



# Recruitment Process Outsourcing Impact in Human Resource Planning and Development in Pharmaceutical Sector

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## Abstract:

Every department is affected by the expanding practice of recruiting outsourcing. The company's priorities were on increasing profits and expanding the business. Due to the current economic climate and the intense rivalry in the market, many businesses are considering outsourcing in order to decrease costs. Human resources decided to outsource the recruiting process to better manage these HR services inside the company via HR planning and development in response to the need to reduce costs. Human resources is under constant demand to exhibit incurred costs in an efficient and effective manner due to downsizing and intense competition (Roberts, 2001). Human resources experts agree that a company's ability to retain and expand its people has a direct correlation to the quality of its recruiting, selection, and positioning practices. According to Ongori (2010), recruiting and selection methods are vital to an organization's long-term health and expansion. However, the most common motivations to outsource recruiting are not related to saving money, but rather to gaining access to specialized HR services and knowledge and freeing up in-house HR professionals to play a more strategic role in talent management. Therefore, the purpose of this research is to analyze how outsourcing the recruiting process affects HR strategy and development.

101425

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## 1. INTRODUCTION

Companies in today's information economy strive to maximize their returns by maximizing internal efficiency. Human beings are not only the most important factor in the development of enterprises, but also the driving force behind the deployment of all other assets in the pursuit of competitive advantage in the modern business world. Human resource management (HRM) is crucial to the performance of businesses and so requires HR systems, HR regulations, and HR practices. It's easy to see the dissimilarities

between these ideas. Human resource practices are the acts taken by an organization in order to attain a desired result. Human resources policies are indicative of an employee-centric plan which directs the implementation of HR procedures. Human resources (HR) systems function at a deeper level of analysis, reflecting a set of HR rules that are intended to work together as a cohesive whole and reinforce one another (1). HRMPs, or "human resource management practices," are used by managers to shape their staff's academic



and professional development (2, 3). In other words, these methods are used by organizations in an attempt to motivate employees to take initiative on their own time (4, 5). These definitions accurately show how HRMPs may affect several departments. Academics and professionals have shown increased interest in HRMPs and their long-term effects (as measured by organizational results) in recent decades. Some researchers have hypothesized different mechanisms known as black boxes to better clarify the connection between HRMPs and organizational performance (6). Therefore, HRMPs are the fundamental drivers and play an important purpose, particularly in knowledge-driven areas, in the development of a company's knowledge and competency repositories. Furthermore, it seems that understanding knowledge-based views, human capital theory, and resource-based views requires correct identification of HRMPs, and that adequate attention to the practices stated above is important for enterprises to obtain sustained competitive advantage via their HRM.

The pharmaceutical industry is responsible for the research, development, manufacturing, and distribution of pharmaceuticals used to diagnose, prevent, treat, or relieve disease in humans. Drug and medical device manufacturers might either specialize on generics or brand names. Multiple laws and regulations control the patenting, testing, safety, effectiveness, and marketing of pharmaceuticals. With more than 20% of the market, India's pharmaceutical sector is the world's largest. India is the world's biggest supplier of generic pharmaceuticals, with a pharmaceutical sector worth US\$33 billion in 2017. Generic medications make about 20% of worldwide exports by volume. Revenue from exports was US\$17.28 billion in FY18 and US\$19.14 billion in FY19, while the domestic pharmaceutical market turnover reached Rs 129,015 crore (US\$18.12 billion) in 2018, an increase of 9.4 percent year-on-year. Major pharmaceutical centers in India include Hyderabad, Mumbai, Bangalore, Ahmedabad, Vadodara, Ankleshwar, and Sikkim [7-8].

Human resource planning involves estimating how many and what kinds of workers will be needed to complete upcoming tasks and projects. Organizational success depends on having the right people in the right roles, which is why HR planning is essential. Every firm relies on its people

more than on any other resource. A strategic HR strategy will position the company ahead of its rivals in terms of both new hires and long-term employees. Human resource development is a relatively new concept in most companies. It makes sure that the best people stay in the organization and receive the training they need to help the business reach its goals. Up to the year 1970, HR was handled entirely in-house. The internal HR staff was inspired to play a more strategic role in the company rather than just doing the mundane HR tasks that led to HR outsourcing as globalization became a must for survival and development. The information was split in half. One is outsourcing any and all Human Resources activities, including but not limited to system design, hiring, training, development, payroll, etc. Second, outsourcing is used for just certain HR administrative tasks. With this classification, it became clear that outsourcing the whole HR system would have a significant effect on the culture and performance of a firm, potentially making this a substantial obstacle to organizational decision making [9-10].

Human resource management, or HRM, is the practice of optimizing an organization's most valuable asset: its employees. Human resource management (HRM) is defined by Beardwell, Holden, and Claydon (2004) as an organization's "approach to, and implementation of, its people-management philosophy, policies, procedures, and practices." Human resource management, is the process of building and sustaining an effective and dedicated staff in order to realize an organization's objectives. HRM is the process of maximizing the contribution of each employee to the achievement of corporate goals. HRM is the sum of all the managers' efforts to create and keep a competent staff. Human resources are a factor in how productive a company is. Human resource management (HRM) has risen to prominence in most modern businesses [11-12].

## 2. LITERATURE REVIEW

This study reveals how to maximize the success of recruitment process outsourcing (RPO) projects by strengthening collaboration with the service provider. We argue that the quality of partnerships improves when information is shared between partners and when senior management is invested in the venture. We polled 150 RPO initiatives. The findings show that increased collaboration based on information exchange and



the backing of upper management improves the results of RPO projects (in this case, the compatibility of suggested candidates with open positions). Implications of the findings, both theoretical and practical, are examined [13].

To determine the full scope of the RPO strategy's impact, Johnson et al. (2014) zero in on the quality of the people involved and their role in the company's performance as the most important consideration. They also stress the need of line managers and recruiters having a shared understanding of the company's 'values' in order to ensure that all employees' perspectives are aligned with the company's overall mission. In light of the aforementioned review of the relevant literature, more investigation is needed to fill in the blanks [14].

A number of factors, including advances in biotechnology, the growing significance of information technology and big data, and the introduction of personalized gene treatments and CRISPR/CAS technology, are causing significant disruptions in the pharmaceutical sector at the present time. The premise of this chapter is the rapid evolution of pharmaceutical business management and research. *Advances in Pharma Business Management and Research, Volume 1* aims to integrate and include the many advancements, trends, and difficulties in the pharmaceutical sector, and the variety of the research included reflects that aim. As such, it includes a variety of compelling research articles that examine pressing issues within the sector [15].

In the pharmaceutical business at large, and in developing nations in particular, human resource management has emerged as one of the most pressing challenges in terms of expanding people's access to life-saving drugs. The purpose of this research was to examine some of the difficulties encountered by pharmaceutical companies in Iran, a developing nation, when it comes to human resource management. Twenty-two semi-structured interviews with important informants in the Iranian pharmaceutical business were conducted as part of a qualitative descriptive study employing theme analysis to provide insight into the research issue. Using the AMO framework, we extracted themes from the interviews and briefly addressed them under the headings of ability, motivation, and opportunity difficulties. This is the first study to look at HRM

difficulties in the pharmaceutical business; the findings add to our growing understanding of HRM practices and provide valuable insight for pharma managers [16].

Many companies nowadays place a premium on finding and hiring the best possible staff in order to put their innovative plans into action. In addition, it is in the best interest of the workforce as a whole to ensure that all workers are provided with cutting-edge skills at all levels of the business in order to remain competitive on a global scale. Essentially, in order to thrive in today's fluid economy, these companies have embraced and refined cutting-edge methods of hiring and selecting personnel. The success of the manufacturing sector depends on a number of elements, one of which is the creation of effective selection and recruiting schemes that are in sync with the continuous and in-field investment of education, skills, and training. The ultimate goals of knowledge management in strategic, innovative, and operational decision making are the development of flexible organizational structures that encourage entrepreneurial creativity, structural flexibility, and managerial change; and a greater awareness of the interactive role of science, engineering, and technology towards the success of businesses. This research presents a literature review on the factors that influence the hiring of new workers and the allocation of human resources, and it uses a Case Study based on an innovative pharmaceutical firm to demonstrate the importance of this type of firm in identifying potential new markets and opportunities and deciding how to respond to them through the deployment of technological and strategic advantages [16-18].

### 3. METHODOLOGY

#### Data Analysis

We used the Chi-Square test and SPSS for statistical analysis of the data we gathered. The percentages of the respondents' answers were also computed by the researcher. This approach was used since it provides the most helpful means of investigation, analysis, and result drawing. Analyzing data entails transforming answers to closed and open-ended questions into statements that may be used to describe the data and draw conclusions about its connections.

#### Scope and Limitations

The study's findings have broad implications for industries as diverse as pharmaceuticals, IT, and

manufacturing. The difficulty, though, is that RPO is best suited for really large companies. Until a company generates a significant amount of income, RPO is impractical and expensive to execute. Only large firms with ambitious growth goals and a need for extensive people management should seek out RPO membership. This is not a good fit for low-level businesses.

**Hypothesis**

To study the impact of recruitment process outsourcing on the recruitment function of an organization by overcoming the recruitment challenges, the following two hypotheses have been framed:

*Null Hypothesis (Ho):* Recruitment process outsourcing has no significant impact on the human resource planning and development of the organization.

*Alternate Hypothesis (H1):* Recruitment process outsourcing has significant impact on the human resource planning and development of the organization.

**Chi Square test**

The Chi-Square test was employed to examine the aforementioned hypothesis. In addition, graphical analysis was performed using percentage graphs and pie charts to see how RPO affected other critical facets of HR strategy.

Table 1: Test for RPO impact on cost effectiveness

	Observed N	Expected N	Residual
No change	6	7.6	-1.6
Small extent	2	7.6	-5.6
Less than moderate	6	7.6	-1.6
Moderate extent	8	7.6	0.4
Large extent	16	7.6	8.4
Total	38		

Table 2: Test Results for RPO impact on cost effectiveness

	RPO impact on achieving cost saving
Chi-Square	14.105 <sup>a</sup>

Df	4
Asymp.Sig.	.007

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 7.6.

**4. RESULT AND ANALYSIS**

The chi-square test was used to determine whether recruiting process outsourcing had a statistically significant effect on reducing operational expenses. The chi-square value (Table 2) of 14.105 is greater than the table value of 9.488 at the 5% level of significance, suggesting that outsourcing the recruiting process has a considerable effect on the bottom line. The alternative hypothesis (that organizations save money by adopting RPO, the most essential aspect of HR planning and development) is accepted instead of the null since this conclusion follows logically from the data (Table 1).

Table 3: Test for RPO impact on HR planning and development

	Observed N	Expected N	Residual
No effect	2	7.6	-5.6
Small extent	2	7.6	-5.6
Less than moderate	3	7.6	-4.6
Moderate extent	9	7.6	1.4
Large extent	22	7.6	14.4
Total	38		

Table 4: Test Results for RPO impact on HR planning and development

	RPO positive impact on human resource planning and development
Chi-Square	38.579 <sup>a</sup>
Df	4
Asymp.Sig.	.000

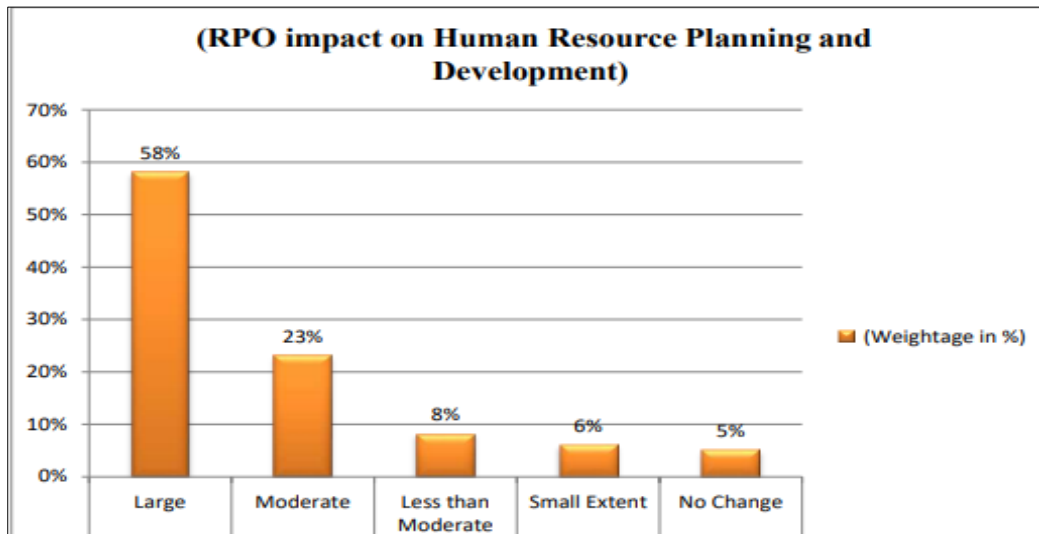
**Analysis**

To determine whether outsourcing the recruiting process affects HR strategy and development, a chi-square test was conducted. At the 5% level of significance, the chi-square (Table 4)

101428

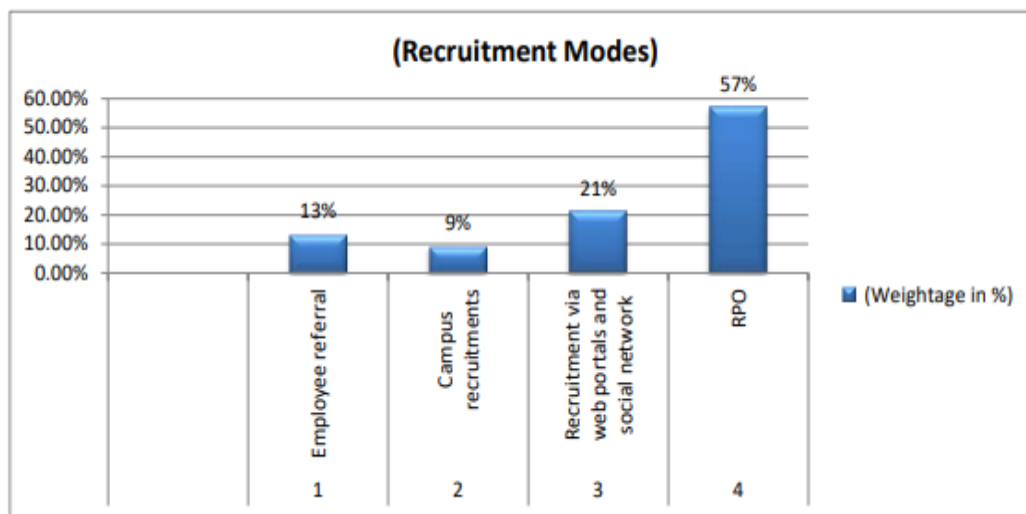


Figure 1: RPO impact over Human Resource Planning and Development



101429

Figure 2: RPO preference over other recruitment modes



value of 38.579 is greater than the table value of 9.488. We consequently reject the null hypothesis and support the alternative hypothesis, which states that outsourcing the recruiting process has a substantial effect on HR strategy and development.

Based on the results (Figure 2) of the aforementioned chi-square tests, which show that the values are greater than the table value, the researcher has concluded that the recruitment outsourcing process has a sizeable effect on HRP&D in the organization and contributes to HRM. There are substantial positives associated with RPO implementation. No other way of

recruitment provides access to such a large and relevant pool of candidates, such as applicant tracking systems, as well as lower recruiting costs and a more consistent and predictable recruit-to-hire process. Internal HR recruiters were shown to benefit from RPO adoption since it allowed them to devote more time and energy to the company's strategic challenges. RPO provides invaluable assistance in developing HR policies, strategies, and pay and benefit plans. As a result, human resource management is now a competitive advantage over rival strategies (Figure 1).

The following are some of the additional considerations that should be taken into account



while analyzing the effects of outsourcing the recruiting process on an organization's human resource strategy and growth.

The percentages show that one of the most appealing aspects of RPO membership is its low cost. Results from the poll showed that over half (43%) of respondents, or 16 of 38, perceived RPO to be financially beneficial. Eight people, or 22%, have found it to be a moderate level of difficulty. Two people, or 17%, thought it was mild at best. Only 3% of respondents (2 of 38) have said it is cost-effective at all, and 15% of respondents (6 of 38) have found no difference in the cost of recruiting efforts (Table 1).

The following figure 2 suggests that RPO research took precedence over other significant recruiting methods. In light of this data, 22 out of 38 respondents (57%) found RPO to be their first choice. Recruitment using online forums and social media came in second, with support from 21% of respondents (8/38). Thirteen percent of all responses (or 5 people) choose employee recommendation as their first choice. Finally, three people (or 9.0 percent) said they are more interested in campus recruitments.

Table5: Percentage of employees in different level of satisfaction under HRM Factors

	HRP1	WE2	TD3	CP4	RS5	PA6	IR7
1=Dissatisfied	7.29%	13.54%	7.29%	36.46%	8.33%	27.08%	22.92%
2=Poorly satisfied	34.38%	41.67%	36.46%	27.08%	27.08%	30.21%	40.63%
3=Satisfied	40.63%	30.21%	20.83%	31.25%	22.92%	20.83%	13.54%
4=Moderately Satisfied	13.54%	8.33%	18.75%	2.08%	26.04%	8.33%	17.71%
5=Highly satisfied	4.17%	6.25%	16.67%	3.13%	15.63%	13.54%	5.21%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

HRP1 = Human Resource Planning; WE2 = Working Environment; TD3 = Training and Development; CP4 = Compensation Policy; RS5 = Recruitment and Selection; PA6 = Performance Appraisal; IR7 = Industrial relations.

It is clear from the pie chart that RPO has a significant effect on an organization's HR infrastructure. Improvements in system quality and stability are undeniable. The human resource strategy has a smaller influence (25% of the total) than goal setting (36% of the whole). Improvements in HR policies and initiatives have a 21% influence on the other two dimensions of satisfaction. The last factor, with an 18% weightage, is the effect on employee

It is clear from the data shown in the above graph that RPO has a major bearing on HRD. Five-eighths of all respondents think it has a big effect. Only 23% of people thought the effect was large. Only 8% of those polled thought it was mild at most. Only 6% of respondents were of the opinion that the influence is minimal. Only 5% of respondents, nevertheless, said they hadn't seen any change in HR strategy as a result of RPO (Table 3).

Employee satisfaction with HRM is broken down by % in table 5. Only 40.63 percent of workers are happy with HRP, while 34.38 percent are dissatisfied. In the US, 41.67% of workers are dissatisfied, while just 30.21% are happy in their jobs. Among TD workers, 16.67% are very happy, 18.75% are satisfied, 20.83 are satisfied, and 36.46 are dissatisfied. In CP, 31.25 percent of workers are happy with their jobs, 27.08 percent are not very happy, and 36.46 percent are not happy at all. There are 27.08% dissatisfied workers and 26.04% who are only lukewarm about their jobs in RS. There are 30.21% dissatisfied workers in PA, and 40.63 % in IR. The data shows that pharmaceutical company workers are unhappy with HR policies and procedures.

101430

remuneration and benefits. Based on the data shown in the pie chart, we can conclude that the following factors are crucial for effective coordination. The responders were asked to rank the difficulties in order of importance. The findings demonstrate the criticality of regular communication between in-house HR and RPO recruiters (34% of total weightage). Next in importance, at 28%, was the frequency of the performance review meeting. Organizational



brand marketing efforts come in second and have an 18% weighting (Table 5).

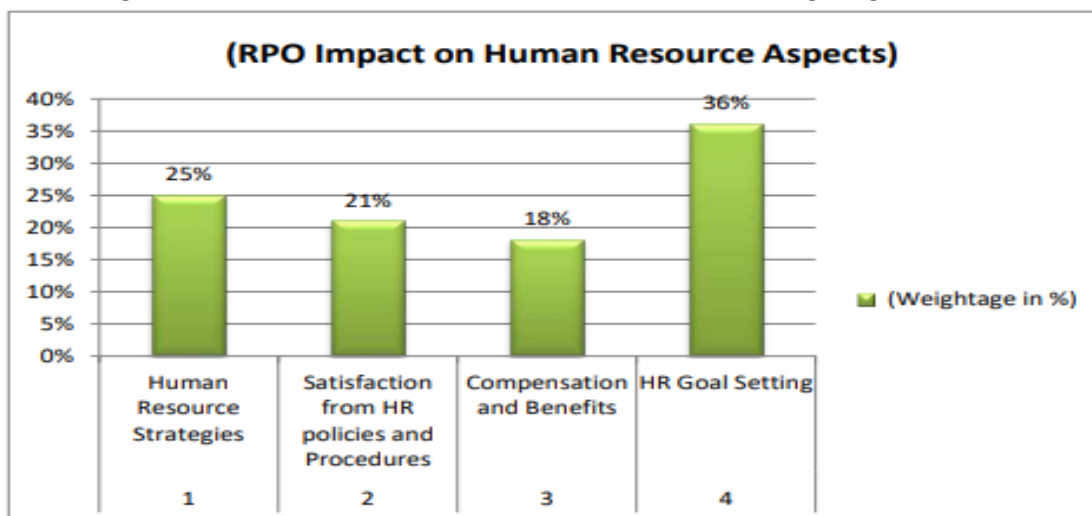


Figure 3: RPO impact over Human Resource Strategies.

The other two are given somewhat less weight in order to employ the finest available people, with 15% and 5% respectively going to adaptability and scalability in the face of economic shifts (Figure 3).

### 5. CONCLUSION

The foundation of every company's human resource planning and growth is its employees, so it's no surprise that RPOs have a leg up when it comes to things like big data management, application tracking systems, and employee engagement. The results of this research show that RPO is an effective means of implementing HR plans. These services are not available via any other common means of hiring. Its primary motivation for adoption is to strengthen the organization's internal talent acquisition management system and have a beneficial, far-reaching effect on HR strategy and planning. Once accomplished, a business may move on with more efficiency and speed toward its objectives. As the starting point for boosting the whole recruiting process, it has the greatest influence on HR targets. Integrating and coordinating the internal team with the external RPO team is a crucial part of the research. The time and quality differences between the two parties may be reduced by regular reviews. There's no denying that RPO could do a better job of marketing the company itself as a brand, thus it's recommended that a little more effort be made in this direction. Even though RPO is HRO's most rapidly expanding procedure, it is not without its drawbacks. Additional investigations are planned and research may be

conducted using the same premise.

101431

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