



NEW DATA: WHY EMPLOYERS VALUE MODERN RECRUITMENT PROCESS OUTSOURCING PARTNERSHIPS

Setting the Stage: The Modern Hiring Environment

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Like most things in life, the hiring environment exists on a spectrum. On one end, candidates are plentiful and employers get to choose their pick of those candidates in the market. On the other side, candidates are scarce, making it difficult to attract and convert them into hires.

For the last few years, the latter scenario has been the reality for employers as they have tried to maintain operations, grow their businesses, and create value for their customers. Data from the Bureau of Labor Statistics continuously shows that job creation is at unprecedented levels, and employers are struggling to hire from a smaller and smaller available pool of talent¹. Even with

economic uncertainty, economists believe that unemployment will still stay at or below 6%², which means the pressure isn't going away.

The often-cited comment on this is that even if all unemployed individuals were able to be upskilled or reskilled instantly to fill available job openings, there would still be an abundance of unfilled roles due to a sheer lack of people.

On top of that, employers are dealing with increasingly common issues on the candidate side. Because candidates are in high demand, they wield tremendous power in the hiring process.

Candidates are ghosting after applying for jobs.

Candidates are ghosting after accepting a job and not even showing up on the first day of work.

And beyond that, candidates are considering other offers after starting a new position, sometimes leaving less than a week after starting that new position for a different role.

At many companies, this combination of challenges has led to a logical conclusion: **bring a recruiting partner**. While some firms have well-designed and effective hiring practices, others are less mature or established, and the current environment is forcing them past their breaking point, necessitating a partnership with a professional organization that specializes in hiring talent. These recruitment process outsourcing (RPO)



**Employers with an RPO relationship
younger than 24 months
prioritize tactical outcomes.**

**Employers with an RPO relationship
longer than 48 months are 2x more
likely to be focused on hiring strategy
and business alignment**

1. <https://www.bls.gov/jlt/>

2. <https://www.cbsnews.com/news/recession-coming-2023-economist-predict-nabe/>

firms align with and embed themselves into their clients' hiring streams, taking over areas like sourcing and screening (while branded as internal employees of the client) so that employers can spend less time on hiring and more on the core operations of the business.

There are a few key differences in RPO and some other more common recruiting models. For instance, RPO recruiters identify themselves as working for the employer, which makes the hiring process more seamless and comfortable for candidates instead of feeling like they are being managed by a third party.

Additionally, RPO staff use the client's recruiting tools, systems, and processes. Beyond the day-to-day recruiting activities, RPO partners are

able to offer everything from strategic talent acquisition insights and advice to specific and tactical inputs on competitive pay, employer value proposition, candidate behavior, and more. RPO is a more strategic and aligned recruiting partnership than some of the more traditional external methods.

The firms that are using RPO providers to support or fully perform all hiring activities see some very tangible benefits, both at a tactical and strategic level. It's the goal of this report to unveil some new research that demonstrates from the talent/business perspective just how valuable those RPO relationships are.

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WHAT IS RPO?

Recruitment Process Outsourcing (RPO) is a form of business process outsourcing (BPO) where an employer transfers all or part of its recruitment processes to an external service provider. An RPO provider can provide its own or may assume the company's staff, technology, methodologies and reporting. In all cases, RPO differs greatly from providers such as staffing companies and contingent/retained search providers in that it assumes ownership of the design and management of the recruitment process and the responsibility of results.

—According to the RPO Association

In the 2022 Lighthouse Research & Advisory RPO Value Insights study, underwritten by the RPO Association (RPOA), our team surveyed more than 500 talent acquisition decision makers to understand the priorities, challenges, and value points when it comes to RPO partnerships. In this report we will unveil some of the key aspects of that research, including:

- **Highlighting what sets employers that have a positive ROI from their RPO partnerships apart from the rest**
- **What employers are looking for in an RPO selection process**
- **How a company's maturity within the scope of the RPO relationship changes over time**
- **And more**

The intent is to underscore the value that RPO buyers derive from these partnerships as well as highlight opportunities for achieving the best and most successful long-term results.

To get the most from this report, consider the following perspectives based on your own position:

- **If your organization is an RPO provider,** look for insights in the research on what employers are looking for in the relationship and what they prioritize in the selection process
- **If your organization is using an RPO partner to support or perform all hiring,** seek out ideas on how to achieve deeper value from that relationship, including what businesses with a positive return on investment are doing differently
- **If your organization isn't yet using an RPO to support or perform all hiring,** consider some of the common barriers and whether those really make sense for your organization; in addition, examine some of the results areas for those using RPO partners to see if those results would matter to your own operational leadership

This research is the first of its kind to delve deeply into the value of RPO relationships on a broader scale, and we hope you find it insightful and helpful for your own company's approach to talent acquisition.



"An RPO should be seen as a department within the company, not just an outside resource. They aren't vendors. They are strategic partners. And limiting investment in an RPO is often limiting the reach and impact of the business."

—Managing Director of Operant Consulting, Jenifer Kihm, PhD

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This research was conducted online in Q3 2022 and is based on survey responses from talent acquisition decision makers (n=521), 93% of which were currently using an RPO and 7% that were not. Survey respondents were based in North America and represent companies with a minimum of 100 employees from every industry and span the following company sizes:

- 100-250: 4.41%
- 251-500: 14.59%
- 501-1,000: 29.56%
- 1,001-2,500: 26.30%
- 2,501-5,000: 17.27%
- 5,001+: 7.87%

In addition, the research was informed and shaped by multiple qualitative interviews with:

- RPO providers
- Current RPO users
- RPO non-users working in talent acquisition

The report includes specific callouts from these respondents, including High Performers. In our research we break out high-performing firms (those with better revenue, retention, and employee engagement metrics) and compare them to other organizations for any clues or insights into how they operate differently

Statement of Ethics: *as an independent analyst firm, our research and reporting provide unbiased, neutral views of the HR trends and technologies impacting work today. While this specific research was vendor-funded, it does not impact how we share the data with employers and practitioners. If you have any questions, please contact us.*

About RPOA

The Recruitment Process Outsourcing Association (RPOA) is a mission-driven and member-driven organization serving the global RPO community. We are committed to advancing, elevating, and promoting recruitment process outsourcing as a strategic talent solution for organizations seeking to reach their highest potential through their people. We pursue our great purpose by nurturing a collaborative community where thought leadership can be created and curated to educate the marketplace about recruitment process outsourcing. For more information about the RPOA, visit our website at www.rpoassociation.org.



Recruitment Process Outsourcing Association



About Lighthouse

Lighthouse Research & Advisory is a modern analyst firm dedicated to setting the standard for excellence in talent, learning, and HR. By providing compelling research and actionable insights for business leaders, our team's mission is to navigate the rapidly changing field of human capital management to support today's talent and learning functions.

Our advisory, research, content, events, HR Awards Program, and other offerings serve tens of thousands of employers across the globe every year.

Put simply: our goal is to chart a new course for talent. We do this with compelling research, innovative ideas, and a strong grasp of the current state of talent and technology at work. We have supported hundreds of organizations with our research, advisory, and insights since our beginning in 2016. In addition, our data also inform key product and strategy decisions at the industry's leading technology and service providers.

Ben Eubanks is the Chief Research Officer at Lighthouse, providing trusted advice for today's modern talent leaders. Prior to joining Lighthouse, Ben worked as a research analyst and an executive practitioner. His analyst work focused on learning, talent acquisition, and talent management. During his career, he has published more than 100 pieces of research and provided advisory services to executives from some of the largest and most respected organizations in the world.

Unlike most analysts, he also has hands-on experience working as an HR executive, leading both strategic and tactical talent practices. Ben is the host of *We're Only Human*, a podcast focused on the intersection of people, technology, and the workplace. In addition, he runs upstarthr.com, a website serving HR leaders that has reached more than 1,000,000 readers since its inception.