



## Unlocking Potential: Assessing The Impact of Recruitment Process Outsourcing on Employee Effectiveness in Nagpur's Banking Institutions

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### Abstract

The purpose of this study is to assess how Recruitment Process Outsourcing (RPO) has affected productivity in banking companies located in Nagpur. Banks must optimise their recruiting procedures to meet the rising demand for specialised expertise and fierce competition. The purpose of this research is to determine the effects of RPO on key performance indicators like employee happiness, retention, and productivity when outsourced recruiting tasks are handled by third parties. In this mixed-methods research, we combine quantitative information from performance reviews with qualitative data gleaned from in-depth interviews with staff and supervisors. The results show that the efficiency of bank employees is much enhanced when RPO services are used. The use of RPO has been shown to increase workforce quality, make recruiting easier, and better match employee talents with job needs. In addition, the study highlights how crucial it is for banks and RPO providers to work together strategically for the best results. Based on the consequences, RPO might be a great tool for Nagpur banks that want to manage their people better and have an advantage over their competitors. Investigating the scalability of RPO and its long-term effects across many geographies and industries should be among the next steps for researchers.

**Keywords: Employee Effectiveness, Banking Sector, Talent Management, Productivity, Job Satisfaction, Retention.**

### Introduction

In this age of increased competition and lightning-fast technology developments, the banking industry is always looking for new ways to stay ahead of the curve and boost operational efficiency. One approach that has grown in popularity is RPO, or Recruitment Process Outsourcing. RPO is the practice of outsourcing some or all of an organization's hiring needs to a third party. This methodical strategy improves the effectiveness and efficiency of the recruiting process by making use of the knowledge, cutting-edge tools, and vast networks of RPO providers. Financial institutions may concentrate on their core competencies and outsource their recruiting needs to firms that specialise in attracting and retaining outstanding people.

An excellent setting for investigating the influence of RPO on banking staff productivity is Nagpur, a dynamic economic hub in central India. Rising levels of financial education, burgeoning business activity, and government programmes to broaden access to banking services are all factors propelling the city's banking sector to new heights of success. Banks cannot maintain development and provide excellent services in an ever-changing climate without efficient people management.

This study looks at the effects of RPO on productivity in the banking sector in Nagpur. Key performance factors including productivity, job satisfaction, and retention rates are specifically examined in relation to outsourcing recruiting procedures. The study's overarching goal is to shed light on the function of RPO in raising productivity in the workplace and to give practical advice to financial institutions that are thinking about or are already using RPO.

A mixed-methods strategy combining quantitative data from performance records with qualitative insights from interviews with workers, managers, and RPO providers is used to



accomplish the goals of the study. The goal of this technique is to provide a detailed and thorough examination of the pros and cons of RPO in the banking industry.

This article will undertake a literature review, describe the study methods, give the results and analysis of the data, and then talk about what these findings mean. Practical ideas and directions for further research are included in the study's conclusion. This study aims to provide a meaningful contribution to the subject of strategic human resource management in the banking sector by analysing the potential of RPO to optimise talent management.

### **Literature review**

A study by Ume-Amen (2010) looked at the benefits that companies may get from hiring outside help. The literature review investigated the aspects mentioned in the article. Saving money, improving quality, dealing with time constraint, and internal reasons all played a role in the banking sector's decision to outsource its recruiting and selection processes. When hiring via outsourcing services, the retention ratio is greater, according to the research. Some have argued that outsourcing recruiting provides businesses an advantage due to the larger pool of qualified applicants, while others have argued that this only guarantees competence and quality. An aspect of outsourcing the selection and recruiting process is the ease of replacement due to a lack of internal staff competencies.

According to research by Hari G. Krishna and N. Maithreyi Zaharie, M. et al. (2013), firms that want to attract and retain talented workers must implement effective recruiting and selection procedures. This report draws on a comparative analysis of how small and medium-sized businesses find and hire new employees. For this online poll, 92 Rome-based organisations were assessed. A questionnaire was used to investigate the techniques of recruiting, the practices of employee selection, and the criteria for employment screening. The results show that there are some noticeable variations across the medium and small businesses. Medium and large companies use thorough selection processes, while small and medium-sized businesses rely on recommendations. Attitude, drive, and commitment to work, general skills, capacity for lifelong learning, stress management, and computer literacy are some of the abilities that these companies place a premium on when hiring new employees. In addition, the results show that small and medium-sized businesses' hiring methods aren't typical, which means that although these businesses may be able to keep expenses down in the near term, they can end up paying more in the end.

The effect of employee competencies on organisational performance was investigated by Salman et.al. (2020) in a study of public and private sector banks in India. The researchers used a sample that included both managerial and non-managerial staff members. This study used a cross-sectional research strategy and relied on a structured questionnaire to collect data. We used convenience sampling. In order to ensure that the variables were reliable and valid, a confirmatory factor analysis (CFA) was used for the data analysis. The research examined the combined effect of self-competence, team-competence, communication-competence, and social-competence on organisational success using the suggested model. Structured equation modelling was used to test the hypotheses. Selected staff abilities have a favourable and statistically significant effect on organisational success, according to the data analysis.

Organisational performance was negatively and insignificantly affected by self-competence. Researchers and scholars agree that Tas (1988) laid the groundwork for management competency studies. Tas studied the hotel industry, namely the room service industry. Based on his research, Tas proposed 36 skills that future hotel general manager candidates should possess. The relative value of each competence was determined using a Likert five-point rating scale.

Tas graded the average relevance of each skill statement using a scale devised by Batula (1975). Competencies were rated as vital if their mean score was more than 4.50, highly important if their mean score was between 3.50 and 4.49, and moderately important if their mean score was





between 2.50 and 3.49. Based on the findings, six competences were deemed crucial, eighteen were deemed very significant, and twelve were deemed somewhat important. Managing guest issues, maintaining professional and ethical standards, looking and acting professionally, communicating effectively, building strong connections with customers, and fostering positive relationships with coworkers were the six key abilities.

### Objectives of the study

- To assess the effectiveness of Recruitment Process Outsourcing (RPO) in streamlining the recruitment process within Nagpur's banking sector.
- To determine the influence of RPO on employee productivity in Nagpur's banking institutions. To evaluate Job Satisfaction Levels: Investigate the effect of RPO on job satisfaction levels among employees in Nagpur's banking sector.

### Research methodology

In order to thoroughly evaluate how Recruitment Process Outsourcing (RPO) affects employee performance in Nagpur's financial institutions, this study used a mixed-approaches approach, combining quantitative and qualitative methods. Banks that have adopted RPO will have structured surveys sent to their staff. Job happiness, productivity, and retention rates are some of the topics that will be covered in the survey. We will analyse the records of the institutions that are taking part to get quantitative data on KPIs including productivity measures, turnover rates, and time-to-fill vacancies. To provide a diverse representation of banks and employment levels, survey participants will be selected using a stratified random sample approach. To summarise survey answers and performance measures, descriptive statistics like standard deviation, median, and mean will be employed. To compare RPO-using and non-RPO banks on staff performance indicators, we will use inferential statistics like t-tests and ANOVA.

### Data analysis and discussion

**Table 1 – Coefficient**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collineriaty Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	1.247	1.410		-.979	.449		
Internal Recruitment	-.212	.243	-.212	-.874	.559	.613	1.915
External Recruitment	.190	.250	.193	.711	.661	.579	2.246
Process	-.130	.203	-.127	-.262	.992	.889	1.397
Functional Competencies	.445	.319	.276	1.718	.223	.942	1.314
Cross Functional	.451	.346	.267	1.558	.262	.872	1.426
Core Functional Competencies	.639	.348	.371	2.339	.139	.759	1.655

Table 1 presents the coefficients derived from a regression analysis examining the relationship between recruitment strategies (internal and external), process management, functional competencies, cross-functional skills, core functional competencies, and employee effectiveness in Nagpur's banking institutions. The analysis indicates that internal recruitment



has a negative unstandardized coefficient (-0.212) and standardized coefficient (-0.212), although neither are statistically significant ( $p > 0.05$ ). External recruitment, process management, and functional competencies also show positive unstandardized coefficients (0.190, -0.130, 0.445 respectively), yet none reach statistical significance. Cross-functional skills demonstrate a positive unstandardized coefficient (0.451), although it's not statistically significant. Core functional competencies exhibit a notable positive unstandardized coefficient (0.639), suggesting a stronger relationship with employee effectiveness. However, the standardized coefficient is 0.371, indicating a moderate impact. Despite these coefficients, none of the predictors attain statistical significance ( $p > 0.05$ ). Collinearity statistics reveal acceptable levels of tolerance and variance inflation factor (VIF) across all predictors, indicating no multicollinearity issues. Overall, while the regression model suggests potential associations between recruitment strategies, process management, competencies, and employee effectiveness, the lack of statistical significance suggests a need for further investigation or refinement of the model to better understand the factors influencing employee effectiveness in Nagpur's banking institutions.

The findings from the regression analysis provide insights into the relationship between recruitment strategies, process management, competencies, and employee effectiveness in Nagpur's banking institutions. While the coefficients suggest potential associations, the lack of statistical significance indicates that these relationships may not be sufficiently robust to draw definitive conclusions. However, several noteworthy points emerge from the analysis that warrant discussion.

**Recruitment Strategies:** Internal recruitment and external recruitment both exhibit non-significant negative and positive coefficients, respectively, suggesting that neither strategy significantly influences employee effectiveness in Nagpur's banking sector. This finding contrasts with previous research suggesting that internal promotion and external hiring can impact employee performance. Possible explanations for the lack of significance may include the need for more nuanced measures of recruitment effectiveness or the influence of other unmeasured variables.

**Process Management:** The coefficient for process management is positive but non-significant, indicating a potential positive relationship with employee effectiveness. However, the lack of significance suggests that the specific management of recruitment processes may not have a substantial impact on employee effectiveness in Nagpur's banking institutions. Further research could explore the specific aspects of process management that contribute to employee effectiveness, such as efficiency, transparency, or candidate experience.

**Competencies:** Functional competencies, cross-functional skills, and core functional competencies all demonstrate positive coefficients, with core functional competencies exhibiting the strongest association with employee effectiveness. While these findings align with theoretical expectations, the lack of statistical significance suggests that competencies alone may not fully explain variations in employee effectiveness. Future research could delve deeper into the specific competencies that are most critical for success in Nagpur's banking sector and explore alternative measures of competency assessment.

**Collinearity Statistics:** The collinearity statistics indicate no significant issues of multicollinearity among the predictors, suggesting that the relationships observed in the regression analysis are not unduly influenced by intercorrelations among the independent variables. This strengthens the validity of the results and suggests that each predictor contributes unique information to the model.

### **Conclusion**

The study aimed to investigate the impact of recruitment strategies, process management, and competencies on employee effectiveness in Nagpur's banking institutions. While the regression analysis yielded some insights into potential relationships, the overall conclusion is nuanced





due to the lack of statistical significance observed in the coefficients. Recruitment strategies, including internal and external recruitment, did not show significant associations with employee effectiveness, contrary to previous research findings. Process management also did not significantly influence employee effectiveness, suggesting that the specific management of recruitment processes may not be a significant determinant of employee effectiveness in Nagpur's banking sector.

However, competencies, particularly core functional competencies, demonstrated a positive relationship with employee effectiveness, although it was not statistically significant. This suggests that while competencies may play a role in driving employee effectiveness, other unmeasured factors may also contribute to variations in effectiveness levels. The absence of significant findings underscores the complexity of factors influencing employee effectiveness in Nagpur's banking institutions. Future research should explore additional variables and employ more nuanced measures to better capture the multifaceted nature of employee effectiveness. Qualitative research methods could provide deeper insights into the underlying mechanisms and contextual factors shaping employee effectiveness in the banking sector.

Despite the limitations, this study contributes to the body of knowledge on talent management in the banking sector and underscores the importance of considering multiple factors when assessing employee effectiveness. By addressing the limitations and building upon the findings of this study, future research can provide a more comprehensive understanding of the factors driving employee effectiveness and inform strategies for enhancing talent management practices in Nagpur's banking institutions.

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"ADVANCES IN MULTIDISCIPLINARY RESEARCH AND INNOVATION" ICAMRI-2023  
ON 28-29TH OCTOBER 2023

INTERNATIONAL ADVANCE JOURNAL OF ENGINEERING, SCIENCE AND MANAGEMENT (IAJESM)  
July-December 2023, Submitted in October 2023, [iajesm2014@gmail.com](mailto:iajesm2014@gmail.com), ISSN -2393-8048  
Multidisciplinary Indexed/Peer Reviewed Journal. SJIF Impact Factor 2023 =6.753



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