TALENT ACQUISITION 2019

THE RECRUITMENT PROCESS OUTSOURCING LANDSCAPE

A PEOPLE MATTERS AND KELLYOCG STUDY
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Contents

Foreword – Ester Martinez and Francis Padamadan 5

Introduction 6

Key Findings 7

• Trend 1: Quality candidates and time-to-hire continues to be top TA focus 7
• Trend 2: Hiring activity is set to increase in the next 12 months 9
• Trend 3: RPOs are “important” for future hiring 11

Conclusion 13
At a time when businesses are being re-defined to adapt to Industry 4.0, there’s widespread recognition of the fact that the right talent is key to navigate the future. The recruitment function has evolved into a highly nuanced and meticulously run function with the support of modern HR technology and frameworks. External changes like shifting demographics and disruptive business ecosystems have meant that businesses today require their recruitment function to be responsive, adept and enable cost-effective decisions while finding the right talent.

This renewed focus on identifying and acquiring the right talent has led to the rise of Recruitment Process Outsourcing or RPOs. Reports show a marked growth of the RPO sector globally, with North America and the UK being the top regions of growth. APAC markets are not only growing, but they also have the highest growth potential. With RPO partners navigating different labour markets, the growth of the RPO market has averaged 15 percent over the past few years.

The changing talent demographics and psychographics of a multigenerational workforce are factors that are challenging effective talent acquisition strategies. RPOs are becoming increasingly critical for recruiters seeking talent differentiators. RPO service providers are able to provide tailored solutions that offer advanced analytics, the latest benchmarking, and efficient workforce planning services to add value to partner companies. It has grown into a trustworthy and reliable way of getting the right talent across markets globally. This study is aimed at capturing the up and coming trends within recruitment and the rise of RPOs.

People Matters-KellyOCG Study on Talent Acquisition 2019: The Recruitment Process Outsourcing Landscape shows the key changes in recruitment priorities and methodologies in India. The Study is based on data from 80 unique organisations. Respondents included senior HR professionals including CHROs, Chief People Officers, HR Heads, Head – Talent Acquisition, VP- HRs who reflected on the current TA landscape. These insights help chart the growing RPO landscape in India and assist you in deciding the right recruitment options to meet your business objectives.
INTRODUCTION

With technological advancements playing a re-defining role in business processes, businesses are in a state of continuous transformation. Many companies need an agile workforce that is both, familiar with technological change and can leverage the opportunities it presents. Across the organisational levels, from business leaders to entry-level professionals, there is an urgent requirement to find skilled professionals who can make the best of an ever-increasing uncertain business world.

Across the Asia Pacific, reports have shown a significant rise in the use of RPOs over the years. The RPO market in the region grew by 16 percent in 2017. This rise across the region was driven by certain countries which witnessed significant growth. Countries with growing labour markets like China and India made strides in new RPO deals signed over last year, and a large portion of the growth of the RPO industry can be attributed to them.

Given this context, the People Matters-KellyOCG Study on Talent Acquisition 2019: The Recruitment Process Outsourcing Landscape seeks to gauge recruitment perception across the organisation levels to understand how businesses are framing recruitment strategies and priorities. The study shed light on key recruitment priorities and challenges across sectors while taking a look at different sourcing channels and identifying their suitability vis-à-vis different organisational hiring levels.

The second part of the study explores the state of RPOs in India and how its presence has reshaped recruitment modalities. The study delves further to gauge how RPOs have enabled companies to sharpen their recruitment results and identify areas that still require improvement. How are RPOs supporting recruitment efforts? Which jobs groups are they being leveraged for? How are they raising the bar for the recruitment function? The People Matters-KellyOCG report attempts to answers some of these key questions.
An overview of the key hiring priorities and the key recruitment challenges shows that companies are focused on attracting and identifying the right talent in the shortest possible time. Given the war for talent and the nature of change that companies find themselves in, they are increasingly looking for ways to improve processes. The survey results point to a growing urgency within businesses to fill positions in a manner that meets the business’s skill requirements while identifying and creating newer talent pools.

**Top priorities**

The report found that in the next 12 months, “speed and quality of hire” and “building a robust pipeline” will be critical to the TA function, over 63 percent of respondents identified it as their topmost important priorities. Amidst the challenge of the skills gap across IT-ITeS and services, identifying the right talent is increasingly becoming a focus area. And finding them in a short span of time is the need of the hour. Conversely, the hiring of quality candidates is dependent on the speed of the function. Another important priority was the candidate experience (43 percent).

An analysis of the time recruitment teams spend on filling empty positions within the company shows that over 80 percent of hiring in case of entry-level and 65 percent of senior associate level hiring is completed within a 30-day hiring period. Beyond the middle manager level, most hiring takes places during a 30 to 60-day period. This extends to beyond a 60-day period as 81 percent of recruiters noted that on an average, C-suite level hiring takes that long.
Challenges
Over 60 percent of the respondents identified the availability of right skills as a major barrier in finding the right talent fit for the company. Besides the growing skill concern, over 49 percent identified the duration of time it takes to finally hire the right candidate as the second biggest challenge many recruiters face. Over 35 percent of respondents pointed to the inefficiency of their recruitment process as a challenge too. Despite identifying candidates in a short time span, the challenge in reducing the duration of hire highlights the gap in the quality of the candidates.

The talent acquisition agenda in the upcoming year reveals a dual focus. One is the need to navigate the external talent pool to identify candidates with the right skills in a competitive talent marketplace. The second is the internal challenge of improving processes and efficacy of the function at large.

How RPO providers can help
Leveraging on RPO providers can help companies address the dual challenge of quality as well as time-to-hire. They are in a unique position to reduce inefficiencies, bring industry knowledge and best practices from across geographies. At a time when future jobs and skills are becoming unpredictable, having access to RPO specialists help ease the burden of the talent acquisition function.

RPO experts are able to glean attributes like organisation culture effectively. Apart from that, they help in creating a strong pipeline and ensuring that there are continuous improvements to the entire hiring experience (from offer letter drop, getting the right talent on time, and engaging with candidates better) and turnaround time is reduced. They also enable the business to understand the available talent pool, bring market intelligence to approaches and help organisations in differentiating their employer brand.

In-demand roles

<table>
<thead>
<tr>
<th>Role</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>C-Suite/leadership candidates</td>
<td>60%</td>
</tr>
<tr>
<td>Entry-level technical candidates</td>
<td>49%</td>
</tr>
<tr>
<td>Senior associate technical candidates</td>
<td>35%</td>
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Top three challenges

- Availability of skills: 60%
- Time to hire: 49%
- Efficiency during the recruitment process: 35%
Ninety-three percent of the recruiters say that their hiring budgets are either going up or staying the same. Only 7 percent report that their budgets are going down. When looking at the hiring priorities in the coming year, the fact that the increasing impact of technology in reshaping skill preferences, is clearer.

When asked which roles will be most in-demand in the upcoming 12 months, recruiters noted the need for entry-level technical candidates. A total of 68 percent recruiters noted that the entry-level technical positions will be most-in demand, closely followed by the senior associate level (58 percent). The demand for technical talent also reflects the need for skills in emerging technologies. Leaders in general management is another key focus group that will see a rise in demand for jobs.

At the mid-managerial level, the focus is on filling more technical positions (43 percent) than management (25 percent) or non-technical positions (32 percent). As one moves up the organisational hierarchy, the trend is reverse, the demand for leadership in general management is greater at 64 percent than for leadership in technical jobs (11 percent).

What remains relevant to note is that across each level, the hiring of technical professionals remains more relevant than non-technical positions.
Hiring channel vs. type of job
When it came to technical job roles, the study found that Campus Recruitment and Hiring through Career sites remain the top most preferred channels with 62 percent and 59 percent of the respondents citing the two options respectively. Using RPOs to find fill technical requirements within the company was the third most preferred option in front of the recruiters with over 57 percent opting to go the RPO way.

When it came to filling management positions, the trends were reverse. Staffing firms, which were one of the least preferred go-to channels for technical talent, were the most preferred option at 49 percent. Career sites were used by 22 percent respondents, and only 15 percent of them used job boards. With non-technical jobs, recruiters seemed to use a variety of sources with no standout channel.
Only 1 out of 4 companies that took the survey said they had worked with an RPO partner to meet their hiring goals. There is a clear market opportunity that needs to be explored by recruiters as well as service providers.

Majority (58 percent) of those who work with a RPO partner said that in the next 6-12 months, their RPO partner would play an “important” role in their hiring efforts. They believe that RPO programmes provide certain benefits when it comes to making better and more effective hires. 58 percent of the respondents noted that when it came to volume hiring needs, they leverage RPO services. 53 percent of the respondents stated that their primary go-to reason for leveraging RPO was to shorten the time to hire. About 37 percent said that RPO help improve their offer-to-acceptance ratio.

**Effectiveness and satisfaction**

Candidate diversity and the access to global talent ranked as the top two areas that recruiters were most satisfied with. Other key satisfactory attributes included the benefits on cost and time, as well as access to a temporary workforce.

When it came to hiring for specific organisational positions, 48 percent of respondents that had used an external RPO partner, indicated that they were most effective when it came to hiring early career professionals (entry-level hires and senior associate level hires).

**Trend 3: RPOs are “important” for future hiring, say companies that use them**

**Recruiters are most satisfied with RPOs because**

<table>
<thead>
<tr>
<th>1</th>
<th>Candidate Diversity</th>
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<tbody>
<tr>
<td>2</td>
<td>Access to a global network of talent</td>
</tr>
<tr>
<td>3</td>
<td>Time to fill a job</td>
</tr>
<tr>
<td>4</td>
<td>Cost per hire</td>
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<tr>
<td>5</td>
<td>Access to contingent workforce</td>
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**Go-to reasons to use RPO partners in the future**

<table>
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<tr>
<th>Reason</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>To meet high volume hiring needs</td>
<td>58%</td>
</tr>
<tr>
<td>Improve time to fill</td>
<td>53%</td>
</tr>
<tr>
<td>Better offer to acceptance ratio</td>
<td>37%</td>
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</table>
Challenges working with RPOs
Over 63 percent of respondents stated that a lack of familiarity with their respective industry and function as impediments working RPO providers. 58 percent recruiters said they faced challenges on sourcing and engaging with business partners.

Poor sourcing ability and a mismatch of values between companies and their RPO partners were also some of the other prominent reasons for companies to forego RPOs.

Building a successful RPO partnership
The study revealed that when it came to factors that led to a successful partnership between companies and their RPO partners setting realistic goals (53 percent) and having access to the right talent pool (53 percent) were the two most critical aspects.

RPO providers and recruiters will need to co-create the strategy, understand the strengths and the expertise that they each bring in order to be truly successful. It is the capacity of the RPO provider to collaborate and better understand the organisation’s hiring needs that will help businesses reach their goals. The success of a RPO program will also depend very much on identifying RPO players who have a proven track record of executing assignments.

Top three challenges while working with RPOs
- 63% Lack of familiarity with the industry/function
- 58% Inability to engage with business partners
- 58% Poor sourcing ability

Top three factors critical for a successful RPO partnership
- 53% Access to the right talent pool
- 53% Setting realistic goals
- 47% Leadership buy-in
CONCLUSION

The People Matters-KellyOCG Study on Talent Acquisition 2019: The Recruitment Process Outsourcing Landscape sought to assess some of the aspirations and challenges that recruiters foresaw when it came to evolving hiring models. The report delved into the future of RPO in India and highlighted some of the key issues that test its effectiveness. The study highlighted the key reasons why companies would look to leverage RPOs while also establishing some parameters on which RPO partners can improve on.

Given the growing importance of talent within modern-day companies, predictable hiring becomes key in ensuring that companies are able to remain productive. This means recruiters today are liable to chart the change in talent preferences and source the right talent accordingly. Much of this defines their future goals in the next 6-12 months. And for RPO providers to become an effective partner for hiring teams across the country, their services need to be more in tune with such changes.
About KellyOCG
KellyOCG is the leading global advisor of talent supply chain strategies, aligning talent strategy to business strategy across all internal and external worker categories. We connect talent and business together in a way that advances careers and business goals alike. As we are in the people business, we firmly believe that people are the most important part of what we do. Our purpose is to understand how talent works, and we know what it takes to engage talent wisely. We are passionate about connecting the right people, in the right place, and at the right time, and because of this, remain the talent advisor of choice to the world’s leading organisations and the go-to agent for the world’s top talent.

About People Matters
A niche media organisation with a vision to help solve talent challenges globally by being an insightful, impactful and most far-reaching HR media brand. We strive to create an HR community of practice and excellence that fosters amalgamation of new ideas between talent and business leaders, technology disruptors, HR service providers and CXOs, leading to impactful talent decisions and core conversations that business and HR leaders should have to create a significant difference to both business and the society they operate in.