

Recruiting temporary workers the new trend

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: With the permanence of job roles and stability called to question repeatedly in the last few years since the start of the ongoing recession, Indian firms are starting to mirror Western employers, moving increasingly towards temporary staffing, with sectors like IT/ITes, FMCG, retail and pharma now hiring a large number of temporary workers.

A recent study conducted on the recruitment industry by Ernst & Young and Executive Recruiters Association (ERA) estimated the temporary staffing market in India close to R17,200 crore. The report states that while temporary staffing is not as big in India as it is in the western countries, it is likely to account for 2.5-3% of the country's total workforce in the near future.

Says E Balaji, managing director and chief executive officer of staffing firm Ma Foi Randstad: "There has been a significant growth in temporary staffing and on a year-on-year basis, it has grown by 15-18%. This was not a predominant practice in India, but companies are increasingly looking at it."

IT is likely to be the pioneer in such recruitment, with almost 20% of its workforce expected to be in the temporary category. Currently, it accounts for 10% of the workforce, E&Y's report found. High costs of training, particularly in IT, and sudden spurts of client demand, have been encouraging players in these sectors to utilise the pool of temporary staff made available to them by various agencies.

"Engineering, telecom, banking and retail are also taking in temporary staff in large numbers. This gives companies a good safety cushion against high attrition, as all of these industries have high numbers in this regard. Temporary staffing happens right from white to blue collar workers to people with high-skill levels," says Vipul Varma, chairman, ERA.

While a lot of hiring is for blue-collar workers with a salary range of R5,000-8,000, white-collar workers and professional staffing also makes up for a large piece of the pie. White-collar workers are typically in front-ending retail operations, BPO, generic. The salary for them is R10,000-13,000 per month. White-collar staffing is currently a R920-crore market.

Professional staffing includes those with higher skills, such as web developers, planners, etc. Professional staffing industry in India has been estimated at R530 crore in FY11, with key players being TeamLease, Manpower, Ma Foi, Iky, Kelly, WDC, Allegis, Addeco, and Future Focus. Larger permanent recruitment companies have also started entering temporary staffing in recent times, predominantly to improve top lines.

"A large balance sheet makes them attractive from the perspective of investors, and helps obtain funds for growth. Elixir, through its partner GI, had entered temporary staffing," says the report from E&Y. Staffing firms have also started entering vocational training to create a larger pool available to them. TeamLease, for instance, had acquired IIJT in 2010.

The overall recruitment and staffing industry has been growing at a CAGR of 21% for the past four years. While it is currently a R22,000-crore sector, it has been estimated to double in size to R55,700 crore over the next five years. Besides temporary staffing, firms in this industry feel experts are going through an evolution, with their roles changing from just finding recruits to delivering more recruitment services outsourcing solutions.

"HR services and recruitment industry has come of age. We expect consolidation and entry of more MNCs in the Indian market and emergence of new models like RPO and managed services. Companies are now starting to demand more value-added services, and expect recruitment firms to act more like brand ambassadors. It is no longer just a 'success-based' pay situation," says Varma, who is also a director at recruitment solutions firm Focus Management Consultants.

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