

RPO – Recruitment Process Outsourcing

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March 24, 2009

This article deals with what really is recruitment process outsourcing and why RPO is the latest buzzword amongst people involved in attracting, hiring, and retaining manpower. In last few years I have been actively involved in the RPO



space and would like to share my views via this article.

To me outsourcing of HR services is a very old concept, in early days and even today most companies outsource their sourcing of manpower to recruitment agencies and staffing & manpower consultants. Gradually it moved from sourcing to non-core processes like payroll processing, fit gap analysis, reference checks and to a certain extent on-boarding. Smart marketers at that time labelled it as human resource outsourcing. HRO generically deals with outsourcing full or part (non-core) processes to a specialist vendor. RPO in its basic essence is an integral part of HRO where the recruitment process (in part or full) of the organization is outsourced.

In current market scenario Recruitment process outsourcing is beginning to catch on as large companies strive to improve their bottom lines and maintain quality at the same time.

RPO definition: what is RPO?

According to Wikipedia, Recruitment Process Outsourcing (RPO) is a form of business process outsourcing (BPO) when an employer outsources or transfers all or part of the recruiting process to an external service provider.

Why RPO?

RPO just like any other outsourcing arrangement is a mindset and not just another way to reducing costs. Businesses can derive substantial benefits if RPO is adopted as a long term strategy to achieve operational excellence and high degree of cost savings.

Major reasons why my clients have chosen RPO are:

- Create operational efficiency via addressing the shortage in skills and expertise within the organization
- Achieve cost benefits by outsourcing non core functions.
- Focus organizational resources on core functions
- Reduce management and overhead cost
- 24×7 recruitment operations due to geographical advantage of India

The RPO mindset:

As explained earlier, RPO is a mindset and companies planning to adopt RPO as one of their strategic initiative should be ready for an uphill challenge right from having top management's buy in, setting right expectation internally and to ensure transparency with the vendors.

1. Support of top management.

Outsourcing the recruitment process will have an organization wide impact hence buy-in of top management is an absolute must. Unless the top management has full faith and is driven at strategic level RPO will not yield desired results.

2. Expectation setting

RPO will bring in a lot of changes in the way the organization functions as a result it is critical to set right expectation amongst all stake holders be it your employees, your end clients and your RPO vendor. One has to be very clear on what is expected out of the whole RPO activity.

3. Identify functions to outsource

It's important to identify the right activities to outsource. There are vendors who are capable enough to take care of your entire recruitment life cycle and would promise the world to you. I would suggest start with absolute non -core activities like sourcing and then move up the value chain.

4. Measuring

Once the RPO activity is on its way it becomes important to measure the effectiveness of RPO. Don't start immediately talking about ROI and set metrics to measure substantial cost saving and operational efficiency. I would suggest look at smaller and more direct parameters like Time to hire ratio, source to submission ratio, submission to interview ratio and interview to offer ratio

RPO benefits:

- Cost savings
- Reduce time to hire
- Focus on core activities (interviewing and on-boarding)
- Employee retention
- Customer satisfaction

- HR effectiveness
- Better utilization of resources
- Improve quality of hires.

I can certainly say that in my interactions most companies who have tried RPO are happy with their decision and adopting RPO has helped them to improve service, save time and money and since I look at it from Onsite and offshore perspective it also derives immediate financial benefits as well