior Level
 - a. Recruitment Firms
 - b. Direct Sourcing
 - c. Employee Referrals.

Discussion

It is seen that Recruitment Firms still play a major role in the hiring process especially for Senior and Mid level positions. They also do play a role in Temporary Staffing, wherein the employees are on the payrolls of the Recruitment firm, and are deployed to work at the client's office for a stipulated period of time. Today, many firms are moving out of temporary or contract staffing, and prefer to take on Mid and Senior level Recruitment.



As many leading organisations depend on Recruitment firms or Executive Search firms for their mid and Senior level recruitments in India, many Multinational Recruitment firms have opened up offices in India, to cater to the growing need for quality resources at the senior levels.

Organisations benefit in the following ways by using Recruitment firms for their Mid and Senior level Positions.

- 1) **Cost Cutting:** They do not have to release advertisements, where the life of the advertisement is only a day if it is in a newspaper, or a fortnight if a magazine. The right target audience may not get to see it too.
- 2) **Saving Time:** Sifting through responses will take up a lot of their time. When the requirement is given to the recruitment firm, the firm searches for the relevant profiles, does the initial stage of interviews and gives the organisation only the best fits.
- 3) **Confidentiality:** Organisations, at times would be looking to replace an existing senior level person due to various reasons. In those cases this is discussed with the Consultant, who in turn discreetly searches for the right candidate. Also Organisations do not always want their senior level positions to be made public. They prefer search firms, who always maintain confidentiality, to handle them.
- 4) **Head Hunting:** Sometimes Organisations would identify a right fit for a role, but will not want to approach the person directly. They take the help of a consultant to help them reach out to the person and interest them in the role. These could also be people who are not interested in a job change, but it is the role of the Consultant to create the interest.
- 5) **Larger Databases:** As discussed earlier, LinkedIn is widely used by Search firms, apart from their own databases that they maintain. They would use all their capabilities to identify the right fit, including looking at Indians abroad who want to return to India to take up senior roles. Though Organisations also have access to professional networking sites, it makes it easier for them to take the help of Consultants in this area.

As the Indian economy is expected to grow, the recruitment industry will continue to grow. In spite of new technologies and methods coming in, Recruitment Consultants are still required as no technology can match a good Recruitment Consultant in the area of Hiring.

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