Effectiveness and Challenges of Recruitment process outsourcing (RPO) in the Indian Hotel Sector

Nadda, Vipin and Rafiq, Zaman and Tyagi, Pankaj

University of Sunderland, Chandigarh University

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Dr. Vipin Nadda

Vipin.nadda@sunderland.ac.uk
Tourism & Hospitality
University of Sunderland, London
United Kingdom

Zaman Rafiq

zamanrafiq@hotmail.co.uk
University of Sunderland, London, United Kingdom

Dr. Pankaj Tyagi

pankajtyagi@gmail.com
Tourism & Management
Chandigarh University, India

Abstract

The present study tries of evaluate the effectiveness and challenges faced by adopting RPO practice in the India Hotel sector. The research objectives are driven from the purpose of the research which deals with distinct issues related to RPO and various perspectives of utilizing RPO. These objectives guided in identifying factors influencing the rationale for outsourcing the recruitment processes. The need for RPO has gained significance with the impact of organizational structure, stringent project deadlines, insufficient time for internal HR department for recruiting personnel, inefficiencies in integrating all stages of recruitment and expansion of geographies. The study is developed on building a theoretical framework which is prepared through analysing previous literature about outsourcing, and their utilization and efficiency in organizations. Mixed method approach has been followed to analyse with better validity and exploration of the context related to the effectiveness of RPO in the Indian hotel sector. The key findings indicated that the culture was positive influence on the usage of RPO in the organizations, in terms of adopting RPO during expansion of geographies and globalization.

Also, the organizational structure was the major challenge in adopting these practices along with monitoring the outsourcing activities, lack of communication and inefficient HR practices.

Key Words: *Recruitment process outsourcing (RPO); Hotel industry; Organizational Structure, Recruitment effectiveness, safety and security.*

Introduction

The general perspectives of organisation based researchers are focused on education, skills, training and its association with labour with comparatively limited information on recruitment and selection process as being considered to be of moderate or minimal importance (Gamage, 2014). In the light to the current trends of outsourcing, several processes have transitioned from one organisation to another wherein separate organisations strive to work on a specific task that is actually a small part of operation in a relatively big organisation. In this scenario, outsourcing has a new dimension- work force management for recruitment and selection (Anthony *et al.*, 2013).

The low cost services provided by RPOs is deemed possible due to the relatively large number of candidate databases these recruiters hold and the tools and strategies these companies impart to identify the best resources with less investment. Targets based on performance are specified between an RPO and a service provider which claims to increase the quality of service. In certain cases, the monetary agreement is based on performance targets wherein if provided the best service, the agreed fee will be paid by the client organisation. Hence, the effectiveness of recruitment plays a vital role in the RPO industry. The general principle of RPOs is denoted as *"RPO= Hire Capability+ Hire Value"*. In this context, recruitment process is could be outsourced to an external or third party claiming as to be 'Recruitment Process Outsourcing' which is leveraged by many organisations with the purview to hire skilled workforce suitable for client organisations (Ofori & Aryeetey, 2011). An RPO provider acts as an internal recruitment unit to another organisation wherein the hiring unit incorporates several factors such as the knowledge of the market, industry expertise and talent to hire the right resource within certain time based on some contractual agreement (monetary based). Organisations struggle to

manage the aforementioned factors since the focus of top managerial people strictly focuses on improving business through strategic interventions (Everest Group, 2013). With the advent of RPOs, hotels could focus more on improving the quality of core business functions and expand their boundaries through strategic interventions (Bansal, 2014).

Indian Hotel Sector

In the present study, the core emphasis is focussed on the effectiveness and challenges of RPO in the Indian hotel sector. As such, software, technology and IT sectors are the major torchbearers for RPO growth in Indian market, however, mid-sized to large companies in manufacturing, telecom, pharmaceuticals, healthcare, banking, tourism and hospitality sectors are also driving demand.

The study is driven by identifying the factors that influence the RPO selection within an organisation with strong relation to the culture and practices of the organisation. The three major factors such as motivation for outsourcing process, performance and effectiveness of such inculcated process are discussed which helps in building association among RPO and organizational culture. It is further followed by evaluating various challenges in the utilization of RPO process and realizing their advantages. Over the last few years, the HR industry has witnessed some radical evolutionary leaps led primarily by technology and the growth of domestic home grown multinationals. While there are some variable opinions on the exact size, the industry is estimated to be over 300 million pounds. Out of this, the segment of recruitment accounts for a majority of the industry (over 70%).Compared to other mature HR service economies in the West, most experts believe that there are sizeable opportunities in India yet to be explored. Ironically, with the exception of Info Edge, there are no public companies in this space (Patter, 2016).

With an outlook on changing needs and characterizing manpower as key to business growth, the growing job opportunities and a reservoir of available talent pool, hiring would not be only about sourcing, interviewing candidates, and getting the vacancy filled. Instead, increasingly about matchmaking the requirements of a job role to a candidate's capability and vice versa.

Hence, organizations are increasingly looking for a quality talent pool for their open positions and right kind of matchmaking would definitely hold the answers to business growth and expansion. The RPO systems working on a strong technology platform has the capability to perform job-candidate matchmaking, deliver world class experience to all parties involved while simultaneously managing cost and time efficiencies.

Research Objectives

- To determine the factors influencing RPO in Indian hotel sector.
- To analyse the impact of organizational culture in recruitment process outsourcing in Indian hotel sector.
- To examine the effectiveness of RPO in Indian hotel sector.
- To evaluate the challenges faced by RPO in Indian hotel sector.

Scope and Importance

The major reasons for outsourcing process in hotel sector tend to be saving costs and strategic decisions (Aubert *et al*., 1996; McIvor, 2000; Kremic *et al*., 2006; Whelan & Carcary, 2011) whereas achieving expected outcomes after outsourcing a particular service lies in dilemma with the inefficiencies of the organizations. The problems listed during outsourcing by Williamson *et al*. (2010) is the decrease in locus of control on outsourced activities and reduction in liability of process handled in the organizations which indicates the lesser amount of organizations control exerted on the outsourced activities. It increases risks in the organizations with externally recruited employees being careless, idle, being harmful to the intellectual properties, decrease in loyalty and finally spoiling work culture of existing employees. The major reasons spotted on outsourcing are security concerns and losing locus of control on managerial decisions (Sheehan & Cooper, 2011).

Strategic HRM is crucial in handling risks posed through recruitments and concerns in job security related issues while outsourcing HRM functions (Ume-Amen, 2010; Haque & Yamoah, 2014). In any organization, Job security and long term care offered to their employees makes

them loyal towards the organization and also ensures retain of employees in a that particular organization. Additionally, organizational commitment tends to enhance when there are caring environment and occupational therapy at workplace (Haque & Aston, 2016). Conversely, a recruitment handled by an external agency decreases the chances of employer meeting the employee at an earlier stage resulting in threats of job security and less prone to opportunities from the employee side Majority of these risks happening because of outsourcing agencies are during the recruitment of higher job profiles (David, 2010). Organizational culture becomes the base for influencing employee attitude, since it reflects on their work environment and their performances (Faizan & Zehra, 2016).

Literature Review

The process of recruitment is an important process not only for the studies but also for practice and is said to be a process that consumes most of the time and costs related to HR processes. HR assets is said to be an integral part in the organisations that makes the process of recruitment very essential. To be very effective and to hire the perfect people, it is important for the firm to detect the requirements to develop a proper hiring process (Münstermann *et al.*, 2010). The evidence shows that there is a positive and important correlation among selection and recruitment and the enterprise's performance (Gamage, 2014). Additionally, Hauser (2011) for instance identified positive link among the business performance, selection and recruitment. Hunt (2010) also showed positive results for the business performance, selection and recruitment. The study by Syed and Jamal (2012) also showed that implementation of an effective recruitment and process of selection has a positive relation towards organizational performance.

Sinha and Thaly (2013) made a note that there are several types of recruitment approaches (for example campus recruitment, job sites or portals, recruitment agencies or consultants, advertisements, company websites, social media, employee referral programs etc.); and many organizations would use a blend of more than two of these as a part of the recruitment process or for delivering their overall recruitment strategy. But, the channels of recruitment must be

used based on the job position, employer's brand, the company resources has upon the recruiting team, about the budget for recruiting etc. Each recruiting channel would provide several benefits and limitations and performs in a better fashion for specific firms and situations. The key is to collect the recruitment metrics real-time upon the recruiting channels for figuring out which one works better for the firm in various situations. The recruitment experience of every company is varied and the right way to figure out the one that would works best for analysing metrics on the basis of recruiting efforts, not the others' efforts. As soon as the recruiting metrics solution of the firm falls in place, it is the time to begin the channels for recruiting that the firm opines would work for the same. Vyas (2011) is of the opinion that the firms are on the lookout of the methods for lowering the time and effort for this process.

The major challenge for any organization is identifying the competent workers ((Deshpande & Golhar, 1994; Atkinson & Storey, 1994), which rely upon prudent recruitment practices (Priyanath, 2006). Gamage (2014) on the other hand, defines systematic process of recruiting candidates for any organization deals with intimation of vacancies, job analysis, job description, advertising mode and conducting interviews followed by screening, selection and evaluation. As the recruitment process takes most of the time and is expensive, firms often prefer to outsource the specific HR process. Handing over the process of recruitment to the recruitment agency would save the time of the manager in focusing on tasks of managing and low on the bureaucracy to create much more effective planning (Kalyani & Sahoo, 2011). The objective being "When activities become much transactional, then they must be outsourced. While they represent the core practices or have a relational nature, it can be performed in-house" (Fowler-Guzzardo, 2010).

Outsourcing

Outsourcing is best described as while there is delegation of organisation, its business parts are transferred to another company, and many firms would outsource the divisions of the company that can be used to handle (Caligiuri *et al.*, 2010). Heikkilä and Smale (2011) opine that outsourcing must be about the procedure that needs to be outsourced and not whether essential or not, this must be the one that firms should before making the decision for

outsourcing. There are several divisions that the companies can outsource, major being for lowering the costs and specializing labour (Quélin & Duhamel, 2003). The reason which is employee driven for outsourcing is to provide the workers with a strong path of career and for increasing the commitment levels of the employees. In addition, there are reasons to enhance various operating performances like improved productivity, high quality, and short cycle times (Greaver, 1999). There are several types of outsourcing; firms can outsource the complete business process (Kim & Won, 2007), like Human Resource Outsourcing (Delmotte & Sels, 2008) or outsources a part of the process of a business.

Business Process Outsourcing (BPO)

In BPO or Business Process Outsourcing the company outsources a complete process of business, which would be managed and run by other company (Kim & Won, 2007; Mahmoodzadeh *et al*., 2009). BPO or Business Process Outsourcing has become one among the huge subjects related to business and economics leading towards time (Duening & Click, 2005; Yang *et al*., 2007). This innovation is said to have much discipline, and needs to possess varied skills to perform it in a correct fashion and to stay successful owing to the fact that many factors require much attention and should be managed rightly for succeeding (Click & Duening, 2005). The major aim of BPO is competitive and globalisation, while mergers or acquisitions of various methods to enter a fresh market (Ghodeswar & Vaidyanathan, 2008).

Human Resource Outsourcing (HRO)

Outsourcing human resource is a segment for business process. There are several views related to Human Resource Outsourcing; the first explanation for the opportunity is that the organisations should change the internal HR division whereas second view is related to the costs. The prime drive of HR division outsourcing is lowering the costs that has organisations strive towards the goals (Delmotte & Sels, 2008; Abdul-Halim *et al*., 2009). These days, most firms prefer HR practices outsourcing and it is rising at a fast pace (Ordanini & Silvestri, 2008) specially RPO or Recruitment Process Outsourcing that would have the firms to outsource the recruitment department of the HR.

Recruitment Process Outsourcing (RPO)

RPO is the process followed for improving the efficiency of organisation with the managerial time saving, moving the process of recruitment towards the recruiting agencies externally to offer the trust and better competitive expertise required (Boudreau, 2010). Moreover, Areiqat *et al*. (2010) stated that firms have changed their thinking way and are now aimed at HR inside the organisation. The process of recruitment through the job advertisements, reading, separate the job applications, making telephone calls, marketing, meetings, as well as the interviews, the recruiters of the company would fail in their everyday operations at work, leading to low levels of effectiveness, lower control and monitors the employees, that causes the destructive domino effect and the alternative seems to be RPO.

Factors influencing Recruitment Process Outsourcing

According to Woodall *et al*. (2009) and Abdul-Halim *et al*. (2009), HR activities decision for outsourcing has many reasons like lowering the costs, accessing the HR expertise, find employees and according to requirement and aim at managerial resources that are linked to strategic issues. But, Quartey (2013) counter argument is that the processes of outsourcing recruitment of HR activities have some serious and drastic implications related to the staff satisfaction levels and morale. Low job satisfaction levels were reported as a disadvantage of outsourcing the functions of Human Resource (Dessler, 2008). Moreover, Cappello (2011) said that outsourcing develops a fear culture, disloyalty, anxiety and mistrust that led eventually towards job dissatisfaction.

Need for RPO

To find competent workers is major challenge within an organisation (Deshpande & Golhar, 1994; Atkinson & Storey, 1994), with the issues focusing upon the recruitment and selection of employees with the perfect qualifications to attain the goals (Priyanath, 2010). Priyanath (2010) argued this issue is determined by the absence of systematic method to recruit and choose employees. Globalization has become one among the top trends which can change the external

environment forcing firms considerably to make it adapt to the effects (Snell & Wright, 2005). Green field investment, acquisitions and mergers, joint ventures, International expansions dominate the practice of business, but includes the global initiative regarding rise in complex nature of the regulatory environment, related to international and domestic platforms has to be considered (Adler, 2003).

Rise in the pressures for profits are causing the burden for the firms, which at materializing with cost monitoring strictly or efforts to lower the cost (Ulrich, 1998; Greer *et al*., 1999). Technologically interesting novelties occur at a great extent in the business field to enhance the processes, promote the efficiency and enables its effectiveness to a great extent. In order to keep up with the improvements is important to gain and maintain the competitive edge at HR side (Snell & Wright, 2005). Greer *et al*. (1999) reported about the downsize and restructure of efforts that would not affect the HR function in any way, while Ulrich (1998) throws light upon the raising significance of intellectual capital and the requirements of change management that is effective.

The need for the HR to remain strategic is driven by considerations that are cost related (Redman & Wilkinson, 2009; Gurney *et al*., 2009). The belt tightening efforts of the HR adheres to the cuts in budget where the higher value delivery that is expected through HR at very less cost (Adler, 2003). The outsourcing practice of the small firms is highly linked towards cost, the driver as HR practices would be featured as an occasional one, without any continuous workload. Belcourt (2006) underlines that financial saving is commonly called as the trigger that backs outsourcing decisions. Few authors make an argument that the major firms will not outsource the economic motives and the outsourcing decisions rationality are far beyond the cost intentions (Birtch *et al*., 2010).

Effectiveness of RPO

Ambler and Barrow (1996) make an argument that internal branding or corporate brand is highly evolving in the activities of the organisation, no matter if it is outsourced through recruitment or in-house. According to Schneider and Bowen (1985), the employees of the

organizations act as actual interface among external and internal environment within the corporate brand with the help of interactions and behaviours. So, recruiting the right staff is very essential and must be experts having direct contribution for shaping and building the corporate brand and promote the reputation of organization.

Core activities would be considered to have strategic importance in businesses. It is considered to be the building blocks to gain a potential competitive edge thereby outsourcing such activities that would be discouraged strongly (Adler, 2003). Interestingly, Adler makes an argument that these critical activities must be kept in-house, as it has a major role in the creation and maintenance the sustainability of the firm, offering it a competitive advantage in the long term. It is sensitive functions, firm's intrinsic activities, HR system's value added elements, its unique core activities which can be performed internally in a better way (Gurney *et al.*, 2009). The peripheral functions which are noncore and does not meet the non-limitability eligibility and non-substitutability criteria must be considered as external providers.
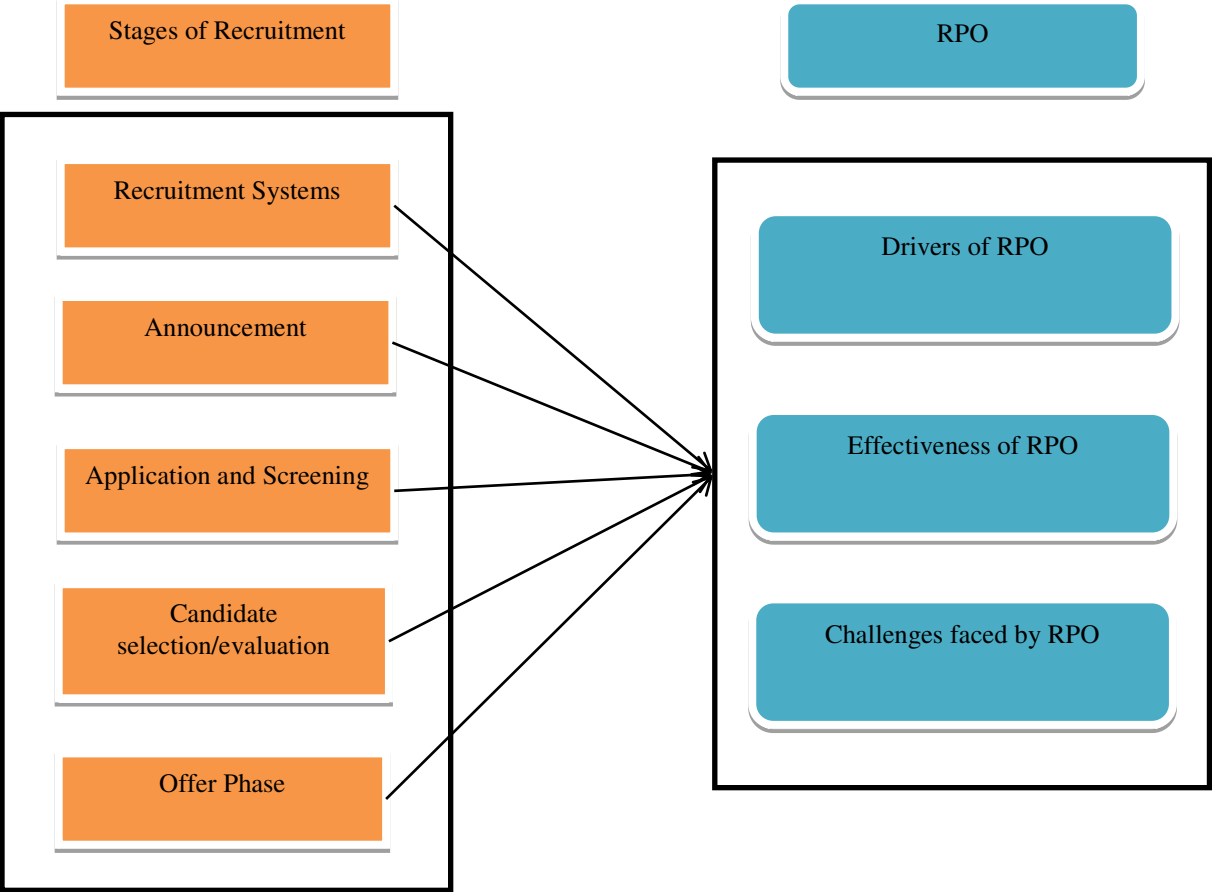
Cook (2004: 283) offers 6 variables through which its impact is evaluated in the selection process. It can be utilized to check those potential pitfalls found in the overall process and gives more information to improve recruitment. Such variables comprise of the following: *(1) Legality, (2) Acceptability, (3) Practicality, (4) Generality, (5) Cost, and, (6) Validity.* Every tool in the total selection or recruitment process can be evaluated and analysed upon the basis of such factors. This evaluation method is considered as superficial or as out of the context, which makes it very effective to change the overall selection process as something which is not measured using a tool rather than the usual cost per hire used traditionally.

Theoretical basis of Recruitment Process Outsourcing (RPO)

Agency theory (Donaldson & O'Toole, 2007), based upon the association occurring among the agent and the principal has been analysed to examine the link among the recruitment agency and the firm that hires the agency. Further, Resource dependency theory (Fink *et al.*, 2006) helps in explaining the behaviour about both the inter organisation and organisation. Also, Social or Relational exchange theory is one among the most conceptual theories for understanding the organisational behaviour. The theory assumes that the mutual transactions

are capable of generating a link of high quality, yet it happens in specific situations. Researchers identify in this theory about cooperating parts that are three issues, the first one is for exploiting the costs, and the second one is evaluating the rewards and the last one to lower the costs. This is further supported by Transaction cost theory of Williamson's (1975) who states that for complying with the corporate governance strategies that are cost conscious the buying choice must be considered regarding its price that can provide cheap solutions than internal preparation.

Figure 1-Conceptual framework

Stages of Recruitment		RPO
Recruitment Systems		Drivers of RPO
Announcement		Effectiveness of RPO
Application and Screening		Challenges faced by RPO
Candidate selection/evaluation		
Offer Phase		

Research Methodology

The present study has adopted onion research model for conducting the research where the decision of the distinctive philosophy techniques is delineated to comprehend the process involved in research, including methodology, design and methods. The present interpretivist philosophy used here comprehends the human related behaviour and their performance orientations reflecting on the overall performance of the organizations. The exploratory approach is appropriate since it looks to comprehend an issue and to look at it in a deeper perspective. Identifying and determining the purpose of the research becomes prudent for adopting mixed methods of analysing the study. The present study intends to identify the impact of organizational culture in opting for RPO and major factors influencing within the organization to choose RPO.

Identifying an appropriate research approach utilizes specific time, whereas with the research being conducted among perceptions of individuals, inductive approach is considered as more appropriate to RPO industry. The present study has adopted inductive approach since it has formulated hypothesis and research model for conducting the research. The data is gathered concerned with individuals related to this industry for investigating the results of the study (Elo *et al.*, 2014).The research adopted probability and purposive sampling technique to narrow down the sample size.

Analysis, interpretations, and discussion:

The statistical analysis was performed using SPSS. HR managers of 100 luxury hotels were approached from all over India and 86 of them agreed to participate however, for various reasons, could get feedback from 60 only.

In the company where I work, recruitment processes are	Frequency (n)	Percent (%)
Conducted in-house	32	53.3
Partially outsourced	23	38.3

Completely outsourced	5	8.3
Total	**60**	**100.0**

Table 1: Frequency for recruitment processes

About half of the respondents were companies involved in some form of RPO. While eight percent of respondents said their recruitment was completely outsourced.

HR Processes	n (%)
Payroll	30 (54.5)
Travel management	7 (12.7)
Employee databases	6 (10.9)
HR support functions	4 (7.3)
No HR processes have been outsourced	28 (50.9)
Other, please specify	6 (10.9)

Table 2: Frequency for company HR processes

Table 2 presents the hotel HR processes. Payroll, which is likely to be one of the most frequently outsourced HR activities, was produced outside of the company in 54.5. followed by HR has not been contracted in 50.9 percent of the answers, 12.7 percent of the respondents answered Travel management, 10.9 percent answered Employee databases, 6 percent answered other activities and least 7 percent answered HR support functions.

Staff levels	n(%)
Part-time employees only	8(14.8)
Entry level positions	16(29.6)
Up to low- and mid-level managers	17(31.5)
Highest level managers and executives	35(64.8)
Recruitment should not be outsourced	6(11.1)

Table 3: Frequency for staff levels

Table 3 presents the recruitment methods tend to vary depending on the employee level. Majority of 64.8 percent of the people feel that outsourcing the acquisition of highest level managers & executives is the most beneficial approach for RPO. However, other employee levels were considered very similar to RPO purposes. It was interesting to see that only 11 percent of respondents said that recruitment should not be outsourced.

Factors influencing the need for incorporating RPO	Mean	SD	Ranking
HR is not accessible to adequate source of applicants	4.58	0.50	1

To focus more on strategic developments	4.52	0.50	2
Stringent project deadlines do not provide sufficient time for recruitment processes	4.50	0.50	3
Saving costs	4.45	0.50	4
Improving Quality in process	3.75	0.44	5
Improving efficiency	3.62	0.49	6
Reduction of reputational risks	3.32	0.47	7
Enhancement of Corporate governance	3.30	0.46	8
Unskilled expertise in in-house	1.75	0.44	9
Waiting for approval of line managers	1.60	0.49	10

Table 4: Mean Ranking for factors influencing the need for incorporating RPO

Table 4 presents the ranking of each item of factors influencing the need for incorporating RPO. The item 'HR is not accessible to adequate source of applicants' had the first rank with mean 4.58, 'To focus more on strategic developments' had second rank 4.52, 'Stringent project deadlines do not provide sufficient time for recruitment processes' had the third rank with mean 4.50, 'Saving costs' had the fourth rank with mean 4.45, 'Improving Quality in process' had the fifth rank with mean 3.75,' Improving efficiency' had the sixth rank with mean 3.62,' Reduction of reputational risks' had the seventh rank with mean 3.32,' Enhancement of Corporate governance' had eighth rank with mean 3.30, 'Unskilled expertise in in-house' had the ninth rank with mean 1.75 while the item 'Waiting for approval of line managers' had the last rank with mean 1.60.

Impact of organizational culture reflecting in RPO	Mean	SD	Ranking
How are the objectives and motives of the organization portrayed during recruitment outsourcing processes	3.87	0.34	1
Do globalization and expansion of geographies influence outsourcing of recruitment process in an organization	3.80	0.40	2
Organization's value and belief impacts on recruitment process, individuals and their cultures	2.42	0.50	3
Organizational culture desires to recruit high performing candidates at optimal cost and time	2.35	0.48	4

Table 5: Mean Ranking for impact of organizational culture reflecting in RPO

Table 5 presents the ranking of each item of hotel organizational culture reflecting RPO. The item 'How are the objectives and motives of hotel portrayed during recruitment outsourcing

processes' had the first rank with mean 3.87, 'Do globalization and expansion of geographies influence outsourcing of recruitment process in an organization' had second rank 3.80, 'Organization's value and belief impacts on recruitment process, individuals and their cultures' had the third rank with mean 2.42, while the item 'Organizational culture desires to recruit high performing candidates at optimal cost and time' had the last rank with mean 2.35.

Stages of recruitment	n(%)
Analysis of the recruitment material (CVs, cover letters etc.)	50 (90.9)
Recruitment systems	39 (70.9)
Initial interviews (group interviews, assessment centres etc.)	31 (56.4)
Primary interviews	24 (43.6)
Announcement stage (posting descriptions, etc.)	18 (32.7)
Final applicant evaluation	13 (23.6)
Post-Hire (Contracts, legal issues, communication to IT/security/etc.)	13 (23.6)

Table 6: Frequency for stages of recruitment

Table 6 reveals the stages of recruitment. Majority 91 percent of the respondents answered appropriate step for outsourcing was analyzing the recruitment. In the process this step is mostly considered time absorbing, outsourcing it can be helpful followed by 71 percent of respondents answered through recruitment systems, 56 percent answered through group interviews, assessment centres, 44 percent answered through primary interviews, 33 percent answered announcement stage, 24 percent answered through final applicant evaluation and post-hire.

Effectiveness of RPO	Mean	SD	Ranking
RPO decreases the cost incurred per recruitment for any organization	4.55	0.50	1
RPO becomes effective in accessing job applicants all over the world. With increase in geographies of an organization, RPO can operate from one remote location to another through online recruitment platforms	4.47	0.50	2
RPO helps in communicating the employer brand in effective manner	4.42	0.50	3
With the administrative activities of recruitment fulfilled by RPO service provider, the strategic role of HR is performed better	4.37	0.49	4.5
Quality of recruitment is enhanced with RPO	4.37	0.49	4.5

Depending upon the level of job vacancy, the intensity of RPO varies	4.25	0.44	6
RPO is the trend of future	2.85	0.36	7
Pay roll costs are decreased since in-house employees are not engaged for recruitment process	2.77	0.43	8
RPO increases the recruitment capabilities of an organization through external expertise	2.73	0.45	9
The vital reason behind opting for RPO is cost effectiveness	2.60	0.49	10
Effective management of in-house talent becomes crucial after incorporating RPO	2.47	0.50	11
RPO utilizes social media and other non-traditional methods to gather resources of job applicants	2.45	0.50	12
Organization requiring RPO does not need to monitor the entire process handled by service provider	2.25	0.44	13

Table 7: Mean Ranking for Effectiveness of RPO

Table 7 presents the ranking of each item of effectiveness of RPO. The item 'RPO decreases the cost incurred per recruitment for any organization' had the first rank with mean 4.55 'RPO becomes effective in accessing job applicants all over the world. With increase in geographies of an organization, RPO can operate from one remote location to another through online recruitment platforms' had second rank 4.47, 'RPO helps in communicating the employer brand in effective manner' had the third rank with mean 4.42, With the administrative activities of recruitment fulfilled by RPO service provider, the strategic role of HR is performed better and Quality of recruitment is enhanced with RPO' had equal rank with mean 4.37, 'Depending upon the level of job vacancy, the intensity of RPO varies' had sixth rank with mean 4.25, 'RPO is the trend of future' had the seventh rank with mean 2.85.

'Pay roll costs are decreased since in-house employees are not engaged for recruitment process' had the eighth rank with mean 2.77, 'RPO increases the recruitment capabilities of an organization through external expertise' had the ninth rank with mean 2.73, 'The vital reason behind opting for RPO is cost effectiveness' had the tenth rank with mean 2.60, 'Effective management of in-house talent becomes crucial after incorporating RPO' had the eleventh rank with mean 2.47, 'RPO utilizes social media and other non-traditional methods to gather resources of job applicants' had the twelfth rank with mean 2.45, while the item 'Organization

requiring RPO does not need to monitor the entire process handled by service provider' had the
last rank with mean 2.25.

Challenges faced by RPO	Mean	SD	Ranking
There is a lack of good baseline data against which to measure outsourcing results	4.45	0.50	1
Lack of communication between RPO and their clients	4.43	0.50	2.5
Outsourcing service providers do not understand the strategic importance of our organization leading to inefficient and incompetent employees	4.43	0.50	2.5
Companies continue to underestimate the effort required of HR - before, during and after outsourcing - to drive successful results	4.37	0.49	4
Misfit between the organizational culture of the two partners	4.32	0.47	5
Lack of cooperation due to mistrust and suspicion on the part of employees, line managers and senior managers	4.17	0.38	6
RPO is chosen only on cost benefits and not quality is not a matter of concern	2.87	0.34	7
Inadequacy of information technology infrastructure facilities	2.78	0.42	8
Lack of skilled labor	2.77	0.43	9
Companies continue to have mixed success with vendor governance and organizational management	2.65	0.48	10
Buyers are still not achieving the full economies of scale that HRO is capable of delivering.	2.22	0.42	11
Disappointment with capabilities and performance continues to be an issue among clients	2.13	0.34	12

Table 8: Mean Ranking for Challenges faced by RPO

Table 8 presents the ranking of each item of challenges faced by RPO. The item 'There is a lack
of good baseline data against which to measure outsourcing results' had the first rank with
mean 4.45 'Lack of communication between RPO and their clients and Outsourcing service
providers do not understand the strategic importance of our organization leading to inefficient
and incompetent employees' had equal rank with mean 4.43, 'Companies continue to
underestimate the effort required of HR - before, during and after outsourcing - to drive
successful results' had fourth rank with mean 4.37, 'Misfit between the organizational culture
of the two partners' had fifth rank with mean 4.32, 'Lack of cooperation due to mistrust and
suspicion on the part of employees, line managers and senior managers' had sixth rank with
mean 4.17, 'RPO is chosen only on cost benefits and not quality is not a matter of concern' had

the seventh rank with mean 2.87, 'Inadequacy of information technology infrastructure facilities' had the eighth rank with mean 2.78, 'Lack of skilled labor' had the ninth rank with mean 2.77, 'Companies continue to have mixed success with vendor governance and organizational management' had the tenth rank with mean 2.65, 'Buyers are still not achieving the full economies of scale that HRO is capable of delivering' had the eleventh rank with mean 2.22, while the item 'Disappointment with capabilities and performance continues to be an issue among clients' had the last rank with mean 2.13.

The present study analyzing the effectiveness and challenges faced by RPO in India hotel sector has utilized quantitative analysis. Questions were categorized under four major objectives on analyzing the impact of organizational culture, drivers influencing RPO, effectiveness of RPO and challenges faced by RPO. The results of quantitative survey depicted that almost 38.3% of organizations were respondents worked had outsourced recruitment process and majority of the recruitments were conducted for higher level managers and executives. The driving factors of RPO were analyzed widely through quantitative analysis, which showed that inefficiencies of HR department played a major factor, whereas other factors such as insufficient time for recruitment process, saving costs had significant rankings. Inefficiencies of HR department was also projected by Qualitative interviews as well. The previous studies relating to factors influencing RPO has illustrated saving costs as the major factor for choosing RPO (Redman & Wilkinson, 2009; Gurney *et al*., 2009; Cappello, 2011; Wood & Collings, 2009). Additionally, we confirm that effective recruitment enhances job satisfaction among existing employees and leads to increase their organisational commitment. Hence, we support the findings of Haque, Aston, & Kozlovski, (2016).

The impact of organizational culture in utilizing RPO has always had a positive influence with respect to previous studies (Ambler & Barrow, 1996; Cooke *et al*., 2005; Gurney *et al*., 2009; Alewell *et al*., 2011, Haque & Aston, 2016). The quantitative and qualitative analysis of organizational culture were positively influencing on usage of RPO in the organizations, in terms of adopting RPO during expansion of geographies and globalization. The effectiveness of RPO was measured in terms of their benefits offered to the organization. The previous depicted

majorly the cost benefits associated with them (Adler, 2003; Clark & Clark, 1990; Redman & Wilkinson, 2009; Birtch *et al.*, 2010). The quantitative analysis also indicated the cost benefits as a major effective factor of adopting RPO in any organization.

Conclusion and Recommendations

The present study intended to analyse the effectiveness and challenges of RPO practices in the Indian hotel sector. The findings of the study could enhance the RPO services. The inefficiencies of HR practices and organizational structure were identified and suggestions for enhancing RPO activities were sought as offering training to adapt change in organizational structure and their coping strategies, offering training to newly recruited employees, collaborating with RPO organizations. Though the previous literature has drawn conclusions based on quantitative results, the present study has analysed reasons behind decision towards choosing RPO, their effectiveness and challenges. Due to the rise in complexities of HR functions with expansion of geographies, RPO has become critical for any organization. The challenges faced by RPO were in the form of hindering factor in adopting these practices and moreover, monitoring the outsourcing activities, lack of communication and inefficient HR practices were commonly witnessed.

RPO is a certainly a proliferating business activity which is much more essential for the future scenario with the domination of expansion of organization's geographies. The identification of their pros and cons could benefit various hotels to perform better in their scope and service. The findings could help future researchers and is much beneficial in terms of realizing the rationale and effectiveness of RPO services.

Based on our findings, following recommendations are made for the hotel sector of India.

➢ The core and non-core functions in the stages of recruitment can be distinguished to perform better outsourcing processes. There are various stages of recruitment, where certain stages are crucial to recruit to any candidate which needs to be handled by

internal HR functions. Such functions need to analysed and measures should be suggested for effective performance of those functions in outsourcing conditions.

➢ Though the study has mentioned the benefits of recruitment process outsourcing in the luxury segment, the economic benefits are not monetarized. Hence, further studies can measure monetary benefits achieved by the organization. The financial implications and advantages of using it financially can be dealt in depth to identify economic benefits. Thereby, future studies can be conducted to analyse the economic stance of utilizing RPO in any hotel.

➢ Computer enabled software programs (such as SaaS) can be utilized for outsourcing processes in future prospects. Such as assessing the stages of recruitments and conducting interviews through software or online portals for efficient data base management and faster processing.

➢ Moreover, effectiveness of RPO can be compared and measured in terms of organizational size, geographical locations, and vendor-supplier relationships.

Corresponding Author

Dr. Vipin Nadda, Tourism & Hospitality, University of Sunderland, Vipin.nadda@sunderland.ac.uk, London, United Kingdom.

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