

**INTERNATIONALIZATION OF INDIAN RECRUITMENT
FIRMS WITH SPECIFIC REFERENCE TO HUMAN
CAPITAL IN DELHI NCR**

Abstract of Thesis

SUBMITTED TO
BABASAHEB BHIMRAO AMBEDKAR UNIVERSITY
(A CENTRAL UNIVERSITY)
LUCKNOW



FOR THE AWARD OF THE DEGREE OF

Doctor of Philosophy

IN

MANAGEMENT

SUPERVISOR

M. S. KHAN

DEAN & HEAD

RESEARCH SCHOLAR PROF.

TANUJA SINGH

ENROLLMENT NO 991/14

**DEPARTMENT OF RURAL MANAGEMENT
SCHOOL FOR MANAGEMENT STUDIES
BABASAHEB BHIMRAO AMBEDKAR UNIVERSITY
(A CENTRAL UNIVERSITY)
RAEBARELI ROAD, LUCKNOW, U.P. – 226025, INDIA**

2020

ABSTRACT

Keywords: Internationalization, Human Capital, Recruitment Industry, Organizational Transformation, Organizational Structure, Firm Processes, Human Resources, Organizational Culture.

Last one and a half decade had seen a dynamic growth in Indian Economy and India is expected to be the third largest economy after china by 2050 as estimated by the investment firm Goldman Sachs. According to US Census Buereau , India is expected to have a surplus of almost 47million (19-59years) of youth population by 2020. With the rising importance of young population, policy makers have also given importance to Human Capital and nation has witnessed significant changes through skill development programmes and government aids . Therefore, changing demography of world still works in favour of India. Also, companies from Indian market are emerging as an important player in the International market. One of the fastest & key performing sector for Indian economy is service sector comprising of various segments like trade, transportation, communication, business services etc.

Recruitment Industry is a knowledge-intensive professional business service that has shown a tremendous growth in India recently. The significant growth of Recruitment industry is an outcome of increasing number of job positions in the corporates and development in Human Capital. The professional service firm Ernst & Young and Executive Recruiters Association (ERA) estimates that Indian HR Industry has grown at a compounded annual growth rate of 21% over the last decade. The process of internationalization of recruitment firms from emerging nations is however relatively under researched in academics.

The present study attempts to contribute to this research stream by examining key strategic issues involved in the internationalization of process of Indian recruitment firms. The study

also seeks to examine the evidence of organizational transformation and the emergence of new organizational forms and capabilities in recruitment firms with internalization context.

In the Indian context, subject literature and various reports have suggested an ongoing transformation in economy, development in Human capital and recruitment firms, as India has opened itself to the international markets. With this observation, this study examines the literature on human capital; organization and internationalization theory; organizational transformation and capabilities, to identify what strategic issues are suggested to be important in the internationalization context of recruitment firms. Objectives and Hypotheses are developed, which are tested via a defined methodology, including secondary data and survey analysis.

Key findings suggest that simultaneous to the opening up of the Indian economy to international markets, leading Indian recruitment firms have undergone significant transformation towards newer forms of organizing over the last 5 years. This transformation is seen across a range of organizational variables grouped under structure, processes, human resources and culture. The study also finds evidence to support the hypotheses that such organizational transformations are associated with organizational performance. In addition, the findings shed light on key strategic issues such as internationalization-related modes, competitive drivers, and geographical foci, as well as drivers of organizational transformation of internationalizing Indian recruitment firms. Given its extensive literature review and significant empirical findings, this study could be of particular value to practitioners including top managers of internationalizing recruitment firms, recruitment associations, policy makers and to the general academic field.

Need and Contribution of Study

There have been few valuable research studies on internationalization of Indian firms. However, not many studies provided a picture of recruitment firm internationalization of Indian economy. Recruitment market is witnessing a paradigm shift from being a mere part time serve to a full fledged industry. In this context, the contribution of Human capital is remarkable for recruitment industry and service sector. Emerging economies offer an interesting research opportunity as they undergo transformation to becoming important global players. In recent years, some research initiatives have started in the direction of understanding the response of firms from emerging economies to institutional transitions towards market-based economic systems (Aulakh and Kotabe, 2008). Continuing in the tradition of this research stream, the present study will focus on two key research areas: 1) understanding the strategic direction Indian recruitment firms are taking as they internationalize, e.g. what modes they are using, what their international aspirations are, which geographical regions they are targeting, and so on. 2) examining whether these firms are indeed moving towards newer, “marketbased”, “excellent” or “efficient” organizational forms over the last few years (i.e. organizational forms suggested to be important or useful in facilitating internationalization success), detail the constituents of this transformation, and test whether there are any performance implications of this organizational transformation.

Objectives of the Research

The broad objectives of the research are to investigate the following:

1. To study the concept of Indian Recruitment Firms in context of Internalization.
2. To study the different modes of Internationalization for Indian Recruitment Firms.
3. To study the importance of competitive drivers for international success of recruitment firm.

4. To study the correlation between Internationalization Modes and types of Competitive Drivers for International success
5. To compare the mean scores of Organizational Transformation of firm during the last five years and today.
 - 5.1.To compare the mean scores of Organizational Structure during the last five years back and today.
 - 5.2.To compare the mean scores of Firms Processes during the last five years back and today.
 - 5.3.To compare the mean scores of Human Resources during the last five years back and today.
 - 5.4.To compare the mean scores of Organizational Culture during the last five years back and today.

Research Methodology

The dual-method empirical approach composed of qualitative and quantitative analysis has been used in this research to ensure the availability of both statistically verifiable results and detailed insights into the process of internationalization & organizational transformation of Indian recruitment firms. Primary data is obtained through questionnaire prepared for this research purpose. The data was collected from registered recruitment agencies of Delhi, NCR, listed in active list of recruiting agents provided by MEA. Primary data was collected from top officials of 116 recruitment companies. Secondary data includes the data which are sourced from a review of past scholars, researchers, marketer consultants, various national and international consultancies, journals, articles and other reports. The literature derived from various publications, journals, online and offline articles, magazine, existing thesis and government websites were included. Content Analysis, Co-relation analysis, t-test, ANOVA, Chi-square were used as tools & technique for analysis of data.

Conclusion

The present study started with a review of relevant literature on transformation Indian institutional context inclusive of internationalization of Indian economy and greater internal reform. This institutional transformation has been associated with greater internationalization of Indian companies including companies from service sector and recruitment industry. Institutional transformation is also associated with reportings of organizational transformation in some recruitment firms. In light of these observations, the current study sought to understand key strategic imperatives before internationalizing recruitment companies from India and examine whether there had been organizational transformation in these companies and the extent of this transformation including performance implication of the same. The findings of a survey of Indian recruitment firms listed in government MoU list 2015- 2018, provides many rich insights into these issues. Key findings include that there has been a significant organizational transformation in the recruitment firms studied over the last five years. This transformation occurred simultaneously in a wide range of organizational variables, and was in the direction of more 'efficient forms of organizing'. The organizational transformation was also found to have performance implication, with transformation in 'organizational structure' and 'HR Variables' being positively associated with higher international performance. However, change in 'Firm Process' & 'Organizational Structure' and 'HR variables were found to have weakly negative consequences on performance.

Other insights associated with the internationalizing recruitment firms in India include:

1. Indian service sector & Recruitment industry have increased their international presence significantly over the last five years and continue to aspire for international presence for long term success and survival.
2. Consultancy was the most favored internationalization mode for the recruitment firms surveyed.

3. In an interesting revelation, superior service quality, human capital and low consultation charges were ranked as more important international competitive drivers than financial resources.
4. The headquarter driven strategy was the most favored organizational form adopted by the surveyed companies for their international activities.
5. In another interesting finding, middle east, Africa and USA & UK were the most favored geographical large markets followed by Canada & Europe.
6. Organizational transformation over the last five years was significant in each of the organizational transformation variables.
 - 6.1. The highest organizational transformation is seen in Human Resources variables with maximum mean difference of 3.25. The high transformation in Human Resources variables was in the increased desire for foreign assignment and increased importance of personality factors during employee selection.
 - 6.2. Second highest organizational transformation is seen in Organizational Structure variables with a mean difference of 2.7 by the increased use of extent of decentralization in Decision making, and extent of human skills in standardization of services.
 - 6.3. Firm processes also have a significant impact on organizational transformation with the mean score of 1.95. Level of competence against International Competition and Quality of Services as world class both variables are closely responsible for better firm process in organizational transformation.
 - 6.4. Finally, in regard to Organizational culture variables, it has moderate impact on organizational transformation with a mean score of 0.58. Employee Values on Organizational Culture variable has moderate impact on Organizational transformation.

The findings also suggest that as a result of this transformation, India Recruitment Industry are beginning to resemble their counterparts for developed

world, and are seen moving away from their earlier reputation for being traditional, technologically backward and poorly managed.

7. In the attempt to this research, respondents were asked about the important Organizational variables in facilitating internationalization success for their recruitment firm, respondents rated 'world class service quality' as the most important firm processes variable in facilitating international success. This was followed by another Firm processes variable 'Competence' i.e., technological and operational competence.

'Entrepreneurial Drive of employees across the organization at all hierarchal levels' was also an organizational variable with high score followed by 'organizational culture & value'. This was followed by another important human resource variable 'Employee appraisal and reward system' that forms the reason for uniqueness of international success factors.

All these organizational variables had a mean score above 4.5, which mean that they were ranked 'high' and important in facilitating international success. These results could be potentially very helpful for recruitment companies, recruiters and job consultancies in identifying which area of organizational transformation could yield the promising results for international success in the recruitment market.

8. The Organizational Variables conceptualized in this research were ranked above average on their mean scores importance. This promising finding recommend that, the key Organizational Success factors in the recruitment firm internationalization context identified in this research were perceived by recruiters from surveyed recruitment firms as 'generally facilitating international success'.