

## HR STAFFING SERVICES IN INDIA- OPPORTUNITIES AND CHALLENGES

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### ABSTRACT

A temporary worker is a person with an organization who is on a third-party (staffing company) payroll. A well-accepted norm in global companies, many large Indian organizations are now hiring a part of their workforce from employee leasing firms. The reason is not too difficult to guess, as organizations focus on their core business strengths in a highly competitive environment, the non-core functions are outsourced. The manpower for the latter is provided by the employee leasing company. The contracts can range from three to six months, and there are no hassles normally associated with recruiting and retaining people.

The project report analyses the potential of the temporary staffing in India and also provides an insight into the Indian Staffing industry overview. India being second highest populated country in the world having over 1.25 billion population has to deal with the employment issues and meanwhile this huge human resource can be a boon to India's dreams of being an economic superpower. This study undertaken at Randstad India, has analyzed the real challenges and opportunities for the company to grow and be competitive. Professional staffing, recruitment process and flexi staffing trends are still in infancy stage in India. But now these concepts are being welcomed by many industries as they have started to realize the importance of professional staffing needs. There are good signs of manufacturing sector growth so it is the right time for professional HR solution providers to hit this hot rod and make the most out of it.

There is lot of challenge ahead for staffing companies in India. In this regard the report has analyzed the client satisfaction level for Randstad India (North Karnataka region), which will provide deeper insights into the practical challenges and issues during the staffing contracts. Also the report has information on what clients expect from staffing companies and efforts have been done to address these challenges by giving recommendations and new initiatives.

**KEYWORDS:** HR Staffing Services, Flexi- Staffing, Contract Staffing, HR Solutions, Strategic Role of HR

### INTRODUCTION

A Staffing Company is any enterprise or person, independent of the public authorities, which provides one or more of the following labour market functions:

- a. Services for matching offers of and applications for employment
- b. Services for employing people with a view to making them available to a third party ("user company"); and/or
- c. Other services relating to job seeking, such as the provision of information that do not aim to match specific employment offers and applications.

Flexi staffing refers to category (b) above. In this type of employment model people are hired by a staffing agency, and then hired out to perform work at and under the supervision of the user company. There is no direct employment relationship between the staffing agency employee and the user company, although legal obligations towards the flexi staff have to be borne by the user company. The staffing agency offers employees a fixed duration employment contract, typically written. The employment is often called “temporary work”, “temping” or “temporary staffing”. The hiring firm pays fees to the staffing company, and the staffing company pays the wages. Flexibility for both employee and employer along with security is a key feature of agency work. The Indian staffing industry is a nascent one, which came into existence in the post-liberalization period. The growth of the staffing industry in India has been that it has grown within a constraining labour law system which has not yet accorded any recognition to the industry. As a result, the industry here is exposed to numerous legal ambiguities, over and above the general labour market rigidity.

### **Flexi-Staffing and Contract Staffing**

Flexi or Flexible Staffing can be in three forms namely:

**Agency Temporaries** – workers that are provided by a staffing firm to a specific company for a limited period of time on a fill-in basis or for a finite project. The work is usually directed by the client. The main differentiator of a temporary worker is the short-term nature of his/her position (usually less than one year).

**Leased Employees** – a company leases all/portion of its workforce on a fairly permanent basis from a leasing company, staffing company or a PEO (Professional Employment Organization). The workers are typically directed by the client, but are on the payroll of the leasing/staffing companies/PEO. Temporary help agencies sometimes also lease workers.

**Contract Company Workers** – these workers are employed by a company that contracts out their services to a client company. According to the Bureau of Labor Statistics (BLS), contract company workers also perform their work at the client’s worksite and usually work for just one client at a time. However, their work is typically supervised by the contract company, not the client.

The Indian staffing industry is estimated at Rs 26,650 crore, wherein flexi (flexible) staffing accounts for 75 per cent and is worth Rs 19,900 crore. According to a report by Staffing Industry Analysts, flexi staffing accounts for 75 per cent of the Indian staffing industry and is worth Rs 19,900 crore, permanent recruitment accounts for 12 per cent (worth Rs 3,250 crore) and other services 13 per cent (Rs 3,500 crore). As per the report the largest staffing companies in India, based on 2012 revenue are Adecco, which has a revenue of Rs 1,469 crore, followed by TeamLease (Rs 1,312 crore), Randstad (Rs 1,161 crore), Iky Human Capital Solutions (Rs 910 crore) and Manpower Group (Rs 646 crore). Others in the list include Global Innovsource Solutions Rs 529 crore, Genius Consultants (Rs 330 crore), Kelly Services (Rs 313 crore), Allegis (Rs 175 crore) and ABC Consultants (Rs 87 crore).

According to the Indian Staffing Federation, there are at present 1.3 million temporary workers in the organized sector, which is likely to swell to 9 million workers in the next 10 years. By 2025, it is expected that 10 per cent of the overall workforce in India could be working in a flexible capacity through staffing companies.

### **Flexi Staffing Industry and Challenges:**

Let us look into some statistics and facts related to Flexi Staffing Industry in India (ISF report - 2012):

- 1.3 million, or 3% of organized sector employment
- This is projected to touch 10% by 2025
- 79% of such workers are in the 21-30 age group
- Three types of Flexi Staffing – 1) Professional 2) General (White Collared) 3) General (Blue Collared)
- Persons with general graduate degree (54%), higher secondary certificate (17%), and secondary certificate (9%), hold the largest share of flexi jobs.
- Average salary of a flexi worker around INR 10,000 a month. 94% paid through banking channels
- India is amongst the top 5 nations in terms of flexi staff base, but among the lowest in terms of penetration at 0.32%
- 27% of Indians joined the flexi workforce due to lack of any alternative opportunity in the format sector
- Advantages of a Temporary or Contractual Work
- A job better than no job
- Multiple job opportunities
- Gets the much needed first career break
- Add to their work experience and on the job learning
- Enjoys legitimate wage and social security
- Better working conditions
- Becomes a stepping stone to a permanent job
- Challenges for staffing companies
- No formal recognition
- Archaic laws-outdated, overlapping
- Price of compliance-complex, expensive
- Unorganized sector where gross is equal to net
- Unorganized sector where there is zero compliance
- Over 10000 unorganized players

## OBJECTIVES OF THE STUDY

- To understand and analyse the emerging trends, challenges, opportunities and threats to Indian Staffing Industry.
- Compare and contrast the leading staffing service providers in India in terms of the quality of commercial services offered and their success levels.

- To understand the level of satisfaction of clients (of Randstad India Ltd, Hubli.) who have availed the staffing services.
- To derive strategies to staffing firms to sustain and excel in the industry.

## NEED FOR THE STUDY

The staffing is an upcoming industry in India and has been seeing promising growth in the professional service providers such as Randstad India Ltd and many other players in the field. New qualitative developments happening in the HR arena such as Recruitment Process Outsourcing, Flexi Staffing Trends and Strategic role of HR as a business partner has pushed me to work on understanding these developments in order to be proactive in analysing and adopting such changes. This study tries to focus on adding value to the internship which I am undergoing at Randstad India Pvt Ltd, World's No. 2 HR consulting firm.

## SCOPE OF THE STUDY

The study titled "Study about HR Staffing Services in India- Trends, Challenges, Opportunities and Solutions" is being carried out with an intension of understanding the scope of HR Staffing Services for organizations and to throw light upon new strategic developments in Human Resource Management in terms of recruitment and selection domain.

This study incorporates the opinions of employers (Randstad Hubli Clientele) and the team of consultants at Randstad India Pvt Ltd. It may not exactly represent the emotions and opinions of all the staffing professionals and employers in India. The study was conducted in April and May 2014 at Randstad India Pvt Ltd, Hubli Branch and any changes in the usage pattern during the other part of the year due to any sort of pressure doesn't come under the scope of the present study.

## METHODOLOGY

The project is based on certain ideas, experiences and key learnings during my internship tenure at Randstad India Ltd, information and data collected from different source. The information to carry out the project is followed by the primary data source as well as secondary data.

The primary data, to understand the *client satisfaction level* is collected with the help of questionnaire which is administered with one or more senior HR representatives of the clientele of Randstad India Ltd. Insights regarding the challenges and opportunities of staffing is collected after the interviews and regular interaction with the branch manager and the staff of Randstad India Ltd. The secondary data sources such as magazines, news paper articles and research publications are used to support the critical analysis of the study

## LITERATURE REVIEW

1. In the study titled "Flexi staffing industry in the country to grow to 9 million by 2025" by Senguptha and Devina, bring out that The Indian flexible staffing industry is expected to grow from 1.3 million to 9 million and represent 10 per cent of organized workforce in the country by 2025, according to a report by Indian Staffing Federation (ISF). The study looked at growth drivers and prospects, its benefits to employers, the challenges involved, the regulatory scenario, some international trends and ISF's recommendations for the betterment of the industry.

2. Infosys Viewpoint study report (2010) on the “**staffing industry challenges and solutions**” says that staffing industry has seen revolutionary transformation in fifty years of its evolution. The staffing function is no more just about replacement of absentees with the temporary workers but it has been evolving as a strategic partner for its clients by providing entire gamut of end to end HR solutions. Along with its evolving role the industry also faces challenges in terms of retaining customers, serving new industries and business models, applicant loyalty, soaring operational cost, skills for right sourcing of the candidates.

### LIMITATIONS OF THE STUDY

Despite of all the possible efforts that will be made to analyze the data regarding staffing trends and challenges, there are certain factors which would negatively impact the study. The limitations of this study are:

- The study is restricted to only Hubli – Dharwad area which may not exactly represent whole of India.
- The sample size is based on the clients of Randstad India Ltd, Hubli which has only six major clients.
- Time and cost could be constraints during the study as it is an unpaid internship.

Despite of the above stated limitations, sincere efforts will be made to collect all the possible information pertaining to the study and make it scientific.

#### Data Analysis and Interpretation

Currently Randstad India Hubli branch has nine major clients who are associated with Randstad for staffing and selection process needs. Service delivered to existing Clients are scattered into various segments with major of them are into Engineering, Auto OEMs, Auto Ancillary, Manufacturing i.e Non IT with limited clients in IT/ITES Segment. Thus the efforts have been made to collect feedback from these client company’s HR heads through exclusively designed online feedback from (the link to this online form has been given in the annexure) in consultation with various industry experts associated with Randstad India.

This report is based on standard statistical/empirical research data, the sample size (no. of clients associated with Randstad Hubli Branch) is nine. The description followed is backed by the data and information collected through questionnaire, personal visits to Industries to meet respective SPOCs, formal and informal interviews with senior HR Managers.

**Table 3.1: Table Showing the Numbers of Years Various Clients Being Associated with Randstad**

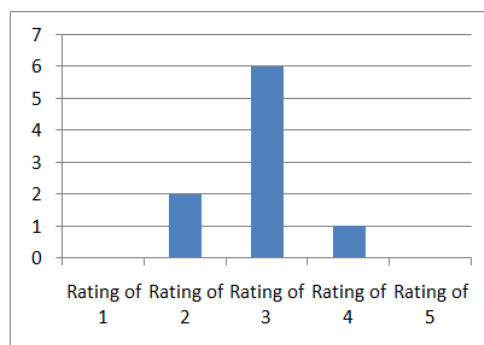
Less Than 1 Year	1-2 Years	2-3 Years	3-4 Years	More Than 5 Years
0	4	1	4	0

Randstad has got major manufacturing giants as their clients as of now such as Tata Motors, Tata Marcopolo, Weir BDK, Flowserve Microfinish, and others for staffing contracts in North Karnataka region and these companies have been associated with Randstad for a long period of time ranging from three to four years.

#### Service Delivery

**Table 3.2: Table Showing the Rating Given to Randstad on the Basis of Service Delivery of Which 1 Being the Highest Level of Service Delivery Rating and 5 Being the Lowest Rating**

Rating of 1	Rating of 2	Rating of 3	Rating of 4	Rating of 5
0	2	6	1	0



**Chart 3.2: Chart Showing the Rating Given to Randstad on the Basis of Service Delivery to Its Clients Queries/Issues Addressed by Randstad**

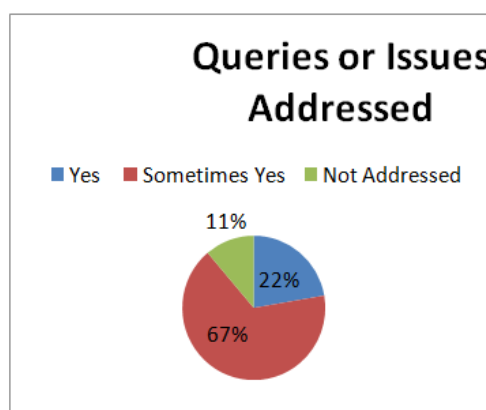
(X-axis: Rating & Y-axis: No. of Companies or clients)

We can understand that majority of the clients have given the average ratings of three (where three represents average rating considering the scale) for the service delivery aspect of Randstad to them. Thus it's a right time for the company to put its efforts in order to enhance its services to its clients for better ratings.

Below table and chart analyses the how queries/concerns/issues have been handled by Randstad in their client companies whenever such need arises.

**Table 3.3: Table Showing Queries/Issues Addressed by Randstad India Ltd (Hubli Branch)**

Yes	Sometimes Yes	Not Addressed
2	6	1



**Chart 3.3**

Staffing is a comprehensive process and a professional staffing practices are being in the new developmental trend thus staffing consultants like Randstad have to face challenges in each and every aspect to sustain the deputies on board.

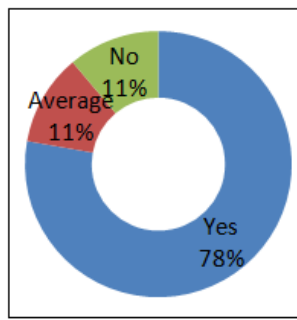
Randstad has to constantly deal with issues such as high attrition rate, compensation issues, and other violations of code of conduct by the deputies. It would be difficult to cope up with this real time issues arising from manpower of multiple clients at once. Thus, there could be delays or lags in addressing issues and concerns timely. The above chart and table shows that sixty seven percent clients feel that Randstad has been able to address these issues are handled timely sometimes, whereas twenty two percent clients feel that the issues have been addressed timely.

The remaining eleven percent feel that the issues were not addressed timely. As a result the Randstad has been constantly striving to achieve better prospects in solving such issues/ concerns raised by clients.

Fulfillment of Recruitment Needs:

**Table 3.4**

Yes	Average	No
7	1	1



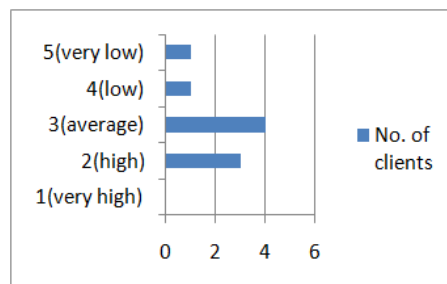
**Chart 3.4**

Interpretation: From the above statistics we can notice that the majority of the clients (almost eighty percent) feel that the recruitment needs by them are successfully fulfilled by Randstad as per the purchase orders.

Feedback on statutory or compliance aspects

**Table 3.5: Table Showing the Ratings Based On the Front of Compliance, Statutory Documentation, Maintenance, Submissions and Follow up according to Client’s Expectations**

Rating	1(Very High)	2(High)	3(Average)	4(Low)	5(Very Low)
No. of clients	0	3	4	1	1



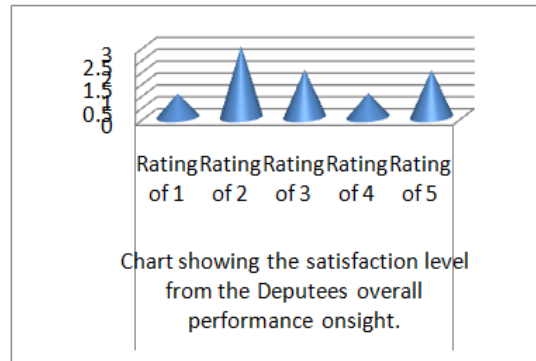
**Chart -3.5**

The compliance and statutory requirements handled by Randstad have been rated from average to high by sixty percent of the clients where as remaining feel that the compliance and statutory matters are handled below average.

Deputies Performance Onsite

**Table 3.6: Table Showing the Satisfaction Level from the Deputies Overall Performance Onsite**

Rating of 1 (high)	Rating of 2	Rating of 3 (average)	Rating of 4	Rating of 5 (low)
1	3	2	1	2



**Chart 3.6: Support to Deputies and Administration of Randstad**

**Table 3.7**

Outstanding Service	Satisfactory	Average	Not Satisfactory
0	8	0	1

Almost ninety percent of the clients say that the support given to deputies and the overall administration by Randstad is satisfactory.

Additional Responsibilities to deputies

**Table 3.8: Likeliness to Offer Additional Responsibilities to Deputies With Respect to Increasing Roles in the Year to Come**

Certainly	High Probability	Not Sure	Not Really Likely	Never Change
0	8	1	0	0

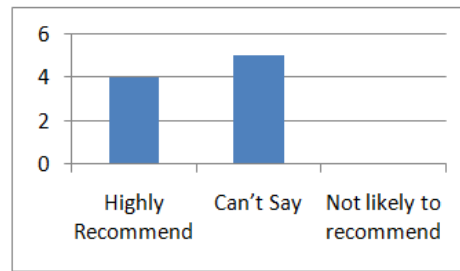
There seems to be very high probability that the deputies will be offered with additional responsibilities in the following year.

Likeliness of Recommending Randstad

**Table 3.9: Likeliness of Recommending Randstad to Other Corporates**

Highly Recommend	Can't Say	Not Likely To Recommend
4	5	0





**Chart 3.9: Likelihood of Recommending Randstad to Other Corporate**

Only forty four percent of clients would like to recommend Randstad to other corporate whereas remaining fifty four percent are not sure about this. This indicates that Randstad has to really work on areas of current dissatisfaction

### Summary of Findings and Recommendations

The findings of our field study have been drawn by analyzing the primary data which are the responses received from the clients of Randstad through the questionnaires given to them as well as from secondary sources of literature and also from the formal and informal interviews with the human resource managers. The finding and recommendations are also backed up by the experiences and the learning throughout the internship tenure.

Some of the most important findings and recommendations are as follows:

- Since the Randstad operation in Hubli from past five years it has been able to retain good number of reputed client base such as Tata Motors, Tata Marcopolo, WeirBDK, Flowserve Microfinish, etc. Thus efforts have to be made to sustain as well as get new clients on board to be able to improve its business performance. As there is a tough competition from other local consultancies as well as the professional staffing companies like Adecco, efforts must be done to create value for the clients rather than getting into price war. Randstad is India's number one HR solution provider and world's number two and is very well known for its best practises. As the professional staffing is still in its infancy stage in India, it is difficult to get the business smoother because of the inexperience and traditional HR practices followed by many companies. So efforts have to be made to educate the industries about the benefits of professional staffing by sponsoring the events of such companies, conducting conferences and making presentations on their premises. These unique initiatives will definitely add on to the USP of Randstad and can differentiate it from others.
- The company has received the average rating on the front of service delivery which is little surprising, but after deeper analysis of the reasons behind these kind of ratings shows the lack of awareness about the professional staffing concept in such industries. A pre-notion that money equals results is affecting the service delivery perception but it must be understood that there should be a partnering cooperation from the client's side so that together they can build better business models and help each other. As Randstad is a hardcore compliance bound MNC and operates on good governance and ethical standards, so the offerings will be standard compared to some of the local staffing agencies which offer the services in lower prices but compromise on compliance and ethics.
- From the study we can make out that the sixty seven percent of the clients felt that the issues and concerns raised by them are addressed by Randstad in not a very timely manner. The reason behind this is the centralized legal authority followed by Randstad. Each and every contract related and other specific concerns raised by clients have

to be verified by the centralized legal team in the head office and then the approval will be given after a cross check with all the policy matters followed by the discussions. This takes a long time of about several weeks which disables the local branch powers to address the issues in a quicker way. Thus the clients feel that there is a delay in the concern handling aspect but definitely the issues or concerns are addressed amicably in the end.

- The suggestion to overcome this aspect would be to decentralize the authority to the branch managers who can understand the local priorities better and can be equipped with the legal support and guidance whenever necessary. The standard policy guidelines for the managers have to be drafted in the boundaries of overall legal policies where one can take a decision to address the high priority concerns and could be held accountable for the actions taken. In total there should be a flexibility and accountability in terms of decision making.
- In the research we found that majority of the clients are satisfied with the responsibilities performed by Randstad in terms with fulfilling the recruitment needs as per the purchase orders. Over seventy eight percent clients felt that the recruitment needs are taken care of well.
- In the study we understand that the majority of clients have given an average rating to Randstad in terms of Compliance, Statutory Documentation, Maintenance, Submissions and Follow up according to their expectations. As discussed earlier the legal factors such as delay in provident fund claims and other legal formalities tend to be on slower side. But Randstad has always worked along with the compliance boundaries and has adhered to policy and contract terms with the clients. Due to centralized legal authority there is some lag which sometimes turns out to be an escalation.

Thus it is important to have flexible policies which allow managers to operate with a sense of accountability with the support of legal experts in the company. Legal Training programs can be conducted to the managers of all branches often so that they would be in line with the expectations and that shall enable to take justifiable decisions in the legal frameworks. During such sessions the issues faced by all branches have to be collectively discussed and thought over. Mutual thought sharing and brainstorming sessions should be conducted. In total, each branch should act like a strategic business unit.

- The clients have given a high rating to Randstad for its overall administration and support given to the deputies' onsite. Almost ninety percent of the clients are satisfied with the overall administration.
- When asked about how likely the existing clients would like to recommend Randstad to other corporates, we found that forty four percent said that they would recommend Randstad whereas remaining sixty six percent clients said they are not sure about recommending Randstad.

## CONCLUSIONS

By the study we have understood the potential of the Indian staffing industry. India with its recent policy changes and its ability to attract FDI has become one of the fastest growing countries in the world. It has several advantages to leverage the benefits of the professional staffing with the help of flexi or contract staffing by which the major issues of unemployment and seasonal unemployment can be strategically addressed. The huge population which was until recently considered to be a burden is now looked upon as asset to the country with the skill India Program launched by the Indian Government. The growth trends of Indian manufacturing sectors such as automotive industry , chemical, infrastructure ,

mining and other engineering industries which are real employment generators would want to adopt to the culture of outsourcing or partnering with professional staffing companies like Randstad India.

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