



Aon Hewitt People Matters Study
Decoding Hiring Trends in India 2016
Harnessing the power of 'Talent Centric' economy

Executive Summary

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Foreword



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Nitin is a Partner and Aon Hewitt's Chief Commercial Officer for India.

He has extensive advisory experience with clients across the globe in the areas of HR Strategy, Performance & Rewards, Leadership Development and M&A.

In addition to working with clients, Nitin also leads the innovation and New Business Incubation agenda for the firm in India.

Favorable prognosis of the Indian economy, supporting government initiatives and sustained focus on innovation have fuelled sustained growth for India Inc. Aligned with the national sentiment, 79% organizations project increased hiring in the year 2016-17. As fundamentals of the economy further improve, India Inc. will see further increase in talent demand across sectors. HR and TA teams will come under significant pressure to attract and retain the best talent that business needs to drive organizational performance.

Talent acquisition roles are fast changing. TA professionals now need to don the hat of strategic business partners and align organization's priorities to their recruitment strategies. In the last years study, we spoke of competencies that will drive a successful TA professional of the future. Positioning the employer brand, candidate experience and Rol on selected candidates are some of the some new measures that TA teams will now be judged by.

In the world of digitization, employers are leaning towards smarter and more innovative means of attracting key talent. Social media and technology innovation are being leveraged ferociously to enable the last mile candidate reach as well as deliver robust hiring solutions. Employers are refining the mix of sourcing channels and implementing a variety of assessment tools for talent selection. Unlike in the past, professional networks have made sourcing easy at the click of a button, giving employers the freedom to create a talent pipeline without heavy reliance on external factors. The use of talent analytics has created quite a stir in the marketplace, albeit, the reality is that most organizations fall well short of mastering capabilities to use these tools, thus effecting cost-per-hire – an ongoing priority for HR.

The 2016 study brings deeper insights on what drives key decisions and talent acquisition imperatives. This report draws characteristics that are shaping up the hiring space in India Inc. This study highlights trends that will be most relevant as organizations evolve and what this means for – businesses, workforce and the HR alike.

My sincere thanks to the participants who shared their knowledge and insights with us. Their thoughtful and candid inputs have made the second edition of the Decoding Hiring Trends in India Study truly valuable and one which I hope becomes a part of the strategic toolkit of HR leaders.

Foreword



Ester Martinez
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People Matters

Ester, an HR professional turned entrepreneur and an alumnus of ISB, founded People Matters in 2009

Ester has more than 14 years of experience in HR, with a wealth of knowledge in areas of talent and human resources management. Until 2008, she worked as a professional manager with a host of blue chip companies in different countries within Europe, UK and India.

After the astounding success of its first edition, Decoding Hiring Trends in India 2015 Study which captured distinctive insights and created a unique position in the market; this year the research focuses on the insights and trends on talent acquisition on four different parameters – Hiring Drivers, Hiring Outlook, Hiring Practices, and Hiring Metrics.

Many factors play a role in the hiring ecosystem, both macro and micro. This study makes an attempt to understand the nuances of a majority of these contributing factors. It is interesting to note that employer branding, a very important factor, is yet to become an area of focus among a majority of organizations. The study also emphasizes on an important trend, the emergence of video interviews, which have begun to replace the more traditional in-person processes.

Social Media hiring also finds more takers and has become the driving force in the hiring process, an important trend that is clear from the study. Since both efficiency and effectiveness continue to be critical, cost-per-hire remains a top priority as revealed by the study. Optimizing cost-per-hire has emerged as one of the top trends and the top priority for recruitment and business alike. The recruitment leaders have also put an emphasis on feedback mechanism as a part of candidate experience. To add value to the study and include a practical perspective, this year's research also includes short case studies from leading organizations in the major areas covered in the study.

Overall, the Aon Hewitt in partnership with People Matters Decoding Hiring Trends in India 2016 study will provide you with valuable insights that can help you shape the recruitment strategy for the coming year for your organization. As always, we would also love to hear from you regarding the study and its findings. Do write back to us at the contact details provided at the end of the report.

Executive Summary

The Big Picture: Employer branding and talent engagement keep recruiters up at night!

» Leveraging proactive strategies to engage with talent consistently keeps recruiters awake at night

The next big shift in recruitment is the ability to maintain consistent engagement and relationship with candidates, rather than sourcing candidates based on requisitions.

48% of organizations report that 'Engagement with passive talent' when done well by competitor is a top threat to attract talent. Further, 45% of organizations report that if their competitor were to communicate their employer brand effectively, then it will be a competitive threat.

With 64% of organizations reeling under the pressure of losing talent to 'Competition', having a well defined and consistently communicated employer brand is a clear competitive advantage. The Next Generation recruiter thwarts competition by nurturing a strong pool of candidates.

» Shift from process to people based recruitment priorities

Companies increasingly identify two key areas of focus – recruitment priorities that are all about having a well formed strategy to attract active and passive talent, and relentless focus on communicating a distinguished employer brand.

Leveraging social networks for sourcing active and passive talent (43%) and communicating the employer brand effectively (29%) emerge as top 2 recruitment priorities. Being a trusted talent advisor to business (28%) closely follows in the list of top recruitment priorities for the year.

Recruitment in today's digitally connected economy is maturing, with employer brand strategy changing talent sourcing from push to pull based methods.

Candidate Engagement: The Winning Strategy

Talent acquisition leaders for tomorrow will be brand evangelists, mastering the art and science of candidate engagement and relationship management. Organization perception metrics will soon be key effectiveness metrics for hiring teams.

Looking Ahead: Budget allocation aligned to drive efficiency to meet increased hiring demand

» Recruitment budgets increase in close proportion with hiring intake

79% of organizations report 'Increase in hiring' over the last year, with two-thirds of the hiring being done at junior and entry levels.

67% of organizations also plan to 'Increase the recruitment budget' over last year. However, 12% of companies do not plan to increase recruitment budget from the coming year, hence talent acquisition teams are expected to deliver more with a similar amount of money as previous year.

Further, only 21% of companies report wallet share increase for 'recruitment team cost', thereby adding to margin pressures. With evolving recruitment practices, organizations are clearly betting on components that drive recruitment efficiencies rather than increase headcount to deliver on business needs.

» Efficiency components witness increased wallet share, employees are the new brand ambassadors

HR Technology/Platforms witness maximum wallet share, as 42% of organizations report an increase for this component. A close second is witnessed for 'branding and marketing' as 39% of organizations will increase wallet share in this category, aligned with the recruitment priority to communicate the brand effectively. Investments in social media (37%) and talent assessments (34%) follow closely.

Referrals emerge as a preferred sourcing channel, as 33% of companies plan to increase spend in this area. Organizations are 'turning in' with referrals and employees becoming the new brand ambassadors. This helps decrease external dependencies for sourcing and helps leverage the employer brand through employees themselves.

Branding: Recruiter's Mindset, not an Activity

Rising margin pressures and branding woes will give rise to alternative methods such as social sourcing and referrals. Components that amplify the employer brand will witness increased investments.

Hiring Practices: Consolidation of practices and internal capability building

» Enabling the business and hiring manager is more critical than ever before

With a stated priority to deliver on 'Quality of Hire' and advent of dynamic talent assessments, hiring manager capability to sift the best from the rest is a key enabler. It has become so important that hiring managers are equipped to select talent that is the best fit; looking beyond skill and knowledge fitment.

Aligned with this, 50% of organizations invest in building the interviewing capabilities of hiring managers. Further, organizations are going the last mile with 54% seeking hiring manager feedback on the hiring process and effectiveness.

Recruitment function' partnership with business becomes holistic with capability building for hiring managers and integration of data in the hiring cycle to drive talent decisions.

» New age recruiter is data and technology savvy

As digital connectedness matures, recruitment teams build in-house capability to drive data based hiring and aid decision making. With a stated priority to drive technology based recruitment processes, 50% of organizations have digitized at least one process of the entire recruitment cycle. A further 30% are planning to digitize the entire recruitment cycle by the end of 2016.

65% of companies have dedicated team members for talent assessments, data analytics and technology.

As hiring numbers increase and the millennial population increasingly enters workforce, organizations have to take the final leap with mobile platforms and immersive candidate experience to stay relevant and deliver on the employer brand.



Recruitment as Trusted Talent Advisor

With the advent of behavioral and culture fitment assessments, hiring manager capability and integration of talent analytics into decision making will become the litmus test for an effective recruitment team partnership with business.

Hiring Metrics: Cost and Speed of hire remain critical, Quality of Hire on the rise

» Cost and speed of hiring are the most prevalent hiring metrics

55% of organizations track 'Time to fill', to measure hiring effectiveness, followed by 'Cost per Hire', which is tracked by 44% of organizations. 'Time to Offer' is a close third as 37% organizations track this metric.

Though heavily tracked, 'Cost per Hire' as a metric is broken since the component varies across organizations and industries. Vendor costs (70%), background verification (66%), referral cost (65%) and assessments (50%) account for the Top 4 contributors to the hiring cost across levels.

As organizations look forward to optimize this metric, innovative methods of moving employee referral expense from monetary outcomes to experiences and benefits emerge to offset the pricing.

» Rise of Quality of Hire: The ultimate effectiveness metric

29% of organizations believe that 'Quality of Hire' is the most important metric to track hiring effectiveness over speed and cost of hire. Further, 30% of organizations want to track 'Quality of Hire' consistently in the coming year.

However, 90% of these organizations track 'Quality of Hire' differently. 'Early attrition' (30%) and 'Manager feedback' (20%) are the most commonly encountered metric to measure Quality of Hire.

As organizations strive to make hiring efficient and effective, 'Quality of Hire' will increasingly become the most important metric – effectively the magic metric that will define the health of talent pool. Hiring manager effectiveness in identifying the best talent will be a key determiner in optimizing this metric.

Quality of Hire: Rise of Effectiveness Metric

Consistent parameters that relate to high potential, cultural fitment and retention will be integral elements when qualifying this metric.

Hiring practices that will optimize outcomes on these parameters will witness increased investment in the coming years.

Recruitment Trends: What changes!

Passive Talent Engagement



Organizations want to adopt targeted strategies to engage with 'passive talent' as 45% employers report that the lack of this is a competitive threat.

Sourcing moves from requisition filling to maintaining an ongoing relationship and recall with key talent.

Recruiters as Strategic Talent Advisors



Recruitment teams partner with business end to end: as the trusted talent advisor, build hiring manager capability and enable data based decision making.

50% employers today actively build hiring manager interview capability to ensure recruitment is effective.

Rise of 'Quality of Hire'



Speed of hiring and cost remain critical however organizations increasingly consider 'Quality of Hire' as the most critical effectiveness metric.

'Early Attrition' is the most encountered measure for Quality of Hire, tracked by 30% employers across

Recruitment Trends: What changes!

Wallet Share: Evolving Apportionment



In line with the positive hiring sentiment, 67% organizations are increasing their recruiting budgets overlast year.

Components that improve candidate experience and enable efficiency (technology, branding, referrals, assessments) have higher wallet share.

Referrals: Advent of The Dual Model



Employees are the new talent scouts, as organizations are increasing wallet share for recruitment through employee referrals (35%).

Touted as the preferred sourcing channel, employee referrals increasingly play the dual role in sourcing and brand building.

Mobile Enablement



With less than 20% of organizations reporting mobile enablement of recruitment processes, employers are inadequately positioned for the mobile wave.

To optimize 'Offer to Join' ratios, last mile solutions at the 'Post offer stages' remain a key opportunity area

Recruitment Trends: What sustains!

Employer brand: The Winner



With the naked feedback economy, employers struggle to differentiate themselves from the competition.

39% of organizations plan to increase wallet share for branding and marketing this year.

Talent Analytics and Assessments



Pre hiring assessments remain more important than ever before. 65% of organizations have dedicated capability for assessments, technology and data analytics.

However, leveraging big data for effective hiring decisions is still at a nascent stage.

Duality of Social Media



50% of organizations use social network for sourcing talent at mid and senior levels.

Organizations consistently leverage social networks to source as well as engage with passive talent.

About the Study

Aon Hewitt in partnership with People Matters conducted the second annual '**Decoding Hiring Trends in India 2016 Study**'.

The study provides comprehensive inputs on the following four parameters:

- **Hiring Drivers:** Talent acquisition priorities, challenges and competitive threats
- **Hiring Outlook:** Forecast of employment outlook and budget allocation in 2016
- **Hiring Practices:** Best practices in attracting, sourcing, assessing, and selecting talent
- **Hiring Metrics:** Critical hiring metrics tracked as per prevalence, and industry benchmarks

Learn how the hiring space is undergoing evolution across different sources of hiring, changing priorities and adopting techniques of digital economy to attract key talent in 2016 and beyond.

Participant Profile

Aon Hewitt surveyed 160 organizations covering more than 12 industries to understand talent acquisition priorities and best practices as a part of this research.



160 Companies



12+ Industries



46% Indian
54% MNCs

About Selection and Assessment

Aon Hewitt has been a world leader in the design and implementation of reliable and valid assessments for over 30 years. Our global staff of Industrial-Organizational Psychologists partner with clients to implement Selection & Assessment Solutions, covering virtually all industries and job categories.

We offer the broadest portfolio of innovative, scientifically proven assessments for talent acquisition and development. Our tests are taken by over 12 million candidates annually across all organizational levels and our solutions range from simple off-the-shelf selection tools through to fully customized assessment frameworks that objectively measure the competencies, skills, abilities and personal characteristics that predict job performance, behavior and retention.

For more information on Selection and Assessment solutions, please visit
www.aonhewitt.com/india/selectionandassessment

About Aon Hewitt

Aon Hewitt empowers organizations and individuals to secure a better future through innovative talent, retirement and health solutions. We advise, design and execute a wide range of solutions that enable clients to cultivate talent to drive organizational and personal performance and growth, navigate retirement risk while providing new levels of financial security, and redefine health solutions for greater choice, affordability and wellness.

Aon Hewitt is the global leader in human resource solutions, with over 30,000 professionals in 90 countries serving more than 20,000 clients worldwide. In India we partner with organizations across industries; multinationals, Indian companies and government bodies. We have strong client impact stories from our work with Family Owned Enterprises in India.

For more information on Aon Hewitt in India, please visit
www.aonhewitt.com/india

About Aon

Aon plc (NYSE:AON) is the leading global provider of risk management, insurance and reinsurance brokerage, and human resources solutions and outsourcing services. Through its more than 66,000 colleagues worldwide, Aon unites to empower results for clients in over 120 countries via innovative and effective risk and people solutions and through industry-leading global resources and technical expertise. Aon has been named repeatedly as the world's best broker, best insurance intermediary, best reinsurance intermediary, best captives manager, and best employee benefits consulting firm by multiple industry sources.

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About People Matters

People Matters is a leading knowledge and media platform in the Human Resources space. We strive to create an HR community of practice and excellence that fosters amalgamation of new ideas between HR managers, HR service providers and CXOs, leading to the growth of HR as a business critical function. People Matters' print, online, digital and events platforms provide thousands of HR stakeholders with information, best practices, trends and industry news. In a short span of 6 years, it has emerged as India's single point of reference for knowledge in the HR industry. As HR steps up to its new role as business partner and becomes indispensable to business, our vision is to become an indispensable source of knowledge, information and inspiration for the community.

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