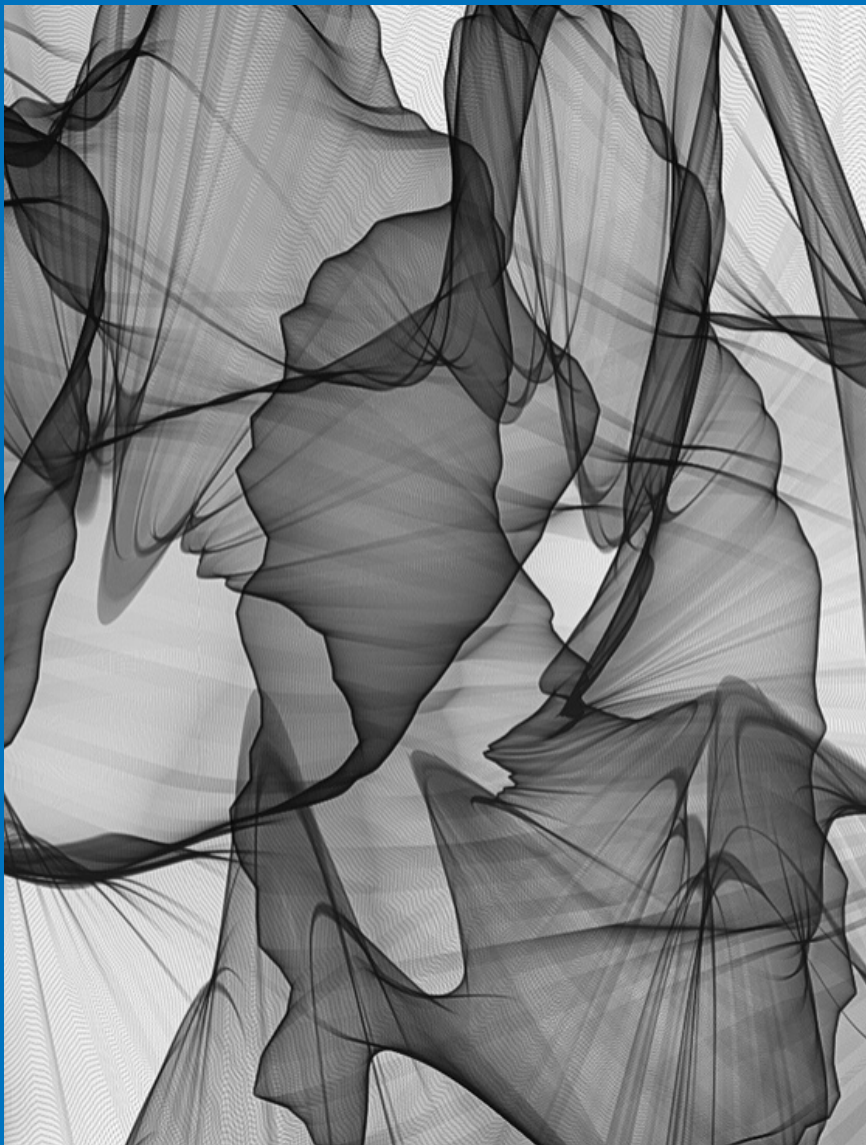


RESET: 5 APPROACHES FOR BETTER RPO RELATIONSHIPS IN TODAY'S CHALLENGING MARKET

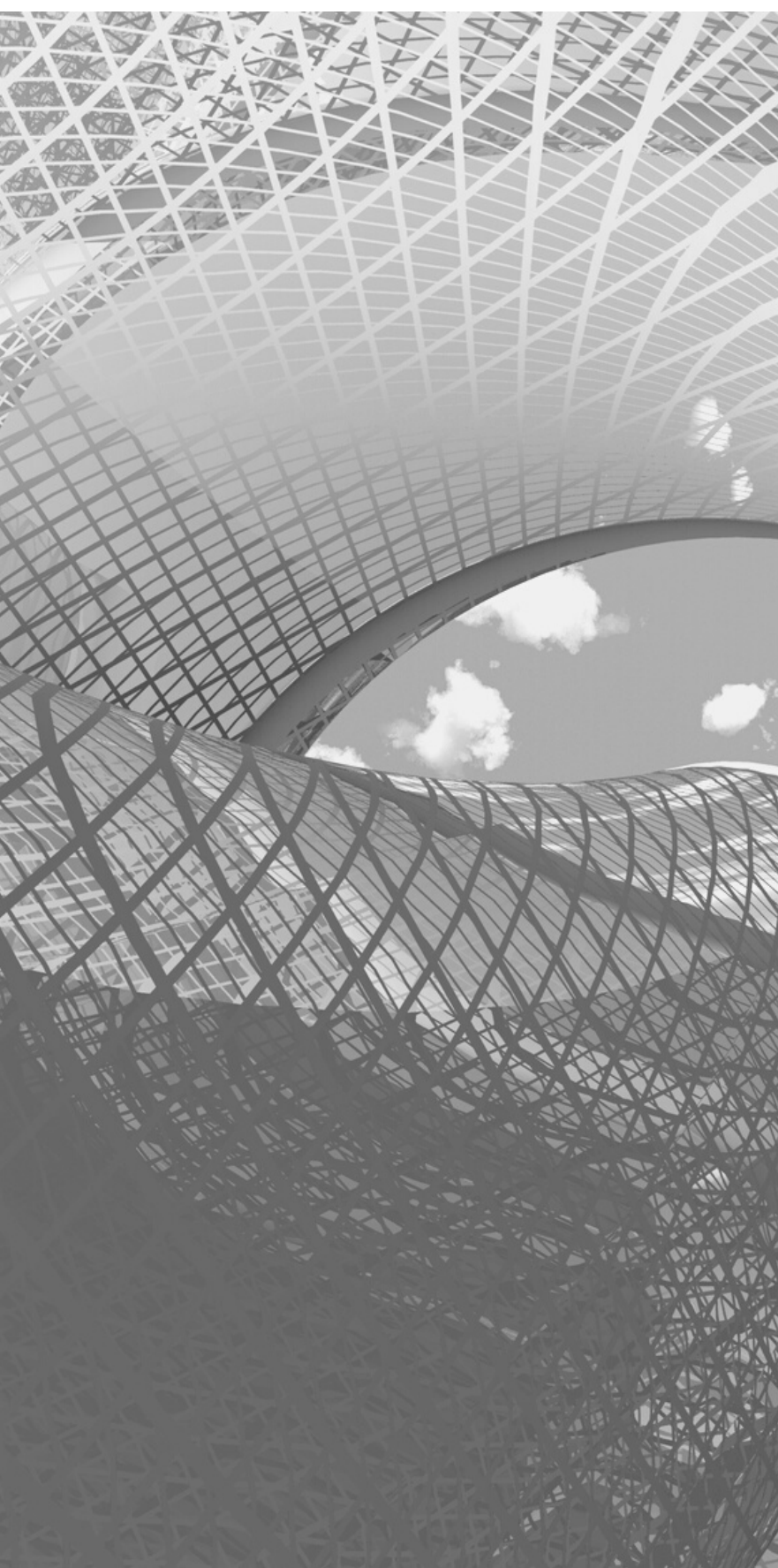
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SETTING THE STAGE

In August 2021, eleven RPO leaders representing more than 200 clients and 50,000+ hires a year met to explore the dynamics of the current market.

To ensure a balanced perspective, personal interviews were conducted with six talent and HR executives at firms ranging from 3,000 to 70,000+ employees to understand their priorities for their recruiting service provider partners. This report brings those two qualitative data sets together to paint a picture of what it takes to build a successful RPO relationship in today's market.



THE REALITIES TODAY

None of us can turn on the news or read a headline without hearing about the talent issues today. There are more job openings now than in early 2020, which was the previous record high for available jobs. To compound that, workforce participation is lagging, with some people holding off from re-entering the workforce due to safety and health concerns, requirements about in-person work, and other needs.

According to one source, there are about one million more job openings than people looking for work right now.

These macroeconomic factors are driving a hiring frenzy like we've never seen before, but other unique factors are also playing a part.

1 <https://www.wsj.com/articles/job-openings-are-at-record-highs-why-arent-unemployed-americans-filling-them-11625823021>

2 <https://www.cnn.com/2021/08/07/there-are-about-1-million-more-job-openings-than-people-looking-for-work.html>



COMPLICATING FACTORS

As if the current state of the market wasn't enough, other more specific and direct challenges exist. These contributing factors make hiring more difficult in the best of times, and they can make hiring an absolute chore in today's challenging environment. Below we explore five of these factors in more detail.



06

01

SPECIFIC COMPANY POLICIES

There's not a hotter topic right now than the discussion around remote, hybrid, and in-office work. Various research shows that a significant number of workers prefer something remote.

According to one talent executive, his team is now keeping track of the number of interviews that fall apart immediately after explaining that the expectation is that workers will be expected to return to the office "at some point in the future." For transparency's sake, it's more than half. In other words, a company policy is eliminating 50% of the qualified candidates that have been sourced and screened to some extent, which causes tremendous frustration and churn in the hiring funnel.

02

WAITING FOR MARKET CORRECTION ON COMPENSATION

There's a sense among some hiring managers, according to one RPO leader, that many hiring managers are holding their breath and waiting for things to "go back to normal." Salary inflation is very real, and it's happening because of simple supply and demand economics.

07

When the number of jobs exceeds the number of people, the candidates can demand more money, flexibility, time off, or whatever else they think is within reason. The U.S. saw this clearly over the last year in the housing market, with homes getting multiple offers and selling for more than their list price. If it can happen with homes, why can't it happen with talent?

03

OVERLY PRECISE SKILL REQUIREMENTS

A constant thorn for recruiters and RPO partners for years is the “perfect candidate” job requisition, which includes a dozen required skills and makes the job incredibly difficult to fill. In good times, it is possible to make that work, but we’re not hiring in those times today.

In the words of one leader with experience analyzing data to support talent acquisition teams, “Ten years ago, candidates were plentiful. I told everyone that they should hire the best person for the job right off the street. Today, candidates are scarce. We have to hire what we can find and expect to train and grow their skills.”

04

RELATIONSHIP ISSUES

When situations are challenging, it becomes more comfortable for hiring managers to step in closer to the work being done in an effort to manage it more efficiently.

08

The mild version of this leads to micromanagement, and the more serious version leads to overbearing, confrontational, and angry outbursts that draw recruiters away from their work at sourcing and screening talent and forces them to spend valuable time and energy on managing relationships and expectations. In the words of one talent executive, “I am fiercely protective of my recruiters’ time and focus. Those are finite resources.”

This often leads to escalations within RPO relationships and more serious conversations about how to achieve the organization’s hiring goals, but these can also devolve into argumentative debates about how recruiting activities should be accomplished.

05

RECRUITER TURNOVER

In all of these points, we see recruiting professionals operating in the center of a raging storm. Unreasonable demands, high pressure, and other factors are driving them to seek other opportunities.

To make things worse, technology firms are scooping up recruiters with lucrative offers that other firms can’t even begin to compete with, further exacerbating every challenge listed above. In more than one example, we’ve seen recruiting talent lured away from their long-time employers with raises ranging from 30% to 100% and more, and some of them are giving just one day’s notice to leave their position.



HOW TO STRENGTHEN THE RELATIONSHIP AND ACHIEVE BETTER OUTCOMES

It's easy to feel like employers are being squeezed between the demands of the business and a historically tight talent market. That's because they are. But it's important to remember that RPO partners are right there alongside the employers feeling the same pain and pressure.

In spite of all of these challenges, many employers are experiencing positive results as a result of their RPO partnerships. To that end, here are some key ways to maintain the relationship in the middle of challenging times based on suggestions from both sides of the aisle.

10

APPROACH 01

HEAD OF GLOBAL TALENT ACQUISITION FOR 30,000-PERSON
TECHNOLOGY INFRASTRUCTURE PROVIDER

“

Partner with us! Our success is also our hiring partner's success. In today's strange market, we're open to new ideas, innovation, and creative approaches. What used to work no longer works. I get that. But we can't just expect things to continue as they have been. We need to not be afraid to try new things.

”

APPROACH 02

PRESIDENT, RPO FIRM

“

We have two clients right now with similar needs. One of them sees the issues in the market, acknowledges their company policies that are limiting their talent pools, and adjusts their compensation to reflect the new expectations. The other is going through all of the same experiences, but their response is to turn to us as their hiring partner and say “What else are you doing to find talent for us?” If they are unwilling to change their approach, then they will not see significantly different results than they are already seeing.

Those clients that get the most out of our recruiting team are those that treat them like their own team members and communicate proactively. Those are both critical today.

”

APPROACH 03

VP OF TALENT ACQUISITION AND RETENTION FOR
GLOBAL FIRM WITH 70,000+ EMPLOYEES

“

I have had to lead discussions internally about the current state of the market, because even though it's in the news not all of our hiring leaders know the extent of it or how it applies directly to our industry or our jobs. Leading with real, relevant data brings other business leaders into the conversation and makes them part of the solution. If my hiring partner wanted to make me aware of these kinds of things with real data, that would help me to advocate for them with our other stakeholders.

”

APPROACH 04

DIRECTOR OF RECRUITING FOR SCIENCE AND RESEARCH FIRM WITH 3,000 STAFF GLOBALLY

“

We have had success with some of our hiring partners by lowering the “must have” requirements on some of our roles that are particularly hard to fill. The way we began was by posting them with the legacy requirements and counting the number of qualified candidates (if any). Then we reduced the requirements, reposted them, and allowed our hiring managers to see how this influx of candidates could open up new talent pools that they hadn’t considered before. While it puts some burden on us to train them after hiring, it also helps us to integrate them into our culture so they stay with us for a longer time.

”

APPROACH 05

SVP OF CLIENT DELIVERY AT RPO FIRM

“

We have used historical client and industry data to help tell this story and create better communication with clients. For instance, in the past our ratio for hires for a specific role was 20:1. Today, that number is 130:1. We have to go through more than four times as many candidates to find the one person that wants to do the job. From the outside it might not look like we're doing anything productive, but from our vantage point we are working furiously to fill the jobs that used to be easy.

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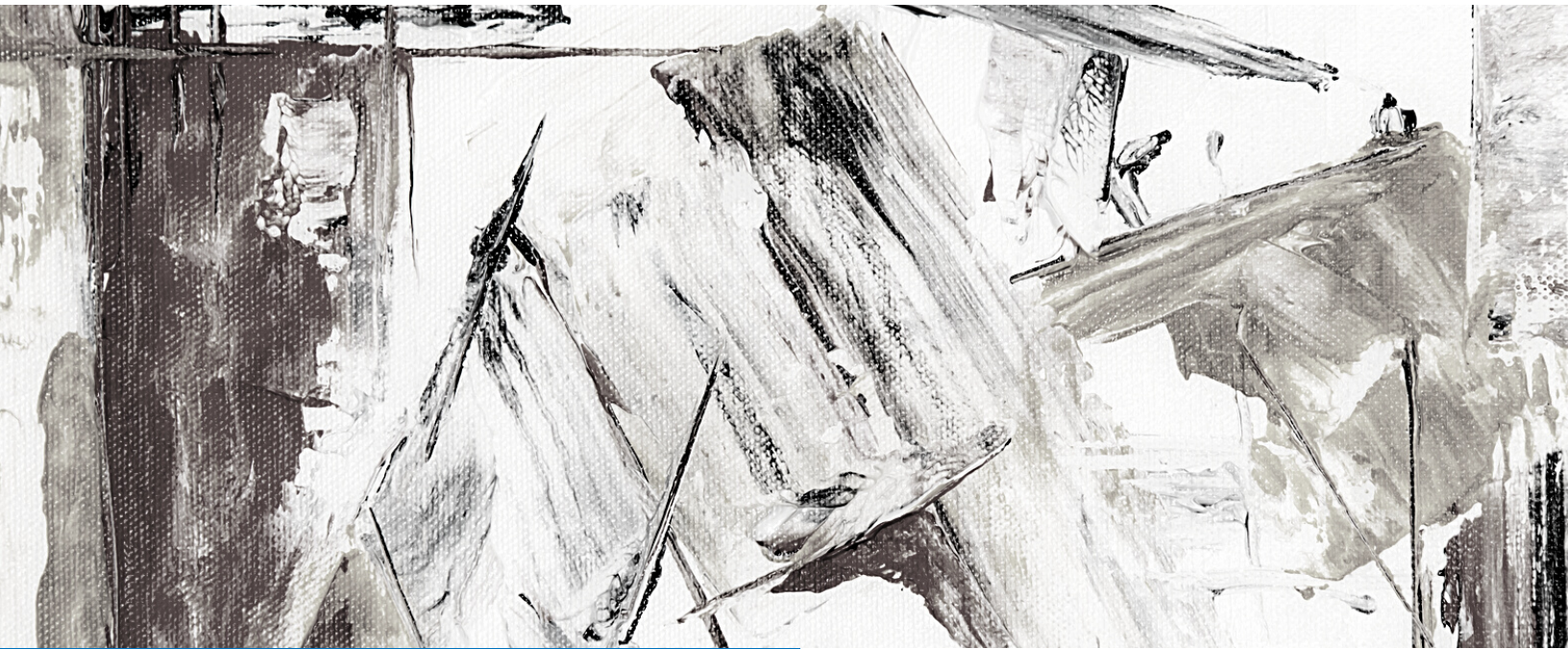
KEY TAKEAWAYS

IN THE PREVIOUS EXAMPLES AND COMMENTS, YOU CAN SEE SOME CLEAR THEMES THAT ARISE:

- Elevate the conversation and bring in other leaders, whether to understand what's happening or to make it clear what policies your business has (remote work, for example) that are limiting your ability to find and hire qualified candidates.
- Reset expectations: the market today is clearly different. In the past it was easier to post jobs and sift through applicants, but even hourly work is sometimes requiring direct, hands-on sourcing today. Thinking about innovative and unique approaches to hiring can help to expand the talent pool and increase candidate throughput.
- When elevating issues with hiring partners, ask for data. Ask for real, tangible information. That can serve as a foundation for critical discussions and indicate opportunities for prioritization or improvement.

In the end, there are many things that are completely out of control in the hiring market today. The things we do control are our attitude, our focus, and our willingness to innovate and explore new ideas for solving problems.

When this pendulum will swing back in the other direction, nobody can say for sure, but until then, we can work together as talent and RPO leaders to find the right people for the right roles at the right time. Coming together with mutual respect and a data-driven focus on outcomes always leads to better and more productive conversations, and this is never more true than when tensions are running high because of unprecedented pressures in the hiring market.



ABOUT RPOA

The Recruitment Process Outsourcing Association (RPOA) is a member-driven, mission-critical 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.

ABOUT LHRA

Lighthouse Research & Advisory is a modern, independent analyst firm dedicated to setting the standard for excellence in talent, learning, and HR with practical research and a hands-on approach. By providing compelling research and actionable insights, our team enables HR, learning, and talent leaders to deliver more value to the business. Our research examines competitive practices, cutting-edge technologies, and innovative strategies. Learn more at <https://lhra.io/>