



RECRUITMENT PROCESS OUTSOURCING (RPO) INFLUENCE ON IT EMPLOYEE PERFORMANCE

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ABSTRACT

IT firms are currently focusing on improving their products and services due to changes in the market. They are placing a strong emphasis on the performance of their staff. Ensuring successful recruitment and keeping valuable employees have become essential for staying ahead in the market. Recruitment Process Outsourcing (RPO) is a strategic approach that involves assigning recruitment tasks to third-party providers. The global Recruitment Process Outsourcing (RPO) market is experiencing tremendous expansion, with notable increase observed in regions such as Asia Pacific, specifically in India. Nevertheless, there is a scarcity of studies about the influence of RPO on employee performance. This study seeks to address this deficiency by investigating the correlation between Recruitment Process Outsourcing (RPO) and employee performance within the Information Technology (IT) industry. This research aims to analyze multiple aspects that impact employee performance in order to offer significant insights for IT firms to optimize their talent acquisition strategies and improve overall performance.

Keywords: Recruitment Process Outsourcing (RPO), Information Technology (IT), Employee Performance.

INTRODUCTION

Historically, Information Technology (IT) organizations had a main emphasis on the creation and commercialization of products. Nevertheless, in light of the ongoing fluctuations in the market, IT organizations are diligently striving to uphold a competitive edge by enhancing the calibre of their products and services. The achievement of this competitive advantage relies on the performance of personnel, making the careful selection and retention of competent individuals for relevant roles essential for IT organizations. Currently, organizations are prioritizing the acquisition of suitable human capital, as individuals are considered significant assets inside an organization. The overall performance of an organization depends on the individual performance of its personnel. Hence, it is imperative for organizations to adopt a strategic approach in the recruitment process, placing utmost importance on selecting individuals who are well-suited for the role, as this guarantees a competitive advantage. The recruitment function has become an essential activity due to the increase in competition, since it helps organizations in selecting appropriate people to fill vacant positions (Alansaari et al., 2019).

Outsourcing is a strategic choice made by companies to assign duties that are usually managed by their own staff to external organizations. This specific definition of the phrase refers solely to operations that were formerly internal to the organization but have been transferred to external entities. Organizations involved in outsourcing might be characterized from an international standpoint. The use of vendors for product service or the use of technology providers to expand into new distribution channels and emerging markets. Outsourcing involves managing the connection between the company outsourcing the work and its vendors. If the company fails to prioritize its partner, the outsourcing project is likely to fail (Bharathi & Munivenkatappa, 2015). The concept of Human Resource Outsourcing (HRO) emerged in the 1990s. The specific reason for the creation of this strategy at this particular moment cannot be absolutely ascribed, however it is considered to have been affected by the increasing tendency of outsourcing corporate functions in the market. The services offered may encompass temporary agency labour, payroll accounting, interim administration, HR consultation, placement services, and a range of other responsibilities. The recruitment process is an essential and fundamental function of human resources for every commercial organization, as it directly addresses the current and future staffing requirements of the organization. Recruitment process outsourcing (RPO) is the act of organizations delegating their recruitment tasks to a third-party vendor, also called a recruitment service provider, with the purpose of hiring skilled persons (Jamil & Neem, 2013).

LITERATURE REVIEW

The Global Recruitment Process Outsourcing (RPO) industry is undergoing substantial expansion worldwide. Based on a survey conducted by survey and Market in March 2017, it is estimated that the worldwide RPO market will have a valuation of \$4.4 billion by the end of 2017. In 2017, the worldwide market for recruitment process outsourcing (RPO) was worth US\$ 5.01 billion. It is expected to increase at a compound annual growth rate (CAGR) of 14.4% from 2017 to 2025. Estimates indicate that the Asia Pacific region's RPO industry is expected to grow almost four times in size by 2022 (Claus Wehner et al., 2015).

According to data collected by Everest Group, the RPO business in India is now seeing significant growth, with a value ranging from US\$660-700 million. The estimated compound annual growth rate (CAGR) for the period from 2015 to 2020 is expected to be between 24% and 26%. In a research essay titled "Rise of RPO in India" by Rishi Kapoor, published in People Matters, according to a white paper titled "Redefining the future of recruitment" by Team Lease, the Indian RPO market is expected to have a value of approximately 1000 crores by 2020. The proliferation of commercial enterprises, particularly in the IT industry, has led to a growing need for Recruitment Process Outsourcing (RPO) services in India (Mwichigi, 2015).

The literature review indicates a lack of research undertaken on recruitment process outsourcing due to its new appearance. Moreover, there is a lack of scientific evidence about the influence of recruiting process outsourcing on employee performance. The objective of the current study is to analyze the many factors that impact employee performance through the utilization of a proposed model. Furthermore, it aims to assess the influence of RPO on staff productivity (David et al., 2017).

Therefore, the Information Technology (IT) industry, which ranks as the second largest sector in terms of outsourcing its recruitment activities, is a significant consumer of Recruitment Process Outsourcing (RPO) services, particularly in India. RPO service providers are making preparations to fulfill the increasing requirements of IT firms by adjusting their services to the evolving needs and expectations of the sector. This response is prompted by the rapidly evolving IT industry and the increasing gap between job seekers and companies. Due to intense market rivalry, frequent job changes by employees, and the presence of numerous skilled but unemployed candidates, IT firms are increasingly using RPO services as a strategic method to efficiently fulfill their staffing needs. Reports indicate a significant surge in the adoption of Recruitment Process Outsourcing (RPO) by IT organizations (Elsaid, 2013).

Research Objectives

- To fill the gap in research about the effects of recruitment process outsourcing (RPO) on employee performance in the information technology (IT) sector.
- To provide IT industry organizations with valuable information that can be utilized to improve their talent acquisition efforts and ultimately boost overall employee performance.

DISCUSSION AND CONCLUSION

Recruitment Process Outsourcing (RPO) encompasses a range of tasks related to hiring, beginning with the first employment requests and continuing through to post-hire support. The delivery options accessible are on-site, virtual, and supported models. Each option offers distinct advantages in terms of integration, flexibility, and scalability to meet the diverse needs of clients and companies. The growing prevalence of Recruitment Process Outsourcing (RPO) in recent years can primarily be attributed to its efficacy in reducing internal recruitment costs, its capacity to swiftly acquire qualified personnel, and its ability to enable management to concentrate on core business activities, thereby enhancing organizational performance.

Hence, Recruitment Process Outsourcing (RPO) is a strategic solution that Information Technology (IT) firms use to effectively handle talent acquisition operations during market volatility. The global Recruitment Process Outsourcing (RPO) industry, namely in countries such as Asia Pacific, is witnessing substantial expansion as a result of the rising need for proficient IT professionals. Although RPO offers advantages such as decreased expenses and expedited recruitment, there is still a lack of study on how it affects employee performance. This study sought to address this deficiency by examining the correlation between RPO (Recruitment Process Outsourcing) and employee performance in the IT sector, emphasizing the significance of strategic talent acquisition in improving organizational performance. To maintain a competitive advantage in the evolving market landscape, IT firms should optimize their recruitment process by aligning it with organizational goals and focusing on developing and retaining qualified workers. This will enable them to use valuable insights and enhance their RPO strategy.

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