Increasing Talent Gap Propels Faster, Wider, Deeper Growth in Recruitment Process Outsourcing Market—Everest Group

As enterprises face unprecedented talent acquisition challenges, recruitment process outsourcing soars as one of the fastest growing outsourcing markets in the world, growing at over 15% for the past four years.

DALLAS (PRWEB) September 05, 2019 -- The Recruitment Process Outsourcing (RPO) market is one of the fastest growing outsourcing segments today, with 20% growth in 2018 and consistent double-digit growth over the past four years, according to Everest Group.

There is a massive talent supply-and-demand gap in almost all major economies across the world, which is forcing enterprises to go the RPO route for their permanent talent needs. This not only has given a significant push to RPO adoption but also is altering the dynamics of the RPO industry.

Overall, the RPO market is:
Accelerating: There is a huge influx of new RPO deals in the market and increased adoption in emerging geographies with above-average growth in even the mature regions. We also have witnessed continuous growth in multi-country RPO (MCRPO) deals as enterprises look to further scale their RPO initiatives.

Widening: The RPO market is expanding its horizons owing to:
- Increased adoption from small and mid-market enterprises and buyers from newer industries. Banking, Financial Services and Insurance (BFSI), manufacturing, and hi-tech and telecom are the traditional and biggest adopters of RPO; however, with RPO service providers developing industry-specific capabilities, new industries, especially healthcare and retail, are witnessing a high increase in their adoption.
- New offerings such as Total Talent Acquisition (TTA) and high-volume low cost RPO. Enterprises are gradually resorting to TTA to manage both their permanent and contingent talent needs “under one roof” in light of the cost, operational and strategic advantages that TTA model has to offer. Another innovative offering is high-volume low-cost RPO, a technology-intensive approach to helping enterprises that require relatively less skilled manpower with high scalability and agility at significantly low prices.

Deepening: As the RPO market is maturing and becoming more sophisticated, buyers are looking for additional value in different areas of their RPO engagements. Service providers are responding with:
- Consulting capabilities such as reskilling and training, outplacement and “best fit” consulting.
- Value-added services such as employment branding, talent communities, workforce planning and career transition services.
- New service-level agreements that measure outcomes and associate rewards and penalties with those metrics.
- Digital solutions. RPO service providers are increasingly investing in next-generation technologies—such as analytics, artificial intelligence (AI), blockchain and robotic process automation (RPA)—to create valuable insights, additional increase in efficiencies, cost reductions and superior experience for both candidates and hiring managers.

“Enterprises today are facing unprecedented challenges in talent acquisition,” said Vishal Gupta, practice director at Everest Group. “Enterprise pain points include forecasting workforce requirements, adapting to the changing nature and demands of the candidate base, developing effective branding, and responding to rapid developments in technology. The RPO market is expanding rapidly as RPO service providers are seizing the opportunity to help enterprises meet recruitment challenges with industry-specific expertise, innovative offerings, next-gen technologies, and a willingness to put more skin in the game with metric-driven service
level agreements.”

These and other research findings are explored in much greater detail in a recently published Everest Group report: “Recruitment Process Outsourcing (RPO) Annual Report 2019: Steering 3D Growth on the Tides of Talent Shortage.” This research provides a comprehensive coverage of the market across dimensions such as market overview, regional overview, adoption trends, total talent acquisition, value-added services and capabilities, and digital in recruitment.

***Download a complimentary 10-page abstract of the report here.***

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