

# RECRUITMENT PROCESS OUTSOURCING: A LIFELINE IN THE WAR FOR TOP TALENT

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## Report Highlights

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Companies that do not partner with a RPO provider are 59% more likely than companies that do to be unable to establish a talent pipeline for their open positions.

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RPO users are 17% more likely than non-RPO users to find that more than 50% of their workforce is top quality.

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RPO users do a better job of demonstrating the potential for growth opportunities throughout the hiring process.

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48% of Industry Leaders are seeing employee turnover increase significantly as the percent of companies experiencing shorter tenure has increased 36% year-over-year.

In the first half of 2017, Aberdeen found that 87% of companies are having trouble recruiting high potential talent according to their definition of top quality employees. Today, 79% of organizations admit that they have a skills gap. The same 79% admit that they lack a full understanding of how to resolve it - this means that more than three quarters of organizations cannot even define top talent prior to designing a process to acquire it. In this report, Aberdeen will look at the role that recruitment process outsourcing (RPO) plays in filling this knowledge gap to improve performance when it comes to acquiring top talent.

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**RPO vendors account for the internal work environment and external factors that impact both the employer and the goals of potential candidates.**

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#### Aberdeen's Maturity Class Framework

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Aberdeen defines Industry Leaders by looking at organizational metrics and categorizing respondents into two maturity classes:

1. Industry Leader: Top 30% of performers
  2. Industry Laggard (All Others): Bottom 70% of performers
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Industry Leaders are:

- 2.7 times more likely than All Others to find that more than 10% of their talent is top quality
- 29% more likely than All Others to see employee performance improve in the last 12 months.
- 11.2 times more likely than All Others to find that more than 50% of their workforce is highly engaged.

In the first half of 2017, Aberdeen surveyed the market to understand trends in talent acquisition, focusing on the ability to recruit and hire top-quality candidates. The initial results showed that 73% of organizations are challenged by a failure to recruit high-potential candidates; that 74% feel that they suffer from low candidate engagement; and that 75% are unable to successfully build a talent pipeline for open positions.

Looking deeper into the challenges organizations face today in talent acquisition reveals three striking characteristics:

- ➔ 70% of organizations suffer from an inconsistent or constantly changing definition of high-potential talent.
- ➔ 59% of organizations find that they lack a strong employer brand, exacerbating their inability to attract top talent.
- ➔ 61% of organizations fail to be transparent around management goals and objectives, leaving prospective talent at a loss for what to expect if they join the company.

These characteristics are eye-popping because they indicate that more than half of organizations today lack the kind of stable and consistent talent quality goals needed to attract and retain top talent. In other words, more than half of organizations lack the insights necessary to improve the quality of incoming talent.

#### The Pitfalls of Recruiting Alone

Today, 60% of organizations handle recruitment internally, while 40% partner with a recruitment process outsourcing (RPO) provider. On the surface, Aberdeen's data suggests that companies that do not engage an RPO partner in talent acquisition suffer less from a failure to recruit high-potential candidates. Analyzing other pressures, however, shows something quite different.

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**Companies that do not take advantage of the subject-matter expertise of an RPO partner are 59% more likely than companies using an RPO partner to be unable to establish a talent pipeline for their open positions.**

Today, companies that internalize the recruitment process lose the subject-matter expertise of an RPO partner. These organizations are 10.7% more likely than those that engage an RPO partner (25.0% vs. 22.6%) to lack a formal understanding of what exactly is causing their skills gaps. They are also 59% more likely than companies using an RPO partner (33.3% vs. 17.7%) to be unable to establish a talent pipeline for their open positions.

In [Improve Workforce Quality by Branding for Tomorrow's Careers Today](#) (May 2017), Aberdeen found that when companies internally identify the characteristics they seek in incoming talent, they often fail to account for what employees are looking for in an employer. Aberdeen's data suggests that a similar dynamic exists for companies that do not use an RPO partner.

When employers analyze the characteristics of their existing top performers, they look at employees in the context of management goals and objectives. Yet only 5% of organizations feel that workforce quality is improving alongside greater achievement of management goals and objectives. As hiring managers move to create job descriptions from internal performance metrics, they are focusing solely on outwardly branding the goals of the organization without making any noticeable effort to connect those goals with why employees join with or stay at their company.

Even for existing employees, failing to link organizational goals to those of the workforce leads to low participation in management goals, skills development, and campaign objectives. The low workplace participation then perpetuates the very skills gap that HR departments currently lament. In [Total Performance Management: Mapping Performance to Equitable Talent Selection](#)

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(February 2017), Aberdeen found that the persistence of the skills gap fueled by low worker participation rates in management objectives leads to low innovation rates.

Engaging an RPO provider helps develop a more solid understanding of the goals of the workforce. Those goals can then be fused with the goals of the organization in the process of recruitment marketing, talent branding, and hiring. Matching these goal sets subsequently helps drive improvements to engagement. It should come as no surprise then that companies using an RPO provider are 23.4% more likely than All Others (82.3% vs. 66.7%) to find that candidates and employees are more engaged, contributing to higher innovation rates and revenue per FTE.

### RPO as a Field SME Partner in Recruitment

RPO vendors account for the internal landscape of the existing workplace and external factors that impact the goals of the employer along with those of potential candidates. Companies partnering with an RPO provider are 2.1 times more likely than those not partnering with one (53.2% vs. 25.0%) to increase their focus on internal and external factors in the design of their recruitment strategies and resulting talent pipelines.

**Table 1: Developmental Focus: Using RPO vs. Not Using RPO**

Areas of Focus for the Next 12 Months	RPO	No RPO
Accounting for Internal & External Business Drivers	53.2%	25.0%
Increased Use of Performance Data	43.5%	33.3%
Talent Branding & Analytics	43.5%	16.7%
Data Integration for Internal Drivers	30.6%	41.7%
Construction of Talent Pipelines	29.0%	0.0%
Behavioral Analysis	19.4%	0.0%
Applicant Tracking	11.3%	33.3%

Source: Aberdeen Group (January 2017) n = 104

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**19% of RPO users are factoring in the importance of behavioral analytics towards building a personality profile to fit the workplace culture.**

The data in Table 1 clearly illustrates the difference in priorities for companies engaging with an RPO provider compared with those who are running recruitment solely from inside the organization. The focus for non-RPO users is squarely on improving the administrative side of recruiting, such as investing more in applicant tracking and stage-gating the application process, and integrating internal data sets to piece together a more complete picture of what top, metric-based performance looks like inside the organization.

By comparison, RPO users are more focused on determining the characteristics that impact the profile of top talent, and then matching those characteristics to the internal metrics that they have identified for existing high performers. As a bonus, 19% of RPO users are even factoring in the importance of behavioral analytics in building a personality profile to fit the workplace culture.

The results speak to the earlier conclusion that non-RPO users are suffering equally if not more from the inability to attract top-quality talent, but that they are not capable of identifying this as a pressure. Non-RPO users are handicapped in building talent pipelines. As illustrated in Table 1, they are also not even recognizing that they need to make a stronger investment in lead filtering that yields a prioritized list of candidates for each position.

Recruitment process outsourcing provides employers with vital context to improve how they advertise and recruit for open positions. Within the corporate culture, more than three quarters of internal recruiters and hiring managers are consumed with trying to understand the internal work environment. Individual

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companies are also incapable of providing the resources needed for HR to truly understand what makes the labor market move with respect to each job.

### Using RPO to Improve Organizational Results

Today, 56.5% of companies partnering with an RPO provider consider more than 10% of their workforce to be top quality. RPO users are also 17% more likely than non-RPO users (9.7% vs. 8.3%) to find that more than half of their workforce is top quality. (Something to consider, however, is that non-RPO users are limited in terms of how they define top quality talent: In fact, they are 3.6 times more likely (8.3% vs. 2.3%) to change their definition of top-quality talent more than twice per year.)

Within the field of RPO users, Industry Leaders are 37.2 times more likely than All Others (100% vs. 37.2%) to find that more than 10% of their workforce is top quality. Furthermore, 31.6% of Industry Leaders consider more than half of their workforce to be top talent. The top talent statistics should not come as a surprise given that companies engaging an RPO provider are, on average, 28% more likely than those not using an RPO provider (57.0% vs. 44.5%) to more closely align their definition of top talent to candidate workplace expectations.

**Within the field of RPO users, Industry Leaders are 37.2 times more likely than All Others to find that more than 10% of their workforce is top quality.**



**Figure 1: Employer Expectations vs. the Reasons Employees Join and Stay with the Organization**

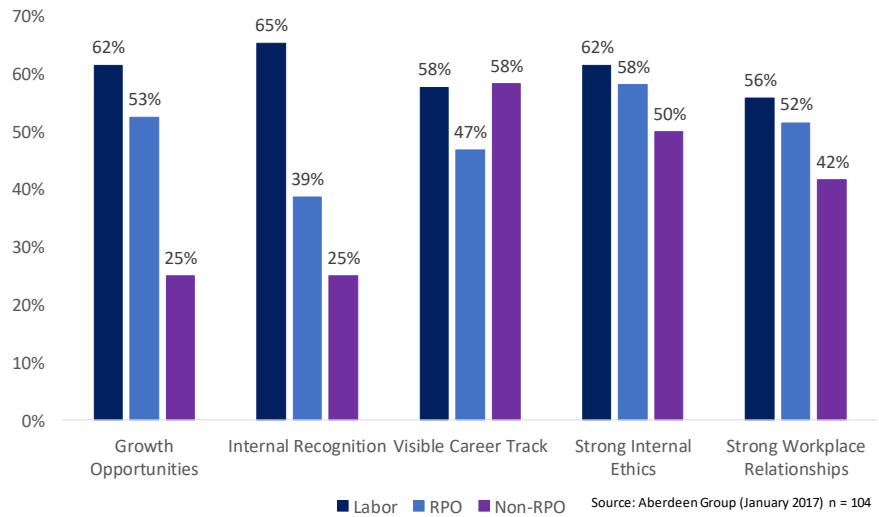


Figure 1 shows why employees join and stay with an organization, and what RPO users and non-RPO users expect from incoming candidates. In [Improve Workforce Quality by Branding for Tomorrow's Careers Today](#) (May 2017), Aberdeen explored the top reasons employees join and stay with an organization. While not every reason is represented in Figure 1, the ones that do appear constitute a much closer alignment with the expectations of RPO users than for non-users. For example, while non-RPO users show stronger alignment with candidate expectations when it comes to promoting a visible career track in talent branding, RPO users do a better job of demonstrating the potential for growth opportunities throughout the hiring process.

Similarly, RPO users are better equipped with information about the expectations of incoming candidates to restructure the corporate culture to be more attractive. Candidates today expect a strong sense of ethical responsibility in business practices and

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outcomes. They also expect that they will be able to build strong workplace relationships, particularly with their managers, as they move to take advantage of available growth opportunities. While non-RPO users are designing a strong employer brand based on the best their internal operations have to offer, RPO users are taking the advice of their SME partner to retool their operations and corporate culture to genuinely reflect the goals of the top candidate.

In [Improving the Workforce: Putting Internal Talent on the Front Lines](#) (March 2017), Aberdeen looked at what it takes to develop internal talent to increase tenure. Today, 48% of Industry Leaders are seeing employee turnover increase significantly, as the percent of companies experiencing shorter tenure has increased 36% year-over-year. The corporate culture and organizational goals need to resonate with both candidate expectations and the resulting employee experience for employees to join with the organization.

When it comes to recruitment, employers need to focus on the long-term plan for top-quality talent. RPO providers have access to the breadth of the talent market, as they work to provide resources to employers to get access to top-quality talent. The tools they provide offer access to multiple databases that distill prospective candidates into talent pools and prioritize them based on predefined goals set with the employer. In this way, RPO users are gaining a greater reach into the talent community while keeping HR focused on retooling the internal culture and brand around the subject expertise of the outsourcing partner.

### Connecting the Dots

Recruitment Process Outsourcing is a key resource for employers to boost the effectiveness of their recruitment strategies. Today, companies that internalize their recruitment efforts are missing

**48% of Industry Leaders are seeing employee turnover increase significantly.**



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out on key information that can help them more effectively and efficiently align their corporate goals with the goals of the labor market. As the war for top talent wages on, employers will have no choice but to do a better job at reading the field of candidates so that they can hone in on hiring the very best ones that apply to them - and even then, that's no guarantee that they will accept or fulfill the role.

The proof is in the numbers: Organizations using RPO solutions today have a higher quality of talent than those not using an RPO solution. While part of this is because non-RPO users are handicapped in their definition of top talent, the reality is that RPO users are killing two birds with one stone: They are outsourcing their inherent understanding of the labor force in recruitment, while internally focusing resources on improving the corporate culture.

RPO users are experiencing higher rates of engagement, particularly among top-quality talent. Today, companies partnering with an RPO provider are 10% more likely than those that are not (22% vs. 20%) to find that more than half of their top-quality talent is highly engaged. Comparing these figures with the general data for workforce engagement over the last five years shows that RPO users are more likely to continue to see engagement improve at a faster rate than for non-RPO users. In [Employee Engagement: The Key to Customer Satisfaction and Revenue Growth](#) (September 2016), Aberdeen pointed to engagement as a key driver of business results. Without the combination of top talent and improving engagement, employers may maintain the status quo, but they will not see gains.

**Companies partnering with an RPO provider are 10% more likely than those that are not to find that more than half of their top-quality talent is highly engaged.**

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For more information on this or other research topics, please visit [www.berdeen.com](http://www.berdeen.com).

#### Related Research

*Total Performance Management: Mapping Performance to Equitable Talent Selection*; February, 2017

*Improving the Workforce: Putting Internal Talent on the Front Lines*; March, 2017

*Improve Workforce Quality by Branding for Tomorrow's Careers Today*; May, 2017

*Employee Engagement: The Key to Customer Satisfaction and Revenue Growth*; September, 2016

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