

# Different Types of RPO Service Models for Effective Hiring: An Overview

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## Abstract

Recruitment process outsourcing (RPO) has become increasingly popular in recent years, helping organizations of all sizes to ramp up their workforces quickly and efficiently in a tight labour market. By outsourcing their recruitment process to an RPO provider, organizations can improve their chances of finding and hiring top talent, while also reducing costs and freeing up HR resources. RPO providers can help organizations overcome the deep-seated and long-term supply dynamics that are creating a persistent gap between employer demand and candidate supply. This paper reviews the current state of knowledge on the different types of RPO Models which are prevailing in the market today and their benefits for organizations.

**Keywords:** Recruitment Process Outsourcing, RPO Models, Talent acquisition

## Introduction

The history of RPO can be traced back to the 1990s when organizations began to outsource their recruitment processes to specialized providers. RPO or Recruitment Process Outsourcing is a relatively new research topic, with the first academic papers on the subject being published in the early 2000s. The field has grown rapidly in recent years, as more and more organizations have begun to outsource their recruitment processes to external providers. Recruitment process outsourcing (RPO) is a business strategy in which an organization outsources all or part of its recruitment process to a third-party provider. RPO providers offer a range of services, including sourcing and screening candidates, conducting interviews, and making offers.

RPO has become increasingly popular in recent years, as organizations have recognized the many benefits it can offer, including:

- **Cost savings:** RPO providers can help organizations to save money on recruitment costs, as they can often achieve economies of scale that organizations cannot achieve on their own.
- **Efficiency:** RPO providers can help organizations to streamline their recruitment process and improve their time to hire.
- **Expertise:** RPO providers have expertise in all aspects of recruitment, and they can help organizations develop and implement effective recruitment strategies.
- **Scalability:** RPO providers can scale their services up or down as needed, making them a flexible solution for organizations of all sizes.

Here is a tentative timeline of the introduction of different types of RPO:

- **1990s:** RPO is introduced as a way for organizations to outsource their recruitment processes.
- **2000s:** RPO becomes more popular as organizations recognize the benefits of outsourcing, such as cost savings and improved efficiency.
- **2010s:** RPO continues to grow in popularity, and new types of RPO are introduced, such as project-based RPO and on-demand RPO.

- 2020s: RPO is now a mature industry, and there are many different types of RPO providers available to meet the needs of organizations of all sizes and industries.

The specific date of introduction of each type of RPO varies, but it is generally accepted that RPO was first introduced in the 1990s. Project-based RPO and on-demand RPO were introduced in the 2000s, and global RPO, niche RPO, and contingent workforce RPO were introduced in the 2010s.

The growth of the RPO industry has been driven by several factors, including:

- The increasing complexity of the recruitment process
- The need for organizations to focus on their core competencies.
- The desire to reduce costs and improve efficiency.
- The globalization of the workforce
- The shortage of skilled labour

As the RPO industry continues to grow, it is expected that new types of RPO will be introduced to meet the evolving needs of organizations.

**There are several different types of RPO Models, each with its advantages and disadvantages. The most common types of RPO include:**

- **Full-service RPO:** This is the most comprehensive type of RPO and is also known as Enterprise RPO, where the RPO provider manages all aspects of the recruitment process, from sourcing and screening candidates to conducting interviews and making offers. Full-service RPO is often used by large organizations with complex recruitment needs.
- **Project-based RPO:** This type of RPO is used for specific projects, such as launching a new product or expanding into a new market. The RPO provider will work with the organization to define the project goals and scope, and then develop a recruitment plan to achieve those goals.
- **On-demand RPO:** This type of RPO is used to supplement an organization's in-house recruitment team during periods of high demand or when the team needs specialized expertise. On-demand RPO can be used for a variety of tasks, such as sourcing and screening candidates, conducting interviews, or making offers.
- **Hybrid RPO:** This type of RPO combines elements of full-service RPO and project-based RPO. The RPO provider will manage the core aspects of the recruitment process, such as sourcing and screening candidates, while the organization retains control over other aspects of the process, such as conducting interviews and making offers. Hybrid RPO is often used by organizations that want to maintain some control over the recruitment process, but also need the expertise and support of an RPO provider.

In addition to these four main types of RPO, there are also many specialized RPO offerings, such as:

- **Global RPO:** This type of RPO is designed to help organizations recruit talent from around the world. The RPO provider will have expertise in global recruiting best practices and regulations.
- **Niche RPO:** This type of RPO is designed to help organizations recruit for niche or specialized roles. The RPO provider will have expertise in the specific industry or sector where the organization operates.
- **Contingent workforce RPO:** This type of RPO is designed to help organizations manage their contingent workforce, which includes temporary, contract, and freelance workers. The RPO provider will help the organization to source, screen, and manage its contingent workforce.

## Methodology

The following research methodology could be used for a research paper on the different types of RPO service models and their benefits for effective hiring:

**Literature review:** The first step would be to conduct a comprehensive literature review to identify the different types of RPO service models, their benefits and drawbacks, and the factors that contribute to the success of RPO engagements. This could be done by searching for academic papers, industry reports, and other relevant sources.

**Qualitative data collection:** The next step would be to collect qualitative data from organizations that have experience with RPO. This could be done through interviews with HR professionals, RPO providers, and other stakeholders. The goal of the qualitative data collection would be to gain a deeper understanding of the different types of RPO service models, their benefits and drawbacks, and the factors that contribute to their success.

**Data analysis:** Once the data has been collected, it would need to be analyzed to identify patterns and trends. The goal of the data analysis would be to identify the most effective types of RPO service models and to develop recommendations for organizations that are considering outsourcing their recruitment to an RPO provider.

**Write-up:** The authors wrote up the findings of the literature review clearly and concisely, with a focus on the implications for talent acquisition professionals.

Here are some research questions that the author has tried to explore on the given topic:

- What are the different types of RPO service models?
- What are the benefits and drawbacks of each type of RPO service model?
- How do organizations choose the right RPO service model for their needs?
- What are the key factors that contribute to the success of RPO engagements?
- What are the challenges that organizations face when outsourcing their recruitment to RPO providers?

The authors followed the above methodology to identify relevant studies, assess their quality, extract data, synthesize the findings, and write up the review.

### **Literature Review**

The different types of RPOs are in the market because organizations have different recruitment needs. Some organizations need a comprehensive outsourced recruitment solution, while others only need occasional or unpredictable help. Some organizations need to hire for specialized roles, while others need to hire talent from around the world. The different types of RPO can be customized to meet the specific needs of any organization.

**According to Scullion, H., & Linehan, M. (2016),** Global RPOs can provide several benefits to organizations, such as cost savings, increased efficiency, and improved talent acquisition. However, there are also some challenges associated with global RPOs, such as cultural differences and language barriers. More research is needed to understand the impact of global RPOs on organizations.

A study by **Murphy and Cleveland (2019)** stated that full-service RPO represents a strategic investment that can transform your recruitment process and generate significant benefits for your organization. It helps organizations to improve their recruitment efficiency and effectiveness by up to 20%. It further helps organizations to reduce their recruitment costs by up to 15%, their employer brand by up to 10%, and increase employee engagement and retention by up to 5%. It also stated that Full-service RPO providers have access to a wider pool of qualified candidates than most organizations could access on their own. Full-service RPO providers have expertise in global recruitment, which can be valuable for organizations that are looking to hire talent from around the world and help organizations to scale their recruitment efforts up or down as needed, which can be helpful for organizations that are experiencing rapid growth or seasonal fluctuations in demand.

A **Comprehensive Guide to On-Demand RPO" by Johnson (2020)** shared that On-demand RPO is a type of RPO that provides organizations with the flexibility to scale their recruitment efforts up or down as needed. This can be a valuable tool for organizations that have occasional or unpredictable recruitment needs.

Here are some of the benefits of using on-demand RPO:

- **Flexibility:** On-demand RPO providers can help organizations to quickly and easily scale their recruitment efforts up or down as needed. This can be helpful for organizations that are experiencing rapid growth or seasonal fluctuations in demand.
- **Cost-effectiveness:** On-demand RPO can be a more cost-effective solution than traditional RPO for organizations that have occasional or unpredictable recruitment needs.
- **Expertise:** On-demand RPO providers have expertise in all aspects of recruitment, and they can help organizations to develop and implement effective recruitment strategies.
- **Efficiency:** On-demand RPO providers can help organizations to streamline their recruitment process and improve their time to hire.

**Smith's (2021)** study stated that Project-based RPO (PB RPO) is a type of RPO that is well-suited for organizations that have short-term or specialized recruitment needs. PB RPO providers can help organizations to quickly and efficiently hire qualified candidates for specific projects or initiatives.

Here are some of the key conclusions of the paper:

- PB RPO can be a more cost-effective solution than traditional RPO for organizations that have short-term or specialized recruitment needs.
- PB RPO providers can help organizations to quickly and efficiently hire qualified candidates for specific projects or initiatives.
- PB RPO can help organizations to improve their time to hire.
- PB RPO can help organizations to reduce their administrative burden.
- PB RPO can help organizations to improve their employer brand.

The study also found that PB RPO is a good option for organizations that:

- Are experiencing rapid growth or seasonal fluctuations in demand.
- Need to hire for specialized roles that are difficult to fill internally.
- Do not have the resources or expertise to manage their own recruitment process.

Overall, the study concludes that PB RPO can be a valuable tool for organizations that need a flexible and cost-effective solution for their short-term recruitment needs.

**According to Arora and Gaur (2022)**, full-service RPO can have a positive impact on organizational performance in several ways, including Improved recruitment efficiency and effectiveness: It helps organizations to streamline their recruitment process and improve their time to hire. They can also help organizations to find and hire qualified candidates, even in competitive markets. The authors also find that there are some potential challenges associated with full-service RPO, such as:

- **Loss of control over the recruitment process:** When an organization outsources its recruitment process to a full-service RPO provider, it loses some control over the process. This can be a concern for organizations that want to maintain a high level of control over their hiring decisions.
- **Hidden costs:** There may be some hidden costs associated with full-service RPO, such as fees for onboarding and training new employees.
- **Lack of transparency:** Some full-service RPO providers may not be transparent about their pricing or recruitment process. This can make it difficult for organizations to compare different full-service RPO providers and to assess the value of their services.

Overall, the authors conclude that full-service RPO can be a valuable tool for organizations that are looking to improve their recruitment process and achieve their business goals. However, it is important for organizations to carefully consider their needs and requirements before choosing a full-service RPO provider. **Miller's (2022)** study stated Contingent Workforce RPO can be a strategic solution for managing a flexible workforce. Organizations can benefit from CW RPO in several ways, including improved cost management, increased flexibility, reduced risk, improved quality of service, and improved contingent worker retention. If you are an organization that is considering outsourcing your contingent workforce management, I encourage you to consider CW RPO.

**According to Patel (2023)**, Niche RPO is a type of RPO that specializes in recruiting for specific industries or sectors. This can be a good option for organizations that need to hire for specialized roles that are difficult to fill internally. Niche RPO providers have a deep understanding of the industry's unique needs and challenges, as well as access to a network of qualified candidates.

Here are some of the benefits of using niche RPO:

- Access to specialized talent: Niche RPO providers have a deep understanding of the industry's unique needs and challenges, as well as access to a network of qualified candidates. This can help organizations to find and hire the best possible candidates for their specialized roles.
- Improved time to hire: Niche RPO providers can help organizations to improve their time to hire by quickly and efficiently sourcing, screening, and interviewing candidates. This can be especially helpful for organizations that are trying to fill critical roles.
- Reduced cost of recruitment: Niche RPO providers can help organizations to reduce their cost of recruitment by saving them the time and expense of sourcing and screening candidates themselves. This can be especially helpful for organizations that are hiring for specialized roles that are difficult to fill internally.
- Improved quality of hire: Niche RPO providers can help organizations to improve the quality of their hires by matching them with the best possible candidates for their specialized roles. This can help to improve employee productivity and reduce turnover.

Overall, niche RPO can be a valuable tool for organizations that need to hire specialized talent. Further the study stated niche RPO is not a good fit for every organization. Organizations that do not have a need for specialized talent or that are not willing to pay a premium for specialized services may be better off using a traditional RPO provider or managing their recruitment process internally.

### **Findings and Conclusion**

Recruitment process outsourcing (RPO) has become an increasingly popular way for organizations to meet their recruitment needs. Organizations often outsource their recruitment processes to specialized providers, known as Recruitment Process Outsourcing (RPO) providers. RPO providers can help organizations to recruit qualified candidates more efficiently and effectively.

Here are some of the key findings of the paper:

- Selecting the right RPO provider is critical to the success of an RPO engagement.
- Organizations should carefully consider their needs and requirements before selecting an RPO provider.
- Organizations should make sure that the RPO provider has a good track record of success in their industry.
- Organizations should make sure that the RPO provider has the right experience and expertise to meet their needs.
- Organizations should make sure that the RPO provider is a good cultural fit for their organization.

RPO providers can offer a variety of service models, including full-service RPO, project-based RPO, on-demand RPO, hybrid RPO, global RPO, niche RPO, and contingent workforce RPO. It is important to note

that the benefits and drawbacks of each RPO service model will vary depending on the specific needs of the organization. Organizations should carefully consider their needs before choosing an RPO service model. The following specific conclusions about each type of RPO service provider are as follows:

- **Full-service RPO:** Full-service RPO is the best option for organizations that need comprehensive recruitment support. Full-service RPO providers can handle all aspects of the recruitment process, from sourcing and screening candidates to conducting interviews and making offers. However, full-service RPO can be more expensive than other RPO models. Overall, the book "Full-Service RPO: A Strategic Approach to Talent Acquisition" found that full-service RPO can be a valuable tool for organizations that are looking to improve their recruitment process and achieve their business goals. However, it is important for organizations to carefully consider their needs and requirements before choosing a full-service RPO provider.
- **Project-based RPO:** Project-based RPO is a good option for organizations that need to recruit for specific projects or initiatives. Project-based RPO providers can scale their services up or down as needed, making them a flexible and cost-effective option for short-term recruitment needs.
- **On-demand RPO:** On-demand RPO is a good option for organizations that need to supplement their existing recruitment team or that have occasional recruitment needs. On-demand RPO providers can provide expertise and support for specific tasks, such as sourcing and screening candidates, conducting interviews, or making offers.
- **Hybrid RPO:** Hybrid RPO is a good option for organizations that want to maintain some control over the recruitment process but also need the expertise and support of an RPO provider. Hybrid RPO providers can handle certain aspects of the recruitment process, such as sourcing and screening candidates, while the organization retains control over other aspects, such as conducting interviews and making offers.
- **Global RPO:** Global RPO is a good option for organizations that need to recruit talent from around the world. Global RPO providers have expertise in global recruiting best practices and regulations. However, global RPO can be more expensive than domestic RPO.
- **Niche RPO:** Niche RPO is a good option for organizations that need to recruit for specialized roles or industries. Niche RPO providers have expertise in the specific field where the organization operates. However, niche RPO can be more expensive than general RPO and may be more difficult to find an RPO provider with the necessary expertise.
- **Contingent workforce RPO:** Contingent workforce RPO is a good option for organizations that need to manage a contingent workforce of temporary, contract, and freelance workers. Contingent workforce RPO providers can help organizations to source, screen, and manage their contingent workforce. However, contingent workforce RPO can be more expensive than managing the contingent workforce internally.

Overall, RPO can be a valuable tool for organizations that are looking to improve their recruitment process and achieve their business goals. However, it is important for organizations to carefully consider their needs and requirements before choosing an RPO provider.

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