The rationale and effectiveness of recruitment outsourcing

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ABSTRACT
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THE RATIONALE AND EFFECTIVENESS OF RECRUITMENT OUTSOURCING

The purpose of this thesis is to evaluate the rationale and effectiveness of recruitment process outsourcing. In the past these processes have been studied mostly with case studies evaluating recruitment outsourcing of a specific organization. This thesis however, will take a cross-industry focus in order to evaluate these issues on a more comprehensible and broad scale.

The research process is guided with research questions, the purpose of which is to evaluate distinct issues related to recruitment process outsourcing. These include identifying the factors that form the rationale for outsourcing processes and what kind of issues affect their effectiveness. Moreover, two common recruitment outsourcing scenarios, international recruitment and technical recruitment, are analyzed in depth.

In order to critically evaluate these issues and answer the research questions, a theoretical framework was constructed based on primarily three of the most relevant streams of academic literature: (1) recruitment, (2) human resources outsourcing, and (3) recruitment outsourcing. This was then complemented with supportive literature on change management, talent management, and strategic human resources management that relate closely to the recruitment outsourcing processes.

The findings of the present study were collected using a mixed-method approach combining qualitative and quantitative data. First an industry expert was interviewed in order to gain practical knowledge about the subject. This was followed by an extensive quantitative survey with a pool of respondents consisting of Finnish human resources professionals from different organizations. The response rate was approximately 7.5% with 225 respondents completing the survey. Consequently, the sample size was significant enough to be used for a cross-industry analysis.

The key findings were that issues including international recruitment and technical recruitment might both provide a rationale and affect the effectiveness of recruitment outsourcing activities. Moreover, there was strong indication that only certain stages of the overall recruitment process are suitable for outsourcing. For example, processing the application material is ideal for outsourcing, whereas primary interviews should be conducted in-house based on the sample. All findings retained the desired cross-industry approach, as the sample was not limited to any firm context thus making the conclusions applicable to various different business cases. Fundamentally, the broad focus made this a unique outlook to the underlying themes affecting the recruitment outsourcing processes.

Keywords: Recruitment outsourcing, human resources outsourcing, recruitment, mixed-method research, strategic human resources management

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THE RATIONALE AND EFFECTIVENESS OF RECRUITMENT OUTSOURCING

Tämän pro gradu-tutkimuksen tavoitteena on arvioida rekrytoinnin ulkoistamiseen johtavia syitä sekä sen tehokkuuteen vaikuttavia tekijöitä. Aikaisemmat tutkimukset aiheesta ovat olleet lähinnä tapaustutkimuksia keskittyen nimettyjen organisaatioiden ulkoistamistoimintoihin. Tämä tutkimus puolestaan tarkastelee rekrytoinnin ulkoistamista laajemmasta näkökulmasta.

Tutkimuksen tavoitteena oli selvittää rekrytoinnin ulkoistamiseen liittyviä tekijöitä. Tärkeimpiin tutkittaviin teemoihin kuuluivat ulkoistamispäätöksen syiden selvittely sekä rekrytointiprosessin tehokkuuden arviointi. Sen lisäksi sekä kansainvälinen rekrytointi, että teknisen henkilöstön rekrytointi analysoitiin tarkemmin.

Tutkimustavoitteiden saavuttamiseksi luotiin teoreettinen viitekehys, joka pohjautui kolmeen rekrytoinnin ulkoistamisen kannalta merkittävään tutkimussuuntaan: (1) rekrytointiin, (2) henkilöstöhallinnon ulkoistamiseen, ja (3) rekrytoinnin ulkoistamiseen. Tutkimustavoitteiden tukena kirjallisuuskatsauksessa tarkastellaan myös muutosjohtamista, kykyjen johtamista sekä strategisen henkilöstöhallinnon johtamista.

Tutkimus perustui sekä kvalitatiiviseen, että kvantitatiiviseen aineistoon, jota analysoitiin niin laadullisesti, kuin määrällisestikin. Ensimmäisessä tutkimusvaiheessa haastateltiin rekrytoinnin ulkoistamisen erityisosaajaa. Seuraavaksi haastattelusta saatuja tuloksia täydennettiin laajalla kvantitatiivisella kyselytutkimuksella. Kyselytutkimukseen vastasi 225 henkilöstöhallinnon ammattilaista lukuisista eri organisaatioista, vastausprosentin ollessa noin 7.5. Näin ollen kerätty aineisto oli riittävän monipuolinen ja kattava, täyttäen tutkimussuunnan sille asettamat vaatimukset.

Tutkimustulokset vahvistivat oletuksen, jonka mukaan kansainvälinen rekrytointi ja teknisen henkilöstön rekrytointi luovat vahvat perusteet rekrytoinnin ulkoistamiselle ja vaikuttavat positiivisesti sen tehokkuuteen. Tulokset viittasivat myös vahvasti siihen, että rekrytoinnin ulkoistaminen soveltuu paremmin tiettyyn osaan rekrytointiprosessia. Esimerkiksi hakemusmateriaalin käsittely oli tulosten perusteella tehokkaammin ulkoistettava prosessin osa kuin varsinaiset haastattelut. Aiempia tutkimuksia laaja-alaisempi lähestymistapa ja kattava otos tekevät tästä tutkimuksesta ainutlaatuisen katsauksen rekrytoinnin ulkoistamisprosesseihin.

Avainsanat: rekrytoinnin ulkoistaminen, henkilöstöhallinnon ulkoistaminen, rekrytointi, mixed-method –tutkimus, strateginen henkilöstöhallinnon johtaminen

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1   INTRODUCTION

The modern global business environment has had a great impact on business practices during the last few decades. Production practices, service structures, and organizational frames have been dramatically changed as technology and markets have evolved. One phenomenon that has emerged is business process outsourcing. Firms have started to let go of their traditional in-house processes such as payroll and other HR functions. This master's thesis looks into one very specific issue within this category: recruitment process outsourcing.

1.1 The concept of recruitment outsourcing

The umbrella concept of recruitment process outsourcing, or human resources outsourcing, emerged in the 1990s. There is no conclusive reason why such a strategy emerged at that specific time, but it is worth assuming that it had to do with the increase in overall outsourcing activities current then. The definition of human resources outsourcing by Alewell, Hauff, Thommes and Weiland (2009) is well in line with the one utilized in this thesis. They state that outsourcing *'provides an external, market-based alternative to internal procurement of HR functions and HRM,'* and is an excellent way of defining the core characteristics of such services. As opposed to human resources outsourcing, recruitment outsourcing as a subject is of much more recent origin. The earliest academic articles concerning it are from around the mid-2000s. Due to its short history, recruitment process outsourcing has not been extensively researched.

 Recruitment is often considered a vital process for any company, if not a potential source of competitive advantage. It deals directly with the current and future employees of the firm and is one of the core HR functions. Looking into the question of why firms are willing to let go of this process and what type of efficiencies can engaging in outsourcing activities bring to them, is the core theme of this thesis.

1.2 Research objective and research gap

The fundamental goal of this research is to analyze the rationale and effectiveness of recruitment outsourcing as a viable strategy for modern companies. The underlying question is to analyze what firms gain from this practice and how do their existing employees, especially HR departments, feel about it. Moreover, the research will focus on recruitment outsourcing issues stage-specifically and evaluate the variations in the effectiveness of this method throughout the recruitment process.

While there is some existing research on recruitment outsourcing, even with similar outlooks on opinions and perceptions (see e.g. Ume-Amen, 2010), there are no studies with a cross-industry level focus. Usually recruitment outsourcing is studied with a firm-specific approach resembling a case study. This research should provide a unique outlook on this very current phenomenon without being limited by existing or planned company strategies. The recipients of the survey answered it on the basis of their individual opinions only to ensure that this focus is retained. Optimally, this thesis should create an effective outlook on the issue of recruitment outsourcing and its impact on firms operating in Finland.

Furthermore, it can be assumed that there are some circumstantial and process-specific factors that may have an effect on the effectiveness of recruitment outsourcing. While these themes can be present in individual case studies on recruitment outsourcing, they have not been evaluated as a set of rationales behind recruitment outsourcing. Research on past recruitment outsourcing or human resources outsourcing has neither identified the most important recruitment themes and scenarios nor linked them to the empirical perceptional analysis.

Altogether, utilizing cross-industry level perceptive data to identify general rationales for recruitment outsourcing and see what type of core factors influence the effectiveness of these processes is a unique approach to this subject. Moreover, this type of focus will enable effective use of complementary research to guide the research process as it progresses.

1.3 Research questions

For the purpose of guiding the research and creating a more specified focus on the research objectives, two research questions were developed and processed. These questions are constructed specifically to focus on the issues identified in the presentation of the research objectives and gap. A look into the concept of recruitment outsourcing, whether it is based on academic literature, professional discussion, or by looking into job postings and advertisements, reveals various reasons for recruitment outsourcing. The literature provides a great deal of process-related perceptions and general discussion and applicable data from topics such as human resources outsourcing, but lacks a basic rationale for the process itself. The research questions below were developed for the sole purpose of analyzing the various rationales that guide the recruitment outsourcing processes and serve as measures for analyzing them. Also, special themes and recruitment scenarios will be incorporated into the research questions.

As stated above, the thesis will be based on and guided by two research questions. The first refers to the grander theme of this research and second highlights the additional focus placed on the supportive themes. The first research question is as follows:

> *RQ1: What is the rationale behind recruitment outsourcing and does its effectiveness vary in different stages of the overall recruitment process?*

As explained before, the rationale and effectiveness will be discussed and evaluated at a cross-industry level. Looking firm-specific issues surrounding the theme of recruitment outsourcing is not a subject of focus. This initial research question acts as a guiding tool for the thesis. The secondary research question, which has to do with the special themes of recruitment outsourcing, is the following:

> *RQ2: Is the effectiveness of recruitment outsourcing increased when dealing with specialized recruitment processes (international recruitment/technical recruitment)?*

The overall goal of this question is to see what types of effect various special circumstances have on recruitment outsourcing. International recruitment and technical recruitment should be relevant examples for this evaluation.

1.4 Proposed structure of the research

The research will be driven by the development of theoretical framework. This model will be constructed so that recruitment outsourcing can be evaluated on the basis of the individual stages of the overall recruitment process. The idea is to be able to provide a framework that can be applied to all outsourced recruitment processes regardless of their depth of outsourcing (i.e. only recruitment systems are outsourced). For this purpose, certain success factors are to be mapped on the basis of which the analysis will be developed.

The empirical section will be conducted with a mixed-method approach. First, an elaborative personal interview will be conducted with an industry expert to see how well issues from the literature are linked to practical ones. This will be followed up by an extensive quantitative survey conducted in cooperation with Henry ry, a Finnish association of HR professionals from various backgrounds. The focus of the quantitative survey will be on the personal-level opinions and perceptions of these people.

Additional themes that will be studied are two special characteristics of recruitment outsourcing, namely international recruitment and technical recruitment. Testing these concepts with the target audience should increase the applicability of this research to firms with international operations.

2   LITERATURE REVIEW

2.1 Relevant streams of literature

The starting point of the theoretical part of this thesis is to identify the most important sources for models and frameworks that are linked to the concept of recruitment outsourcing. The most relevant streams of academic literature, for the purpose of the literature review can be divided into primary and secondary streams. The primary ones are used as the basis for most of the analysis, whereas the secondary themes take a more thematic approach to the recruitment outsourcing and to the phenomena linked with it. These secondary streams take a more supportive role, acting more as an explanatory set of information about some of the underlying themes related to recruitment outsourcing and its effects.

2.1.1 Primary streams

In order to be able to critically evaluate recruitment outsourcing and the decision-making behind it, an extensive amount of existing literature has to be reviewed. Essentially, the recruitment process outsourcing (RPO) literature forms the fundamental part of this analysis. There is a sufficient amount of current research on the subject (i.e. Hauser, 2011) some of which is easily applicable to this research. Recurring themes in this stream of literature are the outsourcing decisions and their rationales (Legget, 2007) and the general benefit that may be acquired from the process, as evaluated by authors like Cappello and Constance (2011). As the core themes of RPO above would suggest, the previous research and discussion about this subject has mostly taken a problem-specific and strong case-study focus. Consequently, in order to see the more basic level of this process, it is beneficial to incorporate some theory from the more established categories of academic literature that deal with topics related to RPO.

Fundamentally, recruitment process outsourcing is a human resources function that deals with recruitment. Therefore, in order to see the elements out of which RPO is constructed, evaluation of human resources outsourcing (HRO) and recruitment on a more general level can be very beneficial for the quality of this research. HRO has been widely researched in the academic literature. As opposed to RPO, which is a more current phenomenon, the emergence of HRO dates back to the 1990s, when this trend started to become more and more common (Shen, 2005). Including HRO in the analysis may provide applicable insight on issues such as utilizing consultants in HRO (Sheehan, Nelson & Holland, 2002) and motivational analysis (Lever, 19997), themes that may have not been under extensive analysis in a RPO context.

In addition to RPO and HRO, the last of the most relevant streams of literature that is to be analyzed on the individual level, is recruitment on a general level. Understanding all the peculiarities of this fundamental HR process is extremely important when drawing conclusions about the effectiveness of RPO. Recruitment is a topic that has been discussed over and over again for quite some time. Breaugh and Starke (2000) provide a good starting point by going through some of the existing theories related to recruitment, as well as pointing out their limitations. The emergence of social media and e-services has inspired a great deal of the modern studies on the subject (i.e. Singh & Narang, 2008; Doherty, 2010).

2.1.2 Supportive streams

Recruitment, whether outsourced or not, deals directly with talent management. The acquirement of talent is linked with the firm's core functions and understanding the impact that talent management may have on RPO is important for the purpose of this study. Also knowledge management plays a role to some extent and especially when combined with talent management, as described by Whelan & Carcary (2011), they form a clear supportive stream of literature.

Recruitment along with other HR functions may cause rather extensive organizational change as the firm stops providing these services in-house. Also, the fact that the future

employees will be selected on the basis of suggestions from a third party is in itself a major change. Consequently, dealing with issues related to change management may be beneficial to understand the short-term effects of RPO in particular.

Finally, the change agent and department of focus throughout outsourcing operations are the firm's human resources. Therefore, it is useful to briefly explain some of the departmental issues that this function has with regards to the themes of human resources outsourcing and recruitment outsourcing.

2.2 Recruitment

The role of recruitment theories in this research is to create a set of success factors related to evaluating the effectiveness and quality of different recruitment processes. This is a critical step towards forming a solid model that addresses the peculiarities of the recruitment process in a format that is beneficial for the purpose of assessing the findings of this research.

The fundamental goal for any recruitment process, whether outsourced or not, is to attain the best possible candidates for the right positions and as efficiently as possible (Armstrong, 2003: 395). This is the absolute starting point and agenda that firms are trying to achieve while planning their recruitment. Ground-level recruitment can be divided into the following three fundamental functions (ibid.):

1. Defining recruitments → 2. Attracting candidates → 3. Selecting Candidate
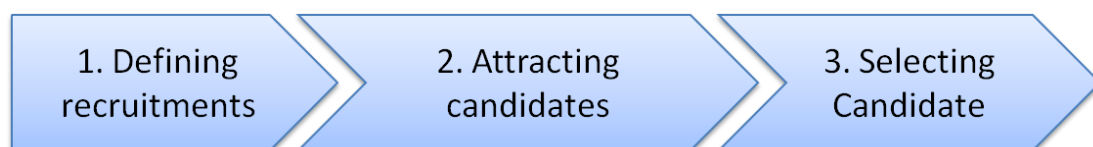
Figure 1: Recruitment functions (Armstrong, 2003: 395)

The first function has to do with the strategic-level planning of the recruitment process. Breaugh and Starke (2000: 408) have created a detailed model of this process. Essentially the starting point is (1) Recruitment Objectives, where issues such as cost of recruitment and pools of applicants are evaluated. This is followed by (2) Strategy

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Development and (3) Recruitment Activities, which ultimately deal with the timeliness of the overall process as well as with the distinct steps within it. (4) Intervening/Process Variables has to do with candidate qualities and the process ends at (5) Recruitment results and evaluation of the process.

Continuing on Armstrong's (2003: 395) model, the second function usually deals with marketing or advertising activities. However, Williamson et al. (2010) have identified one critical point in the process to be firm reputation, especially when utilizing recruitment web sites as an advertising channel. Issues such as employer branding and categorization are crucial when recruiting in web contests. Backhaus (2004) has evaluated these issues in the context of Monster.com, a recruitment web service, and distinguished the components out of which the firm's reputation is constructed. These include attributes, corporate social responsibility, customer orientation, climate, supportive environment, work family, advancement, challenging, compensation and location. Seeing firm attractiveness as a combination of stature within each of these categories is an effective way of evaluating the candidate attraction potential of a given firm. Another, more straightforward way of viewing this issue is evaluating the employer brand, which is composed of a mixture of conspicuousness, relevance and differentiation from competitors (Moroko & Uncles, 2008). Wang and Wang (2009) follow on the issue of employer brands, stating that during the recruitment process candidates are exposed to indirect marketing of that company's corporate culture, and thus of the employer brand of the company they are applying to. Furthermore, the importance of employer branding has been seen as a critical factor influencing applicant pool sizes and quality (Collins & Han, 2004), making it an issue that has to be addressed when evaluating recruitment processes. Furthermore, recruitment language may also cause issues between posting applications and portraying the state and nature of corporate language. For example, Heikkilä and Smale (2011) have discussed the issue of differences in language that is part of the employer brand and the one that is actually used in the everyday operations of a given corporation.

Out of these, the first two were firm-specific functions, but the third can be viewed as a dialogue between the recruiter and candidates. Yakubovich and Lup (2006) define this

as viewing the recruitment process as consisting of objective selection, subjective selection and self-selection. Furthermore, the authors point out, that even in a case where relatively advanced virtual recruitment systems are used, there is still an evident bottleneck at the selection stage. This is where HR personnel are required to use their time and effort for the sake of the success of the recruitment and the scarcity of this resource becomes evident.

The decomposition of the basic recruitment process above provides a good starting point for the future analysis of recruitment processes. Armstrong's initial model (2003: 395) complemented theories from the other authors mentioned above. It became clear that issues such as detailed recruitment process planning, employer brands, and selection processes are some of the critical success factors in a recruitment strategy.

Academic theories also provide a number of ready-made drafts of complete recruitment processes. While these are often case-specific, some of them are also applicable to situations beyond their original purpose. An example of such is the detailed recruitment process presented by Miaoulis, Stolz and Nicovich (2008) that was created for recruiting university faculty. It addresses issues relevant to all types of recruitment such as qualification assessment and process planning. The authors present the overall recruitment as follows:

1) Planning
2) Announcement
3) Application and Screening
4) Candidate Selection
5) Candidate Evaluation
6) Offer Phase

While this is again in line with the Armstrong's (2003: 395) more generalized framework and the theory that was applied to it previously in this thesis. It includes some more specific details. For example, the distinction between application and screening, candidate selection, and evaluation is beneficial in evaluating the overall

recruitment process. During these three phases of the process a different set of information of the applicant is available at different stages. As Miaoulis *et al.* (2008) go through the detailed process it is evident that at the starting point there is only written information from applications and CVs, which is complemented with more subjective information from interviews as well as acquired credentials. The amount of information that the recruiters have concerning their applicants clearly increases as the process proceeds.

Cook (2004: 283) provides six variables with which to evaluate the impact of the selection process. These can be used to see where the potential pitfalls lie in the overall process and provide further information for enhancing recruitment. These variables include the following: *(1) Validity, (2) Cost, (3) Practicality, (4) Generality, (5) Acceptability, and, (6) Legality.* Each tool in the overall selection/recruitment process may be analyzed and evaluated on the basis of these factors. For example, if a firm were to use assessment centers in their selection, that choice could be evaluated on the basis of number of acceptable candidates the firm was able to attain and at what cost. While this type of evaluation method can be viewed as somewhat superficial or even out of context, it is an effective way of decomposing the overall selection process to something that can be measured with a tool other than the traditional cost per hire.

2.2.1 E-recruitment

The internet is a medium through which an extensive pool of candidates can be reached with relative ease and limited capital (Armstrong, 2003: 406). Access to vast quantities of potential candidates is established through a mix of Internet-based services that are divided into three core categories: (1) job sites, (2) media sites, and (3) agency sites (ibid.). Singh and Narang (2008) have done an extensive analysis of the above-mentioned job sites and some of the qualities related to them. It is also worth stating that the early concepts of job sites and media sites are somewhat integrated into the category referred by the authors as job boards. These Internet service include global giants such as Monster.com and local services like Naukri in India. The reasoning why Armstrong's (2003) categories one and two are combined lies in the services that these

websites provide. As opposed to being limited to a blackboard of vacant jobs, these web services create extra value to both consumer and business by providing CV databases, search agents, classified listings, and even career planning (Singh & Narang, 2008). Yoon Kin Tong and Sivanand (2004) divide these services into the primary, secondary and auxiliary tools that these services provide to jobseekers. Primary tools have to do with the fundamental search and categorization features, secondary tools include CV management, niche information and career fairs, and auxiliary tools that are essentially newsletters. Altogether, it seems that firms can distinguish themselves from their competitors even when using these recruitment web services. Backhaus' (2004) theory supports this, as a tremendous number of different employer qualities were communicated through Monster.com in her analysis.

2.2.2 Social recruitment

Social recruitment is a relatively new phenomenon that has a lot in common with website-focused e-recruitment activities. Recently, the unstable economic climate has created cost pressure for firms to cut their operating expenses. Roughly during the same time, the emergence of social media enabled companies to reach younger employee candidates in particular at a very low cost (Doherty, 2010). Companies soon realized that the recruitment capabilities of social media were not limited to their use as a communicational channel; they also enabled firms to track a candidate's work history and networks accurately (ibid.).

On the other hand, people using social media are not only passive receivers of information. They also evaluate their potential employers through this channel, thus creating a need for firms to carefully plan and control what kind of corporate image is emitted through their social media presence (Gunderson Hunt, 2010). Active participation in social media is definitely mutually beneficial, both for employees and employers in terms of recruitment. Lavezzi and Meccheri (2009) even showed that people engaged in social networks, social media among them, are more likely to find new jobs more quickly if they become unemployed.

Combining the research of Doherty (2010) and Gunderson Hunt (2010) it can be seen that social recruitment culminates in a few core activities. Firstly, monitoring and engaging in the major social media with proper tools (i.e. Applicant Tracking System (ATS) in Twitter) and the most relevant blogs are probably the most important social recruitment functions. Secondly, a mix of supportive social recruitment tools such as Search Engine Optimization (SEO), social reputation monitoring and leveraging the social presence of brands can be used. Moreover, careful internal planning and controlling the external image of the company are important if a firm wishes to be successful in social recruiting.

2.2.3 International recruitment

In addition to media strategy and issues related to the applicant pool, and e-recruitment, and social recruitment, the international context appears to alter traditional recruitment processes. In existing theories, international recruitment refers mostly to the selection process of people for expatriate assignments, although it can deal with other issues such as host-location recruitment. This view is again well supported by Armstrong (2003: 96), who has identified some of the qualities that need to be assessed in selecting people for international assignments. These include factors such as cultural adaptability, compatible work history, family circumstances, and previous international experience. Moreover, these people are often sourced from within the firm, creating a need for internal career tracking systems that help in the search for potential candidates (ibid.).

Another way to look at international recruitment is to see it as process of selecting employees from the global pool of applicants without limiting the search to expatriates. Sparrow (2007) has explored this process with a multi-case study approach and identified the three levels of strategies that make international recruitment as effective as possible. These include the following:

1) Active recruitment strategies: targeting a specific group of candidates with appropriate channel selection.
2) Passive recruitment strategies: being a desirable choice for active job seekers.
3) Long term strategies: ensuring a firm's presence in the global job market.

As seen above, Sparrow's (2007) method is quite similar to traditional recruitment strategies conducted on the domestic level. Moreover, this can also be used as an alternative way of addressing a situation where there is a need for expatriates. Sparrow provides an alternative to the use of internal staff for expatriate assignments as presented by Armstrong (2003: 96): tapping straight into the host-country pool of applicants via international recruitment processes.

Caligiuiri, Lepak and Bonache (2010: 131) take a global perspective on a firm's international recruitment and selection processes. The authors state that there are three ways for a firm to conduct and plan its selection processes: (1) globally, (2) locally, or with (3) a hybrid approach. This refers to the processes and criteria used in selection processes. If they are to be guided with a global approach, the same guidelines apply to all selection operations conducted by the company. The local approach means tailoring the processes on the basis of location or subsidiary while the hybrid approach is a combination of these two. Moreover, this issue is strongly affected by cultural and operational issues. A good example of a suitable selection strategy might be a hybrid model where the selection criteria are determined by a combination of position-related qualities as well as cultural characteristics.

2.2.4 Internet assisted recruitment systems

The Internet's role in recruitment theory goes beyond additional channels and web-services. In addition to extensions to pools of applicants, web-based systems allow firms to acquire a set of efficiencies in recruitment processes. Cook (2004: 7) goes through some of these tools that firms can employ. Firstly, the transformation from paper to electronic format with regards to CVs, cover letters and other elements of the overall application makes the administrative processes less burdensome and permits

effective filtering. Even more cost-efficient recruitment can be achieved by using specialized software designed to scan CVs and other material for the most crucial information (i.e. language skills, university degrees or any other objective information). Furthermore, applicants are not as likely to be discriminated against on the basis ethnicity, gender or disabilities, as the prejudices of the recruitment staff are not built into the systems. Doing such task manually would take significantly less time than with such a system. Altogether, it can be said that significant cost-efficiencies are available by taking the initial stages of recruitment to the Internet.

However, there are also some disadvantages related to Internet-assisted recruitment. For example, in some markets the decision to use the Internet might cause a degree of discrimination in the pool of applicants as not all people are equally placed to access or use it. This issue is not only limited to the affluence of a given geographic location but is also affected by demographic factors such as age. A perhaps more outstanding issue is that while these systems provide a degree of increased efficiency, they do not necessarily make the screening of for example CVs more accurate. While some systems are more sophisticated than others, they all are essentially about searching for key words. This way of eliminating applications from the pool excludes the human perspective from the analysis, thus creating the potential for unfavorable results. (Cook, 2004: 7). For example, candidates with otherwise perfect qualifications might be eliminated for not having formally graduated, even though on a practical level they might have finished their studies and merely be waiting for the diploma.

2.3 Human Resources Outsourcing

In order to critically evaluate outsourcing processes in a strict recruitment context, certain background information needs to be provided. As recruitment outsourcing theory is not extensive enough to provide a sufficient depth of theory for the purpose of effective evaluation, human resources outsourcing theory must be used as a complementary measure. Moreover, this field of research focuses on these outsourcing practices on a more general level, thus creating ideal starting point by which more focused issues can be addressed.

Human Resources Outsourcing (HRO), or is a somewhat established concept which roots are in mostly in the 1990s. Shen (2005) has conducted an extensive study of the brief history of HRO (or BPO – Business Process Outsourcing) including both academic literature and also including industry statistics. Based on his analysis the author summarizes the five fundamental reasons for HRO:

> "… *major driving forces for HRO are saving costs, seeking better services, strategic concerns, transferring risks and saving trouble." (Shen, 2005: 280- 281)*

Moreover, Shen (2005) suggests that the landscape of HRO is not limited to any specific functions. However, he acknowledges a group of processes that are the most suitable for outsourcing. These "*separable"* functions include, but are not limited to, recruitment, payroll, industrial relations, and legal aspects. What these have in common is that they do not depend on any type of company-specific information or resources. Thomas (2009) follows this up by stating that the outsourcing service providers (OSP) are able to leverage on their existing technologies, expertise, processes and cost advantages, providing a good alternative for processes produced in-house.

Another recurring theme in the literature with regards to HRO is definitely the relationship between smaller organizations and the benefits they may receive from extensive HRO. Sheehan and Cooper (2011) recently explored this issue and came to the conclusion that there are no clear indicators showing that smaller organizations would benefit more from HRO activities. However, they did see that strategic human resources management is enhanced if the HR staff is allowed to concentrate on a limited number of core functions, thus gaining certain benefits from outsourcing the non-core, separable functions. This is in line with Shen's (2005) review of the literature, where he also stated that there is very little evidence of the enhanced quality and efficiency of HR processes themselves that may be gained from outsourcing activities. However, he does not exclude the existence of the strategic-level benefits showed by Sheehan and Cooper (2011). The limited efficiencies acquired have caused some authors to question the

actual need for HRO. For example, Sheehan, Nelson and Holland (2002) suggested that the reasoning of HRO might be more related to industry trends where firms merely follow each other's examples, than to actual cost benefits. The previous notions are linkable to recruitment outsourcing activities on a conceptual level as the authors view them as shared characteristics of various HRO activities.

2.3.1 HRO vendor selection and management

The starting point for any HRO process is the selection of the OSP that a company is going to use. The goal is to establish a long-term contractual relationship, which starts from the selection of the vendor, where, as described by Lever (1997), the OSP needs to be able to show its expertise on the processes it will offer to carry through as well as answer all the questions of its potential clients on a very detailed level. Ultimately, it all comes down to the issue of whether the potential vendor can actually provide a company with a service that allows it to get better results for your processes as opposed to producing them in-house (Greer, Youngblood & Gray, 1999). Cost is still assumed to affect the vendor selection greatly as such efficiencies may be the underlying reason for HRO. However, the authors noted that firms would be willing to pay more for these services if they could achieve the increased quality of service and tap into external expertise with their outsourcing decision. Lever (1997) has identified four distinct stages that a relationship between OSP and buyer goes through. The starting point is the *(1) discovery phase,* which mostly refers to the planning of vendor selection, but also takes issues such as benchmarking of internal services into consideration. This is followed by the *(2) negotiation phase,* where the most suitable vendor is chosen and the contract is planned. Many crucial issues are covered here; the transition is planned and the processes are being integrated. Responsibility for the actual processes is transferred to the OSP in the *(3) transition phase.* Finally, when everything is up and running, it is evaluated in the *(4) assessment phase.* At this point the decision, whether the service is continued and new contract can be re-negotiated or if the firm decides to seek other options, is made. The potential burden of constant re-evaluation of these contracts and processes is also noted by Armstrong (2003) who states that sometimes this constant

assessment makes outsourced processes even more difficult to manage than their counterparts produced in-house.

As an HR process is outsourced, the management responsibilities tend to shift from management of the processes to management of the vendor relationships. Greer *et al.* (1999) describe some of the core functions in such management being management of the transition, the vendor relationship and assessment of the relationship. This is well in line with the thoughts of Lever (1997) mentioned above. Vendor selection and relationship management are definitely recurring themes in HRO literature. For example, Conklin (2005) elaborates that a lot of the inefficiencies that may occur from outsourcing of both core and non-core activities may be prevented if the vendor is chosen carefully. Various case-sensitive managerial tools may be employed to evaluate both the processes and vendors. Conklin (2005) presents an example of such tool where the desired outcomes are divided into two categories that address the operational and strategic outcomes that are to be achieved from the HRO process. The operational side is a set of detailed process-related goals that do not necessarily add extra value to the process but are still crucial. An example of this in the case of a payroll process is that the employee gets his or her salary and the country or taxation based deductions are properly made. The other set is strategic level benefits, which includes tools that are achieved from the HRO process and what a firm might not be able to use if it was to produce the service in-house. This might mean, for example, a more efficient employee skill tracking system that would allow more thorough talent-management processes.

These HRO-specific assessment tools are not the only ones. In fact, many evaluation criteria are used to evaluate traditional in-house HR-processes. For example, Armstrong (2003: 79) presents a performance measurement set of money measures, time measures, and measures of effect and reaction. Although this model is not constructed specifically for HRO, the variables it presents - timeliness, cost-efficiency and effectiveness - are all directly applicable to an assessment of HR process that was produced by someone else.

Another aspect of the management of the vendor relationship that has to do with the transition phase is possible resistance from within the organization. The perceived

inefficiencies and poor outcomes of outsourced HR processes that were mentioned previously in this thesis. People might be reluctant to i.e. let their payroll be handled by a different firm. This is a classic example resistance to organizational change driven by self-interest (Williams, 2008: 165) and should be addressed by managers.

2.3.2 Risks related to HRO

When looking at the possible risks of Human Resources Outsourcing, going through the nature of the processes is beneficial in order to evaluate what is at stake here. These are not considered as disadvantages as their effect on the overall performance of HRO can be considered nonexistent when managed properly. Conklin's (2005) model of the operational and strategic level goals of HRO is an efficient way to start looking where the risks are. Obviously, operational risks are related to daily HR practice that may have a dramatic effect on the firm's employees. For example, in a case of outsourced payroll, the operational risk might be that if there are problems, people might not get paid, causing a wide range of problems within the company. Furthermore, strategic level risks would not have equally dramatic effects considering the employees. However, on strategic level, the major risks consist of long-term inefficiencies caused by ineffective HRO. Tian (2007) is in the same line here as Conklin but in addition to operational and strategic risk he includes contractual risk and cultural risk. Contractual risk refers to the importance of making solid and well-constructed agreements between the buyer and the outsourcing service provider (OSP). This is especially important when dealing with companies across national and cultural borders. The author follows this up stating that a well-built contract is an effective way to protect the firm from possible negative consequences if the outsourcing operation fails. The cultural risk further builds upon the issues related to cross-border operations. In particular, the issues that arise from intercultural communication theory affect this greatly. It is evident that differences in communication strategies may even cause conflicts (Guirdham, 2005). Therefore, addressing the cultural risk in such outsourcing operations may be crucial. For example, if HR support is outsourced from a very open and informal culture to one that is the complete opposite, the employees using the service might feel that the service they are getting is suboptimal.

Tian (2007) also provides some guidelines to combat these risks. The first is the vendor selection and relationship management that was previously discussed in this thesis. In addition it is important in the reasoning and decision-making process behind the outsourcing to identify the potential risks and ways to avoid them. Moreover, the author places some importance upon clear governance structure where it is clearly stated who is responsible for what to avoid conflicts and diminish risks. The wide range of risks related to the outsourcing of HR activities is definitely evident. In fact, the perceived risks related on HRO increase the chance that firms decide to produce these services in house rather than outsource them (Tremblay, Patry & Lanoie, 2008). Furthermore, the authors showed that that the function-based reliance on HRO has diminished greatly due to these prejudices. However, the study pointed out some ways for firms to diminish these perceived risks. Namely these include the strategic state of HR department within firm, positive function-based outsourcing experiences, and strong management support for HRO activities (ibid.).

2.4 Recruitment Process Outsourcing

After going through the core theory that specifically deals with HRO it is evident that Recruitment Process Outsourcing (RPO) is a stream of research with strong ties to Human Resources Outsourcing. Essentially, recruitment and selection have been identified as one of the separate functions of HRO for quite some time. For example, the possibility to outsource recruitment was mentioned by Shen (2005) in her recap of HRO research from 1990 to 2004. The emergence of RPO activities seem to date back to the early 2000s when the issue was incorporated increasingly into HRO theory. Leggett (2007) describes the rationale of recruitment outsourcing as follows:

> *"Because recruitment is awash with low-value, highly administrative tasks, it lends itself particularly well to outsourcing."*

Armstrong (2003: 407) presents the early line of thought with regards to recruitment outsourcing. He states that the use of consultants and organizations providing RPO

services is an efficient way to go through the early stages of recruitment that are very time consuming. Essentially, this means making a short list of candidates based on their initial applications and CVs within the guidelines drawn up by the firm that is purchasing the recruitment service. Such limiting of RPO activities in the early stages of the overall process is evident in other sources as well. For example, Miaoulis *et al.* (2008) in their elaborative presentation of faculty recruitment process state that search firms can be used when evaluating and categorizing the early pools of applicants, but they should not be allowed to make the final decision. Overall, the early theory retains a very resource-centric line of thought when looking at recruitment outsourcing.

The purpose of the following analysis is to provide more specific information about the distinct RPO processes as well as their possible advantages and disadvantages.

2.4.1 RPO Process

Recruitment outsourcing has a lot of similarities to other commonly outsourced HRO processes. A large portion of the stage-focused analysis that has been explored in the field of HRO for quite a long time applies well to RPO. For example, the importance of vendor selection (Greer *et al.,* 1999) and phases of vendor relationship-building (Lever, 1997) apply to RPO as well as to any human resources outsourcing. When looking at theories strictly created for RPO, there are fewer models but they are more refined than in a case of merely using common HRO theory in this sub context. Ume-Amen (2010) has identified the steps related to recruitment outsourcing in a way that not only allows cross-referencing it to some HRO models, but also differentiates it from the traditional recruitment processes that were presented earlier in this study. Moreover, the author has also included insight on whether given steps should be retained in-house rather than outsourced. The model, including the recommendations, goes as follows (ibid.):

1) Job creation/strategy development: *In-house*
2) Sourcing: *Outsource*
3) Job board posting/mining: *Outsource*
4) Screening: *Outsource, but high focus on control*

5) Applicant tracking/recruitment database upkeep, recruitment portal management: *Outsource*

6) Applicant interviews/interview logistics: *Interviews – in-house, Logistics – outsource*

Success in each of these steps relies heavily on vendor capabilities. From Ume-Amen's (2010) model, steps two through five are the core functions to be outsourced. Sourcing, job posting/mining and screening are processes that require a lot of time and effort as well as expertise if they are to be handled efficiently, whereas applicant tracking, databases, and recruitment portals rely on the technical expertise of the vendor. As the success in each of these functions is based on vendor capabilities, the importance of vendor choice is evident. When evaluating vendors, the theory presented in HRO section is largely applicable to this context. However, there are some RPO-focused issues with regards to vendor selection that may be presented. An example of such is the way of seeking recruitment expertise based on the position that is to be filled (Armstrong: 2003: 407). In other words, in the case of financial recruitment, the consultant firms working in that industry might be the most appropriate for the recruitment outsourcing.

Management of functions that are to be retained within the firm is important as well. Leggett (2007) highlights especially the strategy development phase, where the responsibilities throughout the recruitment process are drawn. Especially a clear iteration of the in-house and outsourced functions is important – a notion that also coincides with Ume-Amen's (2010) model. Moreover, as the costly and time-consuming recruitment functions are outsourced, the importance of the work that is left for the HR department is emphasized as they are no longer strained with administrative tasks. Consequently, it is important to focus more on value-adding tasks, for example strategy, candidate selection and staff retention (Leggett, 2007). Moreover, increasing the effectiveness of internal vacancy fulfillment is beneficial for HR to manage. Ordini and Silvestri (2008) support this line of thought identifying this shift from acquiring outside talent to refining of in-house talent, in terms of HR activities.

Ordini and Silvestri (2008) have also introduced a few guidelines for HR managers who deal with RPO-related decisions. One focus is that the HR department needs to look at firm characteristics beyond concerns directly related to human resources in order to find the right solution for recruitment processes. Moreover, the accommodation of recruitment outsourcing should retain a degree of flexibility for the HR requirements of a firm might change, even dramatically, over time. For HRO and RPO service providers, the same authors state that it might be beneficial for them to offer an HR service on a larger scale, rather than to concentrate on a limited number of processes (ibid.).

2.4.2 RPO advantages

The bottom line of a successful recruitment process is to acquire a satisfying number and quality of employees at as little cost as possible (Armstrong, 2003: 395). Consequently, this should also be expected from an outsourced recruitment process. When starting to look into the possible advantages and disadvantages of recruitment outsourcing, looking into the two key principles presented here, quality and cost, will be the most beneficial way to approach this.

As in case of most of the other HRO activities, the fundamental reasoning behind RPO is certainly cost-related. There is a good amount of evidence that especially the tasks in early stages of recruitment require a considerable time and effort from HR professionals whose skills might be used more effectively elsewhere (Leggett, 2007; Ume-Amen, 2010). Although there is very little evidence that the actual cost of purchasing the recruitment services from a third party would be lower, the cost-advantages acquired from allowing the strategic level development of the HR department are expected to be very beneficial. There is also some empirical evidence to support this as Ume-Amen (2010) was able to show in her research; managers had positive perceptions about both the cost-saving nature and the increase in the recruitment capacity of RPO activities (in this case in the banking industry). Human Resource Management International Digest (HRMID, 2005) also stated that while RPO might seem expensive, the cost-benefits retained from the freed time of HR managers make the process efficient. There may also

be a large amount of more case-specific cost advantages related to RPO. An example of this is presented by Hauser (2011) who states that engaging in RPO allows firms to scale their recruitment activities up and down based on factors such as economic climate. This might not be possible if recruitment was conducted entirely in house.

While the cost-advantages of RPO are somewhat generally agreed upon in the literature, the increased quality of recruitment processes has been much more under debate. A recurring theme in the academic literature has been that recruitment process outsourcing should not be applied to later stages of the overall selection process (Miaoulis *et al.* 2008; Ume-Amen, 2010). Namely this means that interviews and ultimate selection should be retained within the firm. This can be seen as an indication of a degree of mistrust among the outsourcers. The administrative processes are considered fit for outsourcing but companies are not willing to go all the way. However, there is some agreement in the literature on the quality benefits in the earlier stages of the recruitment. Ume-Amen's (2010) survey clearly showed that firms had positive impressions about OSP's access to larger applicant pools, as well as their skills, competences and expertise. This indicates that for the stages of the recruitment process in which outsourcing is used the results are expected to be good. In HRMID's article (2005) the benefits with regards to large-scale recruitment were also identified as major benefits of RPO. In these cases the number of applications might be too large for an internal recruiter to process, indirectly eliminating a number of potential candidates from the selection process at an early stage. Moreover, at this stage recruiter firms that have distinguished industry-specific expertise might have more effective access to the most relevant pools of applicants as well as to the proper tools for analyzing them (Armstrong, 2003: 407).

Cappello and Constance (2011) present a more modern notion of the possible *next-level benefits* of recruitment outsourcing. They feel that in order to make RPO more profitable for both parties, there should be a relationship similar to a strategic partnership between them. This means that service providers would be able to offer companies more adaptive and innovative solutions, addressing issues such as incorporating the latest technology related to recruitment, refining the selection

processes, and communicating their client's corporate brand. Moreover, it is said that there is room for a shift from measuring the effectiveness of the RPO activities by the quality of the hire, instead of the traditional cost per hire. This is an indication that the industry is gradually becoming more quality-oriented. Moreover, this is an indication of the value-adding role of these services.

2.4.3 RPO disadvantages

The limitations and pitfalls of RPO have been fairly widely discussed in the academic literature. They are often viewed in terms of a trade-off between the acquired cost-advantages and the risk of losing control of the recruitment process. For example, a firm might lose a potential candidate who stood out in terms of CV quality, but was eliminated because his or her application failed to meet some specific technical requirement in the guidelines provided to the outsourcing vendor (HRMID, 2005). Ordanini and Silvestri (2008) also discuss this fear of losing control. They present an interesting notion that a firm may consider its recruitment as either a burdensome administrative task or a source of competitive advantage for their company. This line of thought diminishes the issue of losing control with regard to the prior group but also, states that due to this issue, a firm that values its recruitment highly should never outsource its recruitment. Moreover, the existence of such thinking is an indication that companies may not see RPO service provider's as having sufficient expertise in relation to recruitment; as a result, the outsourcing decision would actually decrease the overall quality of the process.

The perceived disadvantages of RPO go beyond control. Hauser (2011) presents a study conducted by Aberdeen Group Inc., which highlighted some of the concerns that companies had with regards to RPO. One of these was the possibility that the recruitment service provider would fail to be able to represent the corporate and employer brand of the recruiter. This is probably something that recruitment outsourcing providers need to address as there is strong evidence that employer brands are crucial in of attracting the best possible candidates (e.g. Moroko & Uncles, 2008). In addition to the employer brands, Hauser (2011) also presented issues such as the failure

to keep costs at a low enough level and the failure to provide quality candidates as the recurring disadvantages. However, these issues are something that relate to the contractual and relationship-building side of the human resources outsourcing and are not likely to be RPO-specific.

Another interesting issue is presented by Ume-Amen (2010). She applies a common outsourcing theory to this case, which states that companies that engage too extensively in outsourcing activities might lose their technical competencies and innovativeness by not facing practical issues themselves. This issue is found in different outsourcing activities from production to business process outsourcing. Moreover, it provides further theoretical proof that the recruitment process should not be outsourced completely.

Altogether, the disadvantages of RPO are related to those common in other streams of human resources outsourcing. However, the issue of control is discussed somewhat more, and specified in this context. Interestingly, RPO-specific academic theory does very little to provide tools or methods for handling this issue. This very issue is usually presented in a way that it is always present in RPO activities as a limiting factor rather than something that would need to be actively managed.

2.4.4 Summary of factors influencing recruitment outsourcing

To clarify the different issues described throughout the section about RPO it is efficient to summarize the advantages and disadvantages related to this process, and to provide certain moderating factors that deal directly with the concept. Moreover, some determinants in the following model are derived from other sections (namely HRO) to fill some distinct gaps in the literature concerning recruitment outsourcing. The following model below summarizes the primary streams of literature:

Summary of factors influencing RPO
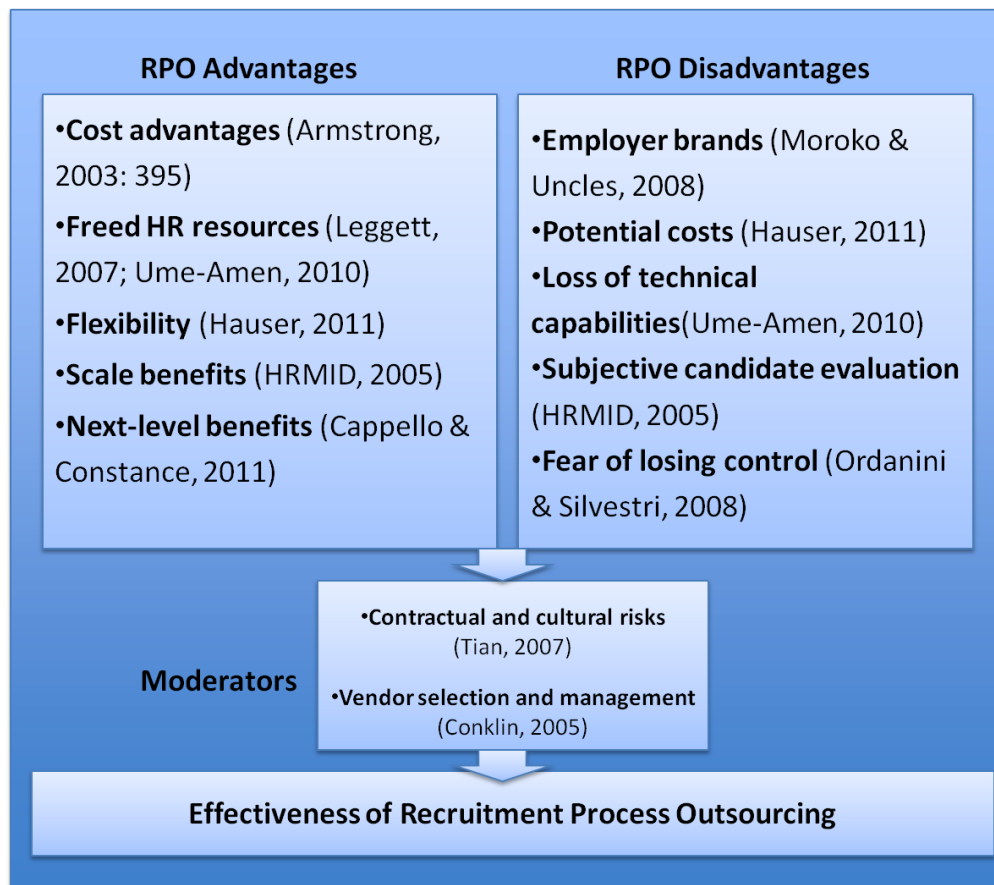
Figure 2: Summary of factors influencing RPO

This model incorporates the advantages and disadvantages into a more easily comprehensible context. Although the RPO-specific content comes exclusively from that stream of literature the moderating factors are gathered from HRO literature because it is more developed for such subjects.

2.5 Supportive streams of literature

After going through the most prominent fields of research, certain background themes from the subject can be easily identified. When a core HR function such as recruitment is outsourced it has some short- and long-term effects on the outsourcing company. The short-term effects usually deal with change management and the long-term effects with

making the HR department more strategic (Conklin, 2005). Talent management is most likely the most relevant of the long-term effects for modern businesses and is thus selected as the second key theme for the supportive streams of literature. The role of the HR department will also be discussed. The main goal of this section is to provide a brief overview of these rather broad supportive themes rather than to analyze them extensively.

2.5.1 Change management

Large-scale outsourcing activities are definitely a source for dramatic organizational change, especially for the people working in the HR department. Change may cause different forms of resistance within the company that may even jeopardize entire projects. Williams (2008: 165) presents three categories of change resistance. Change out of *self-interest, misunderstanding and distrust, and low tolerance of change.* Each of these resistance groups needs to be managed differently with a set of methods provided by the author. Kalyani & Sahoo (2011) take a rather different road stating that the role of HR in change management is something that should be considered at the business plan level and called Strategic Business Planning (SBP). Essentially, what the author states is that effective change management conducted by HR is a source of competitive advantage. This would suggest that such practices are essential if PRO activities are expected to cause a degree of change within a given organization. The following is the SBP model presented by Kalyani & Sahoo (2011).
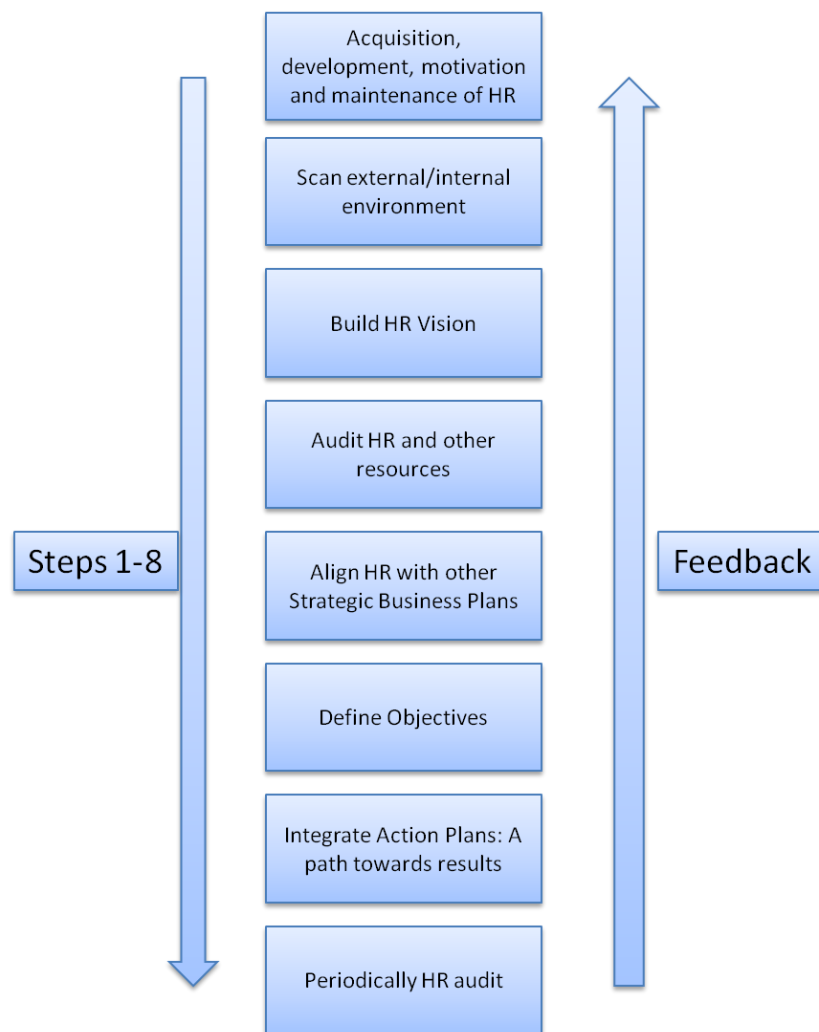
Figure 3: Model of HR Strategy that includes competitive advantages in managing change (Kalyani & Shahoo, 2011: 286)

While the SBP theory presented above refers mostly to managing change at a grander business plan level, not all types of situations where change management is required arise from the same circumstances. Different comings and goings trigger different types of conditional resistances to change. In the case of outsourcing projects, the relevant change category may be seen as life cycle or regulated change (Van de Ven & Sun, 2011). This type of change derives from a change that is triggered and controlled by the rules and regulations of a given entity. When managing this type of change the desired outcome is to make subordinates adapt to the new situation and internalize the reasoning and ratification behind it. Bold (2011) summarizes the thoughts present in the SBP theory (Kalyani & Shahoo, 2011) and the regulatory environment (Van de Ven & Sun,

2011) by stating that change management occurring in a controlled environment requires structured measures to ease the transitions. No matter whether the change affects only a team, business unit, or even a huge organization, effective change management should begin alongside the overall project.

2.5.2 Talent management

Talent management affects RPO not only because acquiring talent deals directly with recruitment but also because of the evolvement of HR caused by outsourcing activities. This transformation of the nature of an HR department is definitely one of the underlying themes in this research. As administrative tasks are eliminated, the intra-firm HR processes of a more strategic nature get more attention (Conklin, 2005). One of the most well-discussed functions that fit this criterion is definitely talent management. During the past few decades, corporate management has become quite prominent in knowing where talent can be found, how it can be grown, and where it can be cut (Bouderau, 2011: 8). Retooling of HR practices has led to the development of frameworks similar to those of traditional business processes (i.e. consumers and technology). Bouderau (2011: 11) describes the process where talent flows through an organization as the *talent pipeline*. To address this phenomenon, researchers and companies have developed various models and theoretical frameworks. An example is that developed by Areiquat, Abdelhadi and Al-Tarawneh (2010). Basically the authors present all the peculiarities that are related to the talent management process from creating a talent strategy around existing talent gaps to implementing them in hiring and corporate goals. In the end the strategy reforms fall under the concepts of *attracting talent, developing talent, managing talent, tracking and developing talent management, and, sourcing the talent (is talent born, made or scouted?).* Such a model is a quite traditional one compared with another line of thought on the same concept, talent gaps. Bouderau (2011: 123) has linked inventory management theory to talent management and channeled the discussion around the concept of *turnover.* This is certainly a rather modern take on evaluating talent pools as it considers them to be in theory similar to inventories of physical products.

The few examples above are merely the tip of an iceberg of with regard to talent management. They are good examples of both traditional and more contemporary theories that revolve around the concept. However, the emergence of talent management has raised some doubting voices as well. Iles, Preece and Chuai (2010) critically evaluate the actual benefits of talent management in its current state. They present a hypothesis which suggests that some firms adopt talent management processes mostly because it is fashionable in the industry to do so. Establishment of such talent processes is triggered by the high-status and high profile organizations adopting them. The thought is certainly interesting as the importance of talent management is growing at the same time traditional human resources management is undergoing a dramatic reformation. An overwhelming amount of research on the subject would suggest that effective managing of intra-firm talent is something where firms should allocate the resources they gain from outsourcing recruitment and other HR processes.

2.5.3 Role of the human resources department

The entire outsourcing process revolves mainly around the firm's human resources department. Hence, a review of some of the relevant theories is in order. The focus here is on slightly more contemporary HR; those related to conventional operational HR are not presented, as their relevance to this thesis is limited.

Hope Hailey, Farndale and Truss (2005) describe the separation between administrative HR and strategic HR. They contend that while administrative HR focuses on day-to-day operational management, strategic HR is concerned mainly with aligning HR strategy with the business strategy. This business partner role resembles the strategic state of HR activities that is achieved through outsourcing (Conklin, 2005), which was presented earlier in this thesis. HR's changing role also alters the way its activities are measured. Whereas in conventional HR the focus of measurement is on direct costs incurred by the various HR processes, in strategic HR the department's work is evaluated by how well its outcomes support company strategy (Ulrich, Younger & Brockbank, 2008). This indicates as a strategic role is adopted, the measurement criterion of various HR processes change.

There are various ways of describing how various types of HR department work on an organizational level. Ulrich et al. (2008) divides the core HR organizations into three types: *(1) functional, (2) shared services, and (3) dedicated.* The functional and dedicated organizations resemble each other, the difference being that there is a corporate-wide HR in the functional type, whereas an umbrella organization (i.e. holding group) provides centralized HR for its subordinates in the dedicated type. Moreover, these two types of organizations can be considered operational HR. HR departments that offer shared services have the features of a strategic and business partner HR department. Here the human resources functions are decentralized to locations where they are needed. In this structure, HR operates by consulting the employees and managers on the basis of their needs. It is clear that this structure is an example of aligning HR strategy with business strategy throughout the organization and is thus well in line with the thoughts presented by Hope Hailey et al. (2005).

Strategic HR is definitely the modern way to organize HR, as functional HR can be outsourced. The competitive advantages that companies might gain in relation to their HR activities are strongly linked to their strategic HR capabilities (Fowler-Guzzardo, 2010). Pursuing such outcomes can certainly be beneficial to any organization and one way of reaching them is through human resources outsourcing.

2.6 Theoretical framework

Throughout the literature review the pieces that form the concept of recruitment process outsourcing have become quite clear. The initial notion that recruitment outsourcing theory itself cannot provide a sufficient number of theories and frameworks by itself has proved correct. Complementing the shortcoming of that stream of literature with traditional recruitment theory, especially in terms of recruitment process models, and human resources outsourcing research, ended up by forming the desired understanding of the core concepts related to this field of research.

2.6.1 Development of theoretical framework

Creating a model for the recruitment process forms the basis of the theoretical framework. Different stages of recruitment are of high importance for the purpose of analyzing recruitment outsourcing as practices and determinants of success vary greatly at different stages of the process. Miaoulis, Stolz and Nicovich (2008) provide an effective model for evaluating the different stages of recruitment that is also in line with Armstrong's (2003: 395) broader descriptions. However, for the purpose of recruitment outsourcing, the model needs to be modified by adding recruitment systems as the initial stage. Larger companies in particular use electronic recruitment tracking and management systems that are rarely produced in-house. Moreover, the theory strongly suggests that interview stages are rarely outsourced too extensively (e.g. Ume-Amen, 2010) and thus the way in which outsourcing service providers work during those stages is different from the overall process. The modifications made to the model of Miaoulis et al. (2008) can be summarized with the following model:
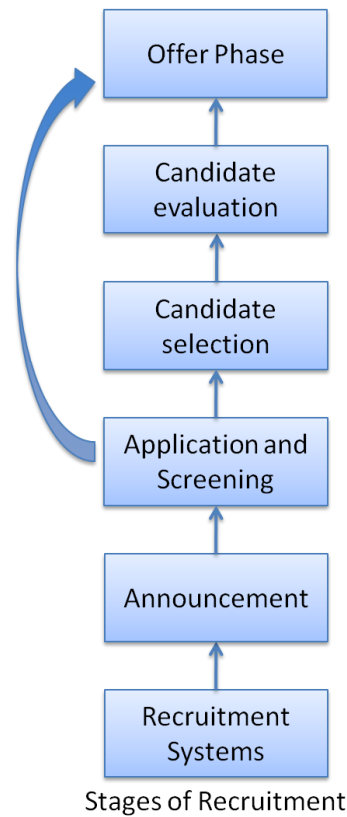
Figure 4: Stages of Recruitment, modified from Miaoulis et al. (2008)

The model presents the hierarchical nature of traditional recruitment process from the perspective of OSPs. The stages with the most importance are systems, announcement, application and screening, and the offer phase, which are also the most time-consuming stages of the overall process. Furthermore, it is worth noting that recruitment systems and the offer phase are somewhat separate from the actual recruiting activities and form more of a set of supportive tasks.

2.6.2 Refining the viewpoint

The fundamental goal of this theoretical framework is to analyze possible indicators for effectiveness of the actual outsourcing practice as well as rationale-defining factors throughout the process. Proceeding to analyze these two distinct levels of RPO requires a theoretical framework that addresses the two specific sets of determinants during each step of the recruitment process. The purpose of the outsourcing derives from the

perceived value-generating activities within each step of the overall process. They form the separate functions that need to be managed to ensure the effectiveness of the recruitment process itself. In the theoretical framework these are identified as the purposes of specific stages in the recruitment model.

The effectiveness of RPO is viewed by identifying additional benefits that a third party OSP brings to the otherwise self-sustained recruitment model. These success factors, which relate mostly to OSP expertise and the service level that RPO clients desire from their service providers, form the final tools for evaluating the success of any outsourced recruitment process.

2.6.3 Finalized theoretical framework

Based on the discussion in the past two sections of this thesis, the following theoretical framework is constructed from the themes and issues identified in the presentation of academic literature. The model is based on the modified representation of recruitment process of Miaoulis et al. (2008).
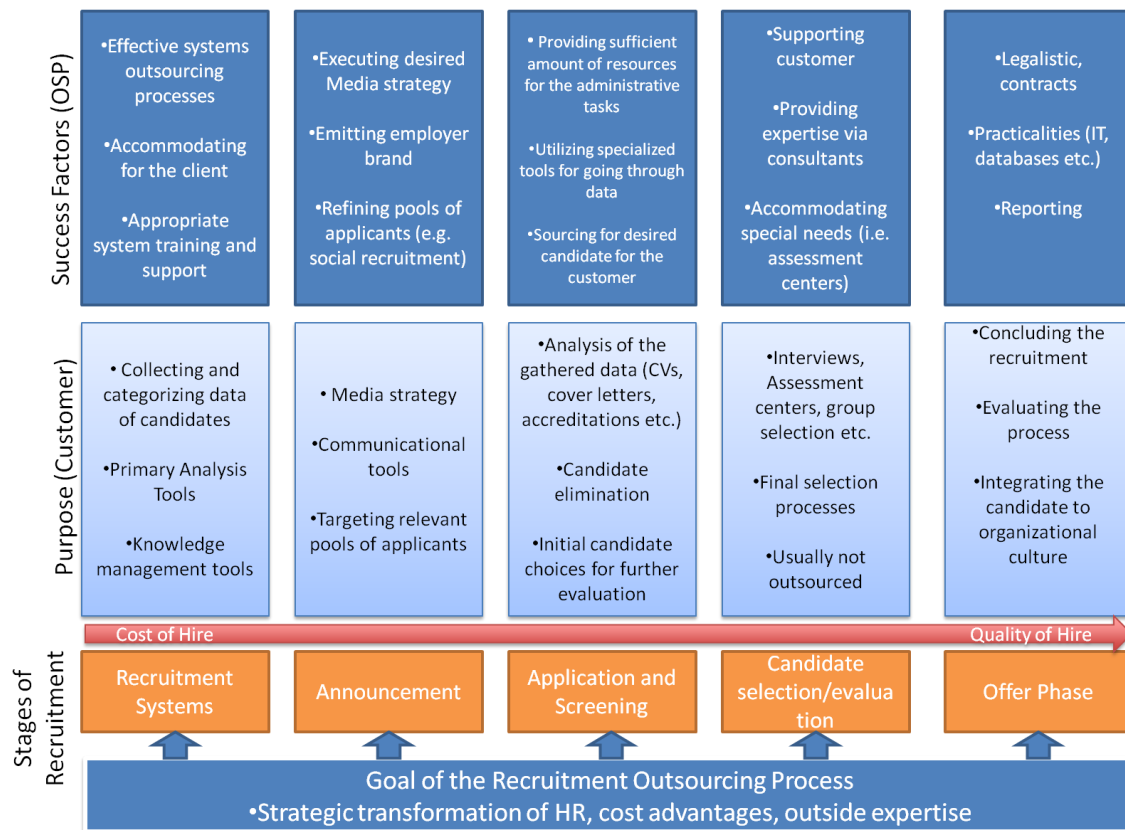
Figure 5: Theoretical framework, applied from Miaoulis et al (2008)

The starting point of the framework is the desire to change the way recruitment is conducted within a given company. Strategic transformation of HR is definitely one of the most relevant reasons as recruitment may be outsourced alongside other HR processes, without any recruitment-specific reasoning. The other incubators of the change are a search for cost advantages and outside expertise (Ume-Amen, 2010; Hauser, 2011). In essence, these three sources of RPO form the goal for the overall process. If any of these is achieved, recruitment outsourcing may be considered beneficial.

The guideline of the model is the set of stages of the recruitment process. Each specific stage is complemented by two levels of determinants used to evaluate the effectiveness and rationale of RPO activity related to that specific stage. These two levels are the OSP-related (Outsourcing Service Provider) success factors and customer level analysis of the purpose of each given stage. Customer-level determinants are largely constructed

upon general recruitment theory whereas the success factor-level factors are almost exclusively based on HRO and RPO theory.

The final part of the model is based on the notion of Cappello and Constance (2011) who discuss a gradual shift in recruitment activities from a cost-per-hire orientation to an emphasis on the quality of hire. When evaluating RPO process as something that consists of individual stages that can be outsourced completely or selectively (Ume-Amen, 2010), it makes sense that as the recruitment process progresses, the focus of RPO, excluding the offer phase, shifts more and more to quality orientation.

This theoretical framework should be elaborated and revised in the following empirical part related to this thesis. Essentially, it has allowed the focus of evaluating RPO on different viewpoints to be refined so that individual issues can be directly addressed later on.

3   METHODOLOGY

3.1 Research structure

The primary research method for the purpose of this study is a survey conducted in cooperation with Henry ry, a Finnish organization of HR professionals. The fundamental goal of the survey is to tap into the thought processes and perceptions of business professionals on a cross-industry level. However, as recruitment process outsourcing is a relatively new field of research the quality and quantity of the resources regarding this subject are not sufficient to provide good grounds for such a quantitative research method. This creates a need for gathering additional information prior to carrying out the survey. The focus is on gathering an explanatory set of information, especially on the practical issues related to recruitment process outsourcing.

Analyzing a phenomenon related to international business, such as RPO, usually benefits greatly from qualitative research due to the interdisciplinary nature of the field (Doz, 2011). However, in the case of this research it is rather evident that a qualitative research structure consisting, for example, of interviews alone, cannot support the research objectives. Hence, a two-tier research structure was used in which a qualitative study was first conducted for the purpose of gathering explanatory information and facilitating development of the primary research method, a quantitative interview. This type of research structure can be described as a mixed-method design.

Essentially, in mixed-method research qualitative and quantitative data are analyzed together for the purpose of achieving a common research objective. Hurmerinta-Peltomäki and Nummela (2006) identify three types of mixed methods designs that are used in international business research context. The authors suggest that the qualitative method may be used to: (1) facilitate quantitative part, (2) improve the overall validity of the research, or (3) add to the existing knowledge base. There are various ways for

the two research methods (qualitative and quantitative) to interact and for this purpose the author presents the following framework:

Data analysis

	Qualitative	Quantitative
Qualitative	A	B
Quantitative	C	D

Data collection
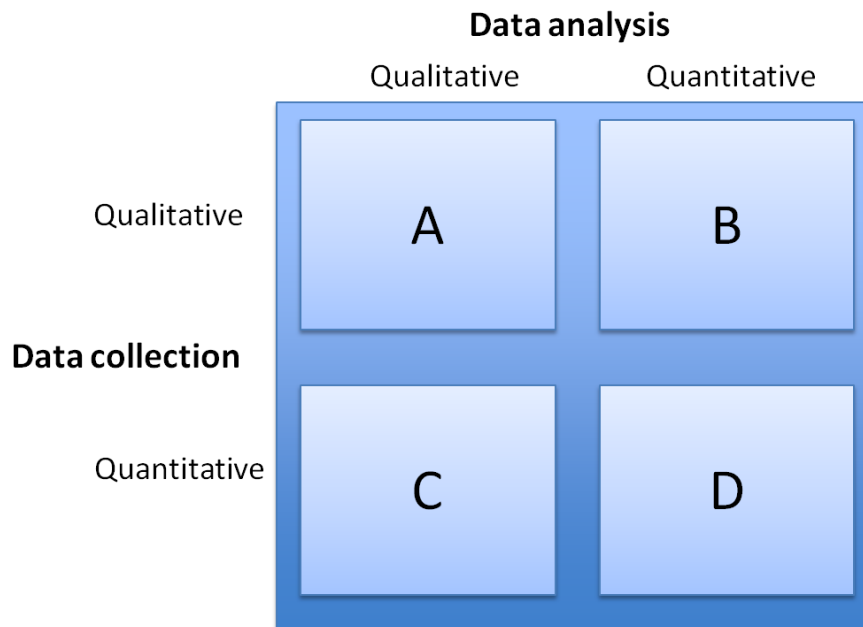
Figure 6: A Classification tool for mixed-method designs (Hurmerinta-Peltomäki & Nummela, 2006: 446)

Essentially, this model shows how either type of data is processed and regarded. For example, the *AB* structure means that qualitative data are to be analyzed both qualitatively and quantitatively. Moreover, an *AD* design, which is used in this thesis, means that the qualitative data are analyzed qualitatively and the quantitative data quantitatively. The mixed method is not the only way to use two research methods in a single context. For example, in a design called a qualitative-quantitative continuum, an elaborative research method is used to gather technical level information on the subject, which is then turned into quantitative research (Niglas, 2007). However, as this method does not consider the initial method a piece of core data, the mixed-method design fits this research structure better, as findings from the interview are incorporated with the overall results.

Obviously, the suggested research structure is rather complex and time-consuming. Utilizing only qualitative methods could be an option for this type of research, although

that might produce unreliable results. For this type of cross-industry analysis, quantitative data gathering is often considered more accurate and effective because it provides great objectivity than qualitative methods (Johnson et al., 2007). Consequently, this further justifies the use of a mixed-method design.

3.2 Personal interview

The first research method used was the personal interview with an industry expert. This section consists of both the plan and the outcome of this part of the research.

3.2.1 Interview plan

The interview was to be conducted with the former HR director of a large multinational consumer goods corporation, Mr. Ilkka Korpelainen. He has extensive information about global-scale recruitment process outsourcing –a project that is in use for this research. The main objective of the interview was to obtain a wide range of real-life examples related to this vast outsourcing project. The main areas of interest have to do with how the project was implemented and coordinated within the organization. Optimally, the interview would be conducted in relatively free form, in order to encourage Mr. Korpelainen to talk about the RPO-related issues that he considers the most important for a project like this.

Prior to the interview Mr. Korpelainen had access to the research plan of this thesis project and his feedback facilitated preparation of the guideline questions to be used in the interview. For the detailed list of questions that was sent to Mr. Korpelainen four days before the interview, please refer to Appendix I. The goal of the materials prepared and presented to the interviewee was to make the actual interview as focused and efficient as possible, while trying, however to retain a degree of flexibility in order to accommodate for the free-form nature of the interview.

The questions sent to Mr. Korpelainen were based on findings from the literature review and on his comments regarding the research plan. The focus was on various rationales,

special themes, measurement of recruitment activities (costs, gains etc.), and questions related to the process structure. While the relevant themes were carefully identified, the free flow of discussion mentioned above was also strongly emphasized.

The planned duration of the interview was approximately one hour. If certain information was to be found lacking after the interview, the possibility to complement the data with additional similar interviews was retained.

3.2.2 Interview outcome

This interview was conducted with Mr. Ilkka Korpelainen as planned. It followed the planned structure (Appendix I), which was used as a guideline for the discussion. However, due to the nature of this interview being acquirement of confirmatory and practical information not available in literature, the interview was retained as free form as possible. In addition to providing valuable information for the purpose of constructing the survey, the discussion with Mr. Korpelainen resulted in various elaborative findings related to the topic of recruitment outsourcing. Initially, the possibility of other similar interviews was retained, but as experiences similar to those of Mr. Korpelainen are difficult to find and the results of the interview were substantial enough, additional interviews were not required.

There were no issues that would hinder the results of this interview. The process went according to plan and resulted in a good amount of valuable information. Due to the non-disclosure agreement, the name or actual details of the corporation where Mr. Korpelainen gained his experience was not revealed. Moreover, company-specific information regarding business structures, figures or other information presented during the interview may be slightly altered in order to retain the anonymity of this company. As in the case of the employer, the name of the outsourcing service provider featured in the Mr. Korpelainen's interview is not disclosed.

3.3 Primary survey

The primary empirical part of this study was a quantitative survey. The fundamental goal of this questionnaire was to obtain hard statistical data on the perceptions of human resources professionals regarding recruitment outsourcing processes. The survey was built upon core themes that were prominent in the academic literature and complemented with some of the data from the initial interview with Mr. Korpelainen.

3.3.1 Pool of recipients

The survey was conducted in cooperation with Henry ry. (www.henryorg.fi), a Finnish organization for HR professionals. The approximately 3000 members of Henry come from various different Finnish companies and other organizations (i.e. academics) and are not limited to any specific industry. This made members of Henry ry ideal recipients for the survey as the fundamental goal was to gather perceptional data on a cross-industry level.

3.3.2 Survey structure

The survey consisted of brief questions that each dealt with a specific phenomenon related to RPO. For example, strategic reform of HR departments, seeking cost advantages and outside expertise, supportive themes and other key themes in academic literature were evaluated in the questionnaire. For a detailed set of questions, please refer to Appendix II and III. Since the survey participants were volunteers, the structure was kept as clear and brief as possible in order to increase the likelihood that they would complete it. Jargon and overcomplicated questions were avoided in order to ensure the desired brevity.

Most of the questions sought to map the perceptions of the recipients by providing a statement and analyzing the degree to which they agree with it. The recipients were also asked whether their firms engage in recruitment outsourcing. At the end of the survey

there was a possibility to reflect on more detailed opinions and perceptions about RPO on a free-form field.

Responding to the survey was designed to take approximately ten minutes. It was to be available for a period of three weeks and completed surveys were sought from 100 of the 3000 potential recipients. The recipients could complete the survey in either English (Appendix II) or Finnish (Appendix III). The two surveys were identical; recipients could address the issues in the language they preferred.

3.3.3 Piloting

To ensure smooth delivery of this survey, a pilot version was sent to 4 people who tested the questionnaire both on a technical level checked for any grammatical or logical errors. Based on this feedback the final end-user version of the survey was refined. The answers provided by the pilot recipients were deleted after the pilot was completed to ensure that the integrity of the survey was not jeopardized.

3.3.4 Survey outcome

As described above, the survey was conducted in cooperation with Henry ry and was sent to approximately 3000 of their members, all working in HR. The survey began on January 30, 2012 and remained open for a period of three weeks, until February 19, 2012. During this time 225 answers were received, 223 in Finnish and 2 in English.

The number of responses exceeded expectations. A total of 225 recipients represent a sufficiently significant sample to allow formation of critical assumptions about the perceptions held by HR professionals with regard to recruitment outsourcing. As no tools that categorize recipients were used, the responses were processed as a single sample.

During and right after the data collection period two issues were discovered that might affect the sample quality. Firstly, when building the survey, it was decided to allow recipients to skip questions. As they were from various backgrounds (HR managers, specialists, university faculty etc.) forcing them to state opinions on subjects they might know nothing about could result in sub-optimal results or them not completing the survey. Detailed question-specific data concerning the skipped questions can be found in Appendix IV. In total, the average number of recipients who skipped a given question was roughly 14.5 (6.43% of the sample). There is no distinctive pattern that would explain the variances in skipped questions, but it seems that more complex and technical questions resulted in more skips. The detailed analysis of the questions that were skipped the most will be provided as the findings of the survey are presented. Altogether, the number of skipped questions was too low to affect the quality of this study.

Another issue that became evident while the survey was open to recipients was a minor Internet security-related glitch that prevented a few recipients from responding to the survey. The issue was most likely caused by incompatible versions of the security software and web browser and by the SSL-connection made by the survey software (www.surveymonkey.com), which triggered a security warning because the SSL-certificate was interpreted to be outdated or unsigned. However, only three such cases were reported. On a sample level, this means that, based on the information available, 1.32% of the potential recipients were unable to take part due to technical problems.

Apart from these two issues there is no indication of any other factors that might compromise the quality and integrity of the sample of recipients. For combined data from the two surveys, please refer to Appendix IV.

3.3.5 Combining the data

Following the mixed-method design (see e.g. Hurmerinta-Peltomäki & Nummela, 2006) of this research, the two sources of data will be analyzed in the same context. The qualitative interview was analyzed with qualitative methods and the findings not only

influence the questions of the quantitative survey, but also form a separate data set that can be combined with the overall findings. Consequently, all the valuable data gathered from the interview and the survey was effectively incorporated in further discussion of this thesis.

4   FINDINGS

The results of this research consist of information from two separate sources: the interview with Mr. Korpelainen and the quantitative survey sent to members of Henry ry. In this section the findings will be discussed thematically.

4.1 Presentation of findings

In order to present and reflect on the two distinct pools of findings most effectively, the results will be divided into core research themes. These themes are built upon clear points of importance indentified through development of the theoretical framework and during the research process. The method of combining statistical data on the perceptions of Finnish HR professionals with the more elaborative and in-depth explanations of Mr. Korpelainen should provide an efficient method of presenting the results in an effective and easily comprehensible manner.

4.2 Basic information

The two samples of this research, consisting of both qualitative data regarding outsourcing project experiences of the interviewee, and quantitative data from efficiently separated group of HR professionals; the study provided an opportunity to gather basic-level data on recruitment outsourcing. The existing information about the use level of RPO and also the professional perceptions about the depth of the outsourcing were issues that could be effectively evaluated during the research process.

4.2.1 Use of recruitment outsourcing

First results relate to the use level of recruitment outsourcing in Finnish companies. The following question was constructed to identify how extensively the employer

organizations of the recipients of the quantitative survey were engaged in recruitment outsourcing activities:

Question 1: In the company/organization where I work, the recruitment processes are:
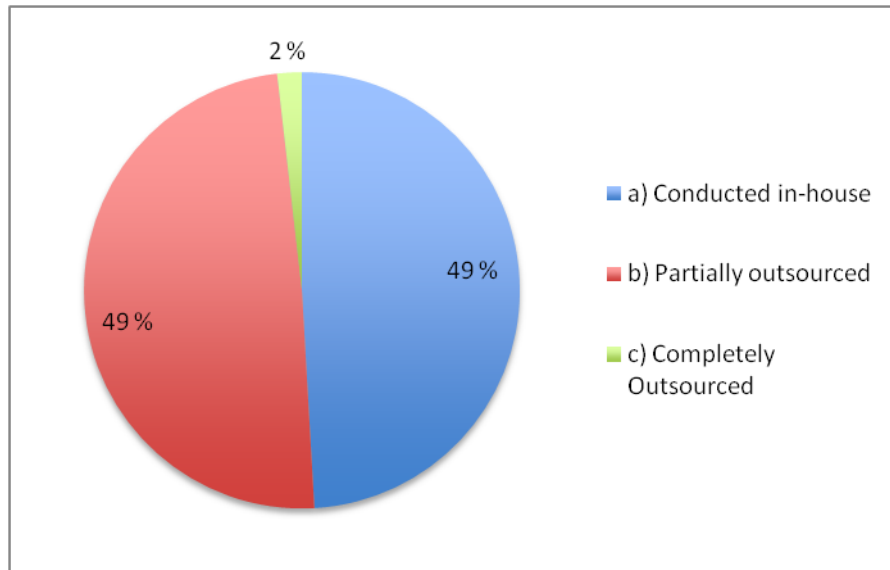
Chart 1: Question 1 (quantitative Survey)

As the chart above suggests, roughly half of the companies of the recipients were engaged in some form of RPO. While only two percent of the recipients stated that their recruitment was completely outsourced, it is somewhat surprising that half of the companies use recruitment outsourcing. The academic literature on the subject would suggest that even though RPO is an emerging and frequently used method, a majority of the companies handled their recruitment in-house. The survey did not separate companies based on their size, and there is likely to be an extensive number of recipients from small and medium-sized enterprises (SMEs) that should not be as likely to outsource recruiting. However in spite of this, the use level of RPO was found to be more prominent than expected.

4.2.2 Scale of human resources outsourcing

After taking a more focused look at recruitment outsourcing, it was useful to take other HRO activities into consideration in question 2.

Question 2: In my company, the following of the HR processes are outsourced:
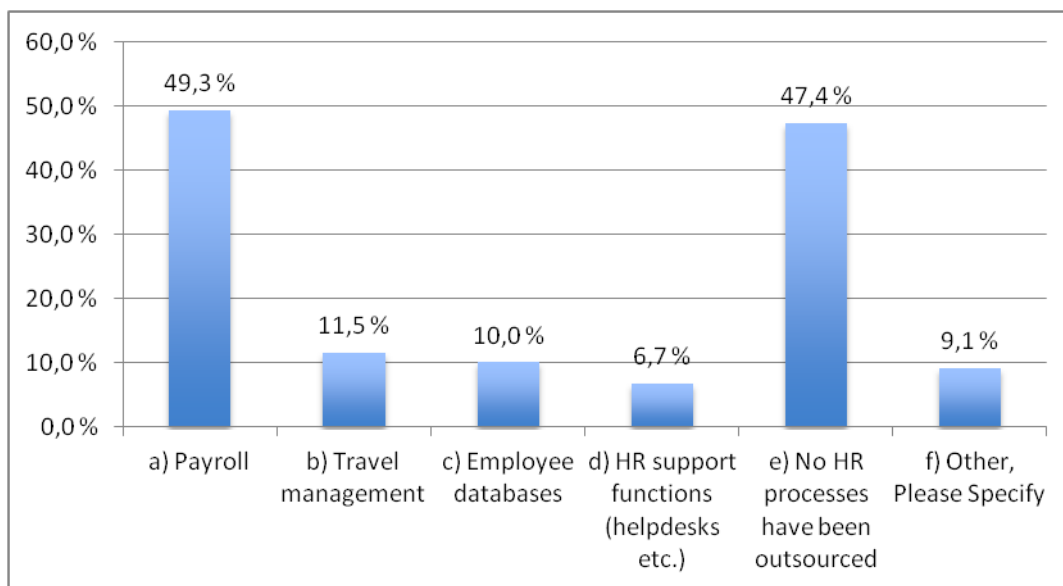
Chart 2: Question 2 (quantitative survey)

The answers to this question were similar to those of question 2. Payroll, which can be expected to be one of the most commonly outsourced HR functions, was produced outside of company in 49.3% of the cases. The cases where HRO was not used at all were nearly as common. Consequently, as HR was not outsourced in 47.4% of the answers, it can be assumed that roughly one-fifth of those who outsourced payroll did other outsourcing as well. Those who stated that they outsource other HR processes described them mostly as various types of assessment, stages of the recruitment process, and training. For a detailed list, please refer to Appendix IV.

In the interview, Mr. Korpelainen explained a rather extreme case of human resources outsourcing. At the company where he gained his recruitment outsourcing experience, all of the operational HR was outsourced on a global scale. This included conventional

administrative HR such as payroll, and also employee training, HR helpdesk functions, and coaching related to the new HR processes. This was done in order to move towards a more strategic HR structure, which will be discussed more thoroughly later in the findings. For the purpose of gaining more information on larger-scale HR outsourcing projects, Mr. Korpelainen was also asked how recruitment outsourcing differs from other human resources outsourcing (HRO). He stated that ultimately the differences are due to the circumstantial nature of recruitment outsourcing, compared with, for example, the legalistic and mechanical nature of payroll outsourcing. In other words, payroll outsourcing is guided and influenced by highly controlled issues, such as collective agreements, local agreements, legislation and other similar factors, whereas recruitment has some room for subjective evaluation.

4.2.3 Employee levels

The third theme in the basic information was the depth of recruitment outsourcing, in terms of employee levels to which the practice could be applied.

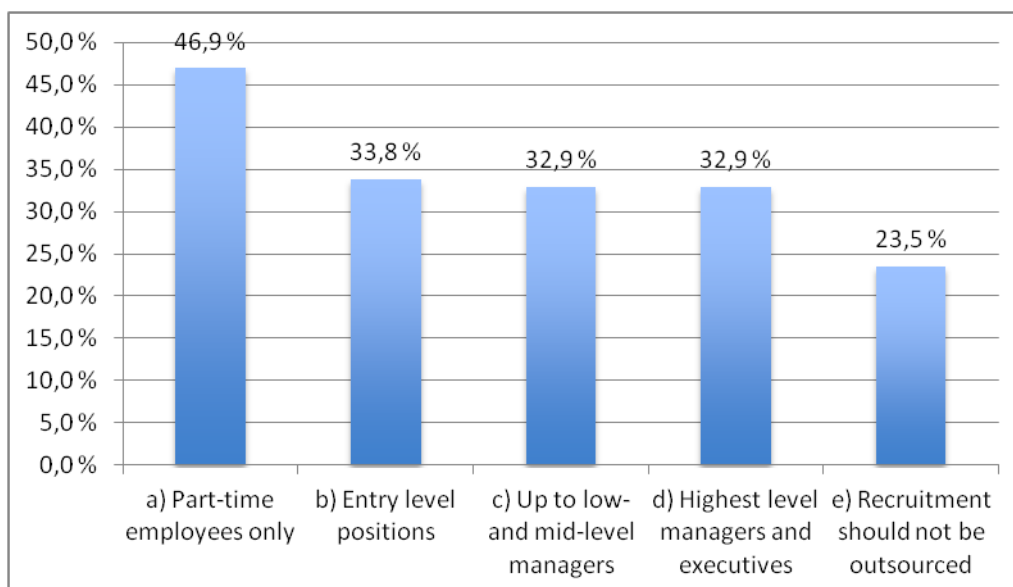Question 3: On which employee levels should recruitment outsourcing be ideally applied to?

Chart 3: Question 3 (quantitative survey)

Seeing at which employee levels recruitment outsourcing would be the most efficient was an important piece of background knowledge when looking into more specialized recruitment theory. Also, the recruitment methods tend to differ on the basis of the employee level, for example acquiring rental workforce at lower levels and engaging in executive search in later stages. As neither of these more specific recruitment processes were part of the theoretical framework, it is important to see how the recipients view them. It seems that people feel that outsourcing the acquisition of part-time employees is the most beneficial approach to RPO (46.9%) and is also an indication of the use of rental workforce. However, the other employee levels were viewed as very similar for RPO purposes. On average, 33.2% of the recipients felt that recruitment of primary employees can be outsourced. There was no evidence that the executive search or headhunting processes common at the highest employee levels caused any kind of a peak in outsourcing capabilities. The ideal employee levels for recruitment outsourcing were not directly discussed with Mr. Korpelainen as his organization was under contractual agreement that required them to use RPO when recruiting externally. However, if an open position was to be filled by internal recruitment, it was not required to go through the outsourcing service provider (OSP).

It was very interesting that only 23.5% of the recipients stated that recruitment should not be outsourced. This percentage is relatively low considering that 47.4% of the recipients were not engaged in any kind of outsourced HR and 49.1% percent had no ongoing RPO processes. This is a clear indication that Finnish HR professionals are relatively approving of outsourced recruitment.

4.2.4 Stages of recruitment for outsourcing

The fourth question dealt with one of the core themes of this thesis, the effect of different stages on to recruitment outsourcing.

Question 4: Out of the following stages of recruitment, which ones should ideally be outsourced?

a) Recruitment systems

b) Announcement stage (posting descriptions, etc.)

c) Analysis of the recruitment material (CVs, cover letters etc.)

d) Initial interviews (group interviews, assessment centers etc.)

e) Primary interviews

f) Final applicant evaluation

g) Post-Hire (Contracts, legal issues, communication to IT/security/etc.)
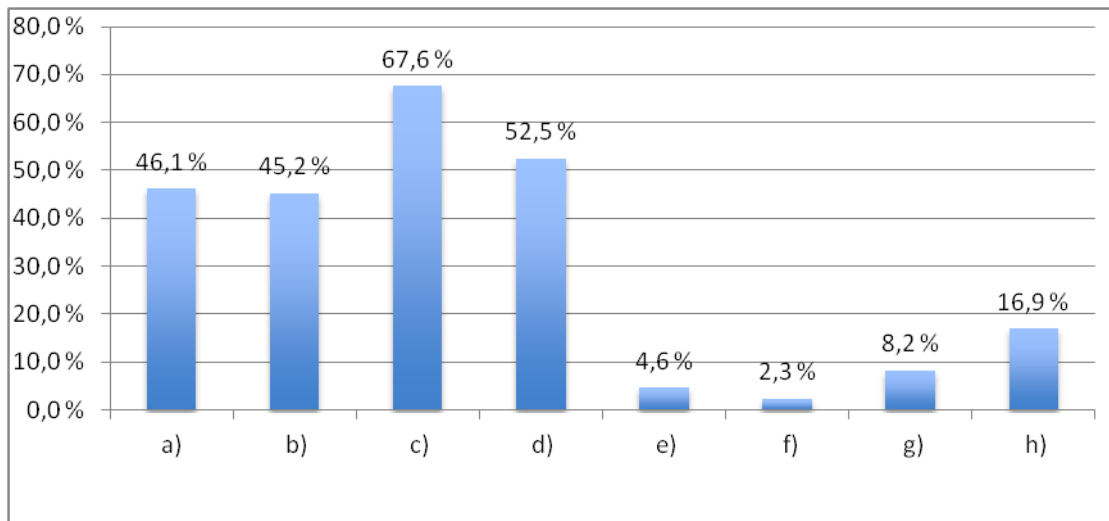
h) Recruitment should not be outsourced

Chart 4: Question 4 (quantitative survey)

The first issue that is evident in the results is that recruitment outsourcing can definitely be evaluated individually for each stage. If RPO should always be evaluated on the basis of the complete recruitment process, the answers for this question would be more evenly divided. According to the results, the most appropriate stage for outsourcing was the analysis of the recruitment material (67.6%). Since this is often considered the most time consuming stage in the process, outsourcing of it can be efficient. Also, the follow-up stage for the analysis of material where selected candidates are contacted, and the initial interviews were seen as something that is effective to outsource (52.5%). Recruitment systems (46.1%) and announcements (45.2%) also received support that is

in line with the current use of RPO as well as the employee-level data in questions one and two.

It was expected that the applicant evaluation and final decisions should ideally not be outsourced. The theory and the initial interview had already created this hypothesis for these stages. The lack of support for post-hire processes, which can be considered administrative tasks, was surprising. Moreover, only 16.9% of the recipients in this question stated that recruitment should not be outsourced, which is significantly less than in the previous question (23.5%). However, this is probably caused by the fact that not all people consider recruitment systems or some other stage part of the actual process and did not regard them as processes to be outsourced when the context was not stated in the question.

In Mr. Korpelainen's organization, the practice followed the results of the survey. He summarized the stages that were retained as internal processes as follows:

> *"The very beginning and the end of the recruitment process were retained in the company. The very work-intensive part in the middle of the process was outsourced."*

Here this Mr. Korpelainen meant that the decisions regarding recruitment strategy and the final interviews and selection were conducted in-house. However, he explained that the post-recruitment stage, where for example contracts are written, was also outsourced. Furthermore, there is also strong support for this type of outsourcing structure in the literature (e.g. Ume-Amen, 2010).

4.3 Recruitment outsourcing planning and process

The first of the major themes discussed during the interview and evaluated with statements in the quantitative survey are the recruitment-specific processes and planning determinants.

The results that deal with the actual planning of recruitment outsourcing processes come almost exclusively from the interview. Mr. Korpelainen explained in some detail how the process in the company where he worked was planned and coordinated. The starting point for such outsourcing operations is the development of a statement of work (SoW). It is a plan in which the different responsibilities of both the buyer and outsourcing service provider (OSP) are explained in detail. In Mr. Korpelainen's case this plan was conducted on a global level. It was stated that this SoW, which was used as a guideline throughout the outsourcing process, was not changed radically before during overall project. However, possible shortcomings were addressed and added to the agreement after the services were outsourced. Fundamentally, the way this process was coordinated was by first planning the desired transformation of HR and then gradually transferring it to the OSP. Furthermore, during the interview, Mr. Korpelainen highlighted the importance of careful planning throughout the outsourcing process.

During the process described by Mr. Korpelainen, it became evident that the change in HR structure was radical enough to cause a degree of change resistance within the organization. The transformation of the HR structure and the outsourcing processes were implemented roughly at the same time the company carried out another major organizational change related to its business structure. Encouraging the employees to adapt to the changes in organizational structure required tools in line with those suggested by Van de Ven and Sun (2011), such as internalization and ratification of the change and the reasons behind it.

Concerning the recruitment as a process, one of the most important determinants that may drive an outsourcing project is the perceived resource-intensity of the process itself. The following statement was constructed to evaluate the perceptions of the survey recipients to this issue:

Question 8: Recruitment is a very resource-intensive process that consumes an extensive amount of resources when conducted in-house.
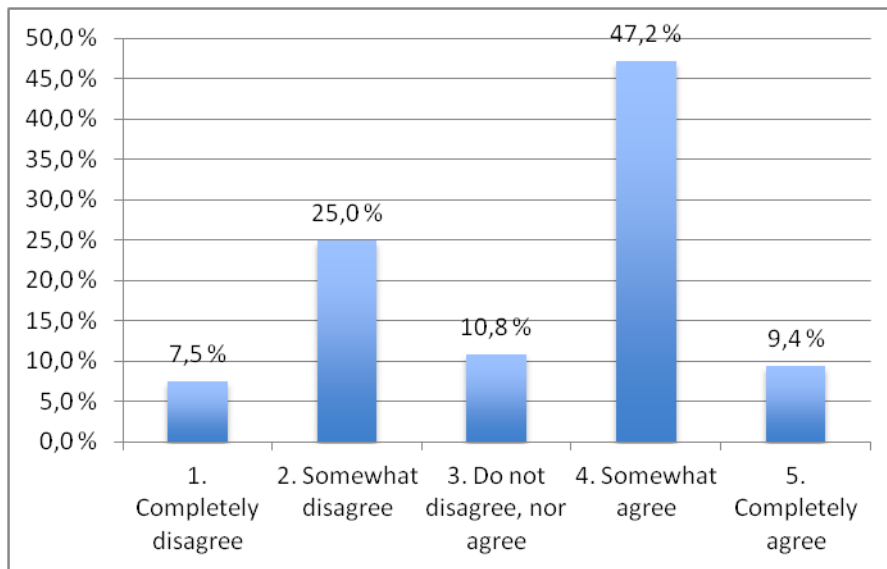
Chart 5: Question 8 (quantitative survey)

The role of this question was not to provide the recipients with an obvious statement that would prove something that was already assumed. However, looking into the way companies and HR professionals consider the nature of recruitment as a process can be used to identify the value corporations give to this process. If a recipient considered recruitment as a resource-intensive process, it would be a clear indication that he or she sees it as something that can be outsourced. More than a half of the sample had this type of view. It could have been assumed that the proportion that disagreed with this question would be in line with those who were skeptical of the entire concept of RPO, as seen in the basic questions. However, the disagreeing portion was significantly larger here. This might be indication that especially smaller corporations can conduct their recruitment with a relatively limited resource burden. Moreover, Mr. Korpelainen whose experience came from a very large corporation, noted that recruitment is a resource-intensive process, at least in the middle stages (analysis of applications etc.).

4.4 Outsourcing decisions and scope

In this section, three themes effecting the decision-making process and scope of the outsourcing activities will be analyzed. These include the tendency to conduct RPO along with other HRO activities, a case-specific evaluation of RPO activities and the tendency to outsource primary interviews.

4.4.1 Recruitment outsourcing decisions

There are various different issues that influence decisions regarding recruitment outsourcing and its depth. During the interview, it became obvious that large-scale human resources outsourcing might be a driver for recruitment outsourcing by externalizing the process along with the other HR processes. The following question analyzed whether such a line of thought is present among the recipients of the survey:

Question 7: Recruitment outsourcing is often conducted alongside outsourcing of other HR processes.
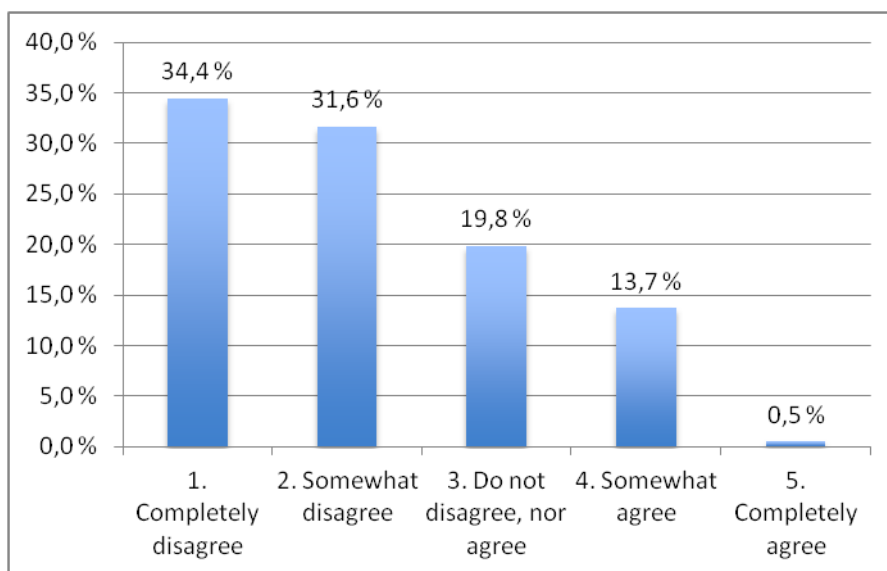
Chart 6: Question 7 (quantitative survey)

The purpose of this question was to identify whether scenarios where recruitment is a part of a larger scale outsourcing operations are fairly uncommon or, on the other hand, something that was seen as one of the core rationales of RPO. In total, 66.0% of the recipients either disagreed somewhat or completely disagreed that this would be the case. Moreover, the proportion who considered it possible that such a situation could often induce RPO was under 15%. Furthermore, while there is proof that some companies undertake outsourcing projects that aim to minimize the size of operational and administrative HR in the organization, this is far from common. If the sample of this survey were limited on the basis of the size of the companies where the recipients work more agreement with this phenomenon might have been found, at least in large corporations. For example, in the case described by Mr. Korpelainen, recruitment outsourcing was an individual part of a global project where all functional HR processes were outsourced. However, the result of this question is a clear indication that for the average organization, large-scale HRO projects are not key rationales for recruitment outsourcing.

4.4.2 Case-specific recruitment outsourcing

The following statement has a very different perspective on the subject. It is designed to evaluate what type of flexibility companies retain with regards to their recruitment outsourcing operations.

Question 10: Decisions about recruitment outsourcing should always be case-specific (e.g. outsourcing of specific job openings, not the complete processes).
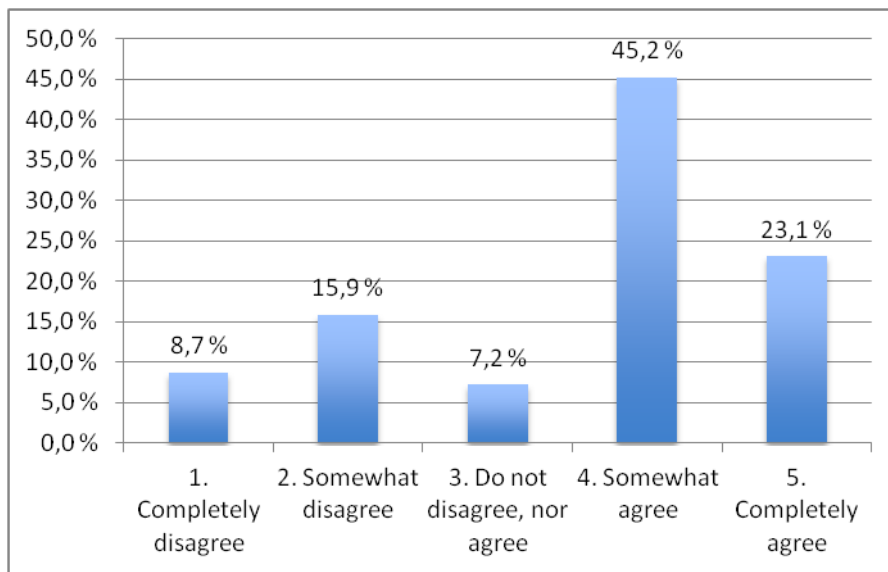
Chart 7: Question 10 (quantitative survey)

When an organization used RPO, it does not necessarily mean that all of the recruitment processes are outsourced. As opposed to a large-scale outsourcing project, where most of operational HR is outsourced, for example in the case described by Mr. Korpelainen in the personal interview, some companies want to retain the possibility to evaluate recruitment process case-specifically. Namely this would mean that as a job opens within a company, the decision about whether to outsource the recruitment process or a part of it for that job, is based on the characteristics of that specific opening. A majority of the recipients (68.3%) agree that this type of procedure is an efficient way of deciding whether to use RPO. One of the advantages of RPO is the ability to be flexible with regards to recruitment (e.g. Hauser, 2011) and the results of this question are in line with this as it enables the companies to vary the depth of RPO use in different situations. Furthermore, the proportion that disagreed with the phenomenon did not exceed those who were against RPO, thus indicating that the sample is relatively unanimous regarding the concept. It is an indication of this that nearly one-fourth of the recipients (23.1%) completely agreed with the statement. In Mr. Korpelainen's case such flexibility was not present. As stated before, the outsourcing project where his experiences came from had an agreement where all external recruitment, concerning the stages that were outsourced in the first place, was handled by the OSP. However, this did not apply to internal recruitment processes.

4.4.3 Primary interviews

The final theme in this section is the depth of recruitment outsourcing. The following statement was used to evaluate the willingness of the recipients to include primary interviews in their RPO processes:

Question 13: Primary interviews should always be conducted in-house.
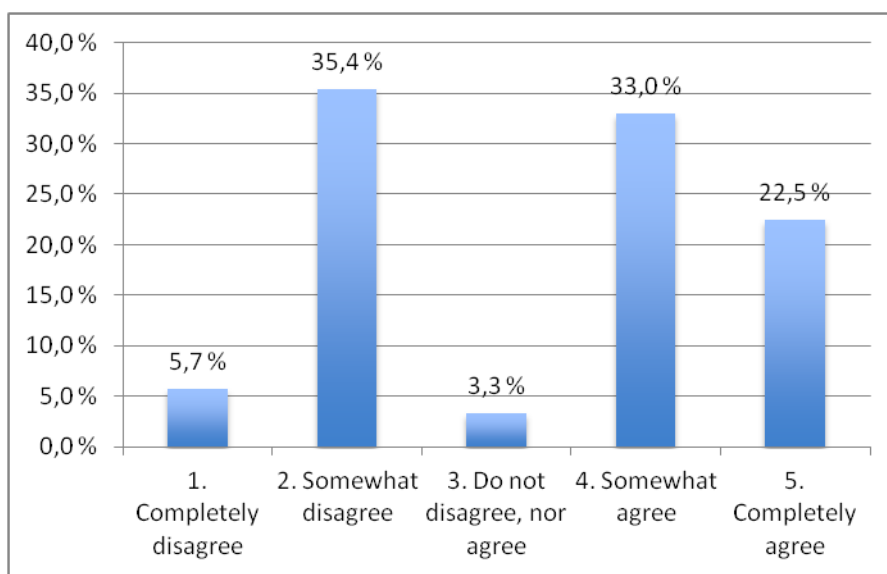
Chart 8: Question 13 (quantitative survey)

Based on the basic information mapped in question 4 where less than 1% stated that primary interviews and selections are something that can be ideally outsourced, which is in line with the literature (e.g. Ume-Amen, 2010), it could have been assumed that the answers would reflect directly on the results for this statement. The majority of the recipients in fact agreed that primary interviews should be retained as an in-house operation but a surprisingly large proportion did not agree with this. It is difficult to explain why so many people seemingly switched their opinions. One possible explanation is that this question did not provide much of a context for what primary interviews actually are, whereas in question 4 the stages were clearly identified and separated. Moreover, the Finnish version of this question did not sufficiently specify that this in fact concerns only primary interviews. Based on the open answers and feedback, it can be assumed that some recipients consider first-stage interviews and

assessment (i.e. group interviews, psychological assessment, skill assessment etc.) something that can and should be outsourced (option "D" in question 4). Because the Finnish version did not sufficiently distinguish enough between primary interviews and those initial interviews, the results of this question were somewhat incoherent. However, it is still a clear indication that HR professionals feel that even at more perceptional and subjective evaluation of candidates can be outsourced to some extent.

While the quantitative results regarding this question where somewhat incoherent, some valuable information on the subject was gathered from the interview with Mr. Korpelainen. Firstly, the final interviews and selection were not included to the recruitment outsourcing, in the case he presented, but were retained within the company. Moreover, he felt very strongly about keeping the final decisions in the hands of the manager in charge of the future employee.

> *"When there are multiple candidates with very similar skills and competencies, the most important quality of the candidate is his or her attitude. Evaluating this attitude is of the utmost importance."*

Mr. Korpelainen states that attitude can be evaluated by various measurements, even during the outsourced part of the recruitment process. However, hiring the most suitable employee based on his characteristics and attitude, is always the responsibility of the manager conducting the recruitment process. When all these issues are considered, it can be said that Mr. Korpelainen's thoughts on the subject were largely in line with those evaluated in question 4 (Chart 4).

4.5 Perceived benefits of recruitment outsourcing

The fundamental perceived benefits that relate to recruitment outsourcing are definitely the cost advantages and outside expertise. Both of these issues were evaluated with individual statements, starting with costs.

Question 5: Fundamental reason for recruitment outsourcing is a desire for cutting costs.
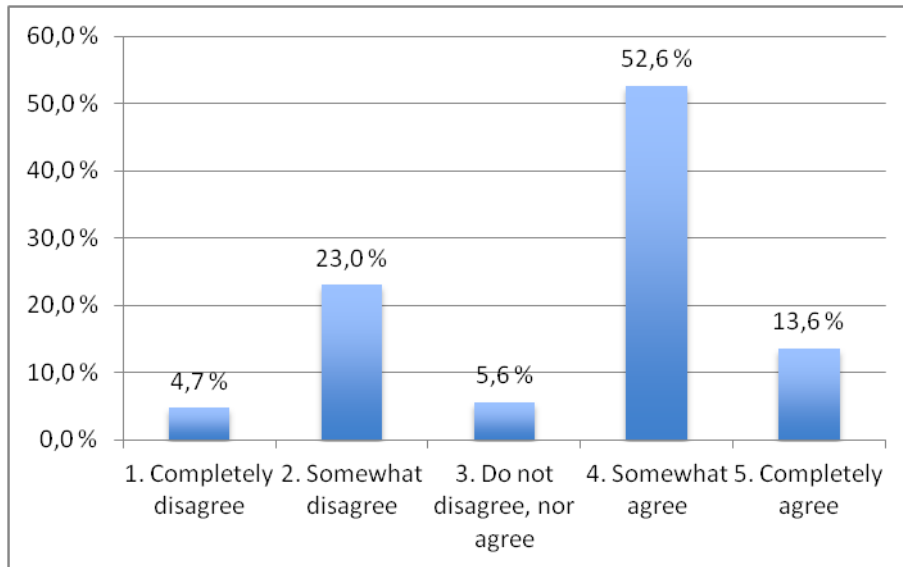
Chart 9: Question 5 (quantitative survey)

Cost advantages are arguably the driving force for virtually any outsourcing activity. The existing literature suggests that gaining savings and being able to scale recruitment activities more efficiently are two of the key rationales for RPO (e.g. Ume-Amen, 2010; Hauser, 2011). The recipients of this survey had similar views: 66.2% of the sample agreed at least to some extent that one of the fundamental reasons for recruitment outsourcing was the desire to cut costs. However, over a fourth of the sample did not agree with this statement. This may point to the fact that recruitment outsourcing can be also considered a measure to handle more difficult recruitment scenarios, for example international recruitment and technical recruitment, which will be discussed later on.

Mr. Korpelainen did not completely agree with the decreasing costs as a result of RPO activities. He stated that this aspect depends greatly on the outsourcing contract. Although he did acknowledge that in certain cases cost advantages may be acquired, this is not a universal outcome of recruitment outsourcing. Moreover, it was said that the quality of the planning of these processes influences the costs as an unclear

distribution of responsibilities between OSP and the buyer and other inefficiencies might hinder the overall benefits of RPO.

The second aspect of the perceived advantages, tapping into outside expertise, was addressed by the following question:

Question 6: Recruitment outsourcing increases the company's recruitment capabilities and provides efficiencies for company, in terms of outside expertise.
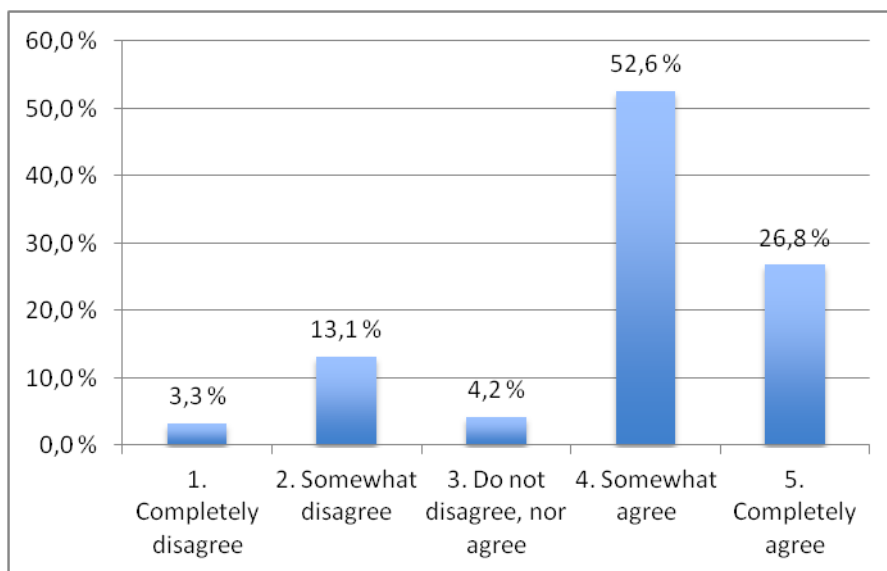
Chart 10: Question 6 (quantitative survey)

It is important for firms that by conducting a crucial process such as recruitment in cooperation with an outsourcing service provider, they gain access to the expertise, resources and experience of that third party. The recipients agreed extensively with this. It can be said that the proportion who did not agree is close to the proportion who stated that recruitment should never be outsourced, as identified in the basic questions (1-4). Taking this into consideration, it can be said that roughly everyone who viewed RPO as a valid option for handling recruitment agreed that there is a possibility to use outside expertise thus reinforcing and enhancing the successfulness of recruitment. Mr. Korpelainen agreed with this and stated that issues other than cost savings, which are not guaranteed, are more important for outsourcing decisions. Outside expertise is

included in these. Moreover, it was said that it is more beneficial to let an expert go through the recruitment material than to spend the already scarce time of the recruiting managers and other internal personnel on such a process.

4.6 Social Recruitment

The first of the more individual themes focused on in the quantitative survey is social recruitment, which was addressed with the following question.

Question 14: Recruitment outsourcing may result in more effective use of social media and other non-traditional pools of applicants.
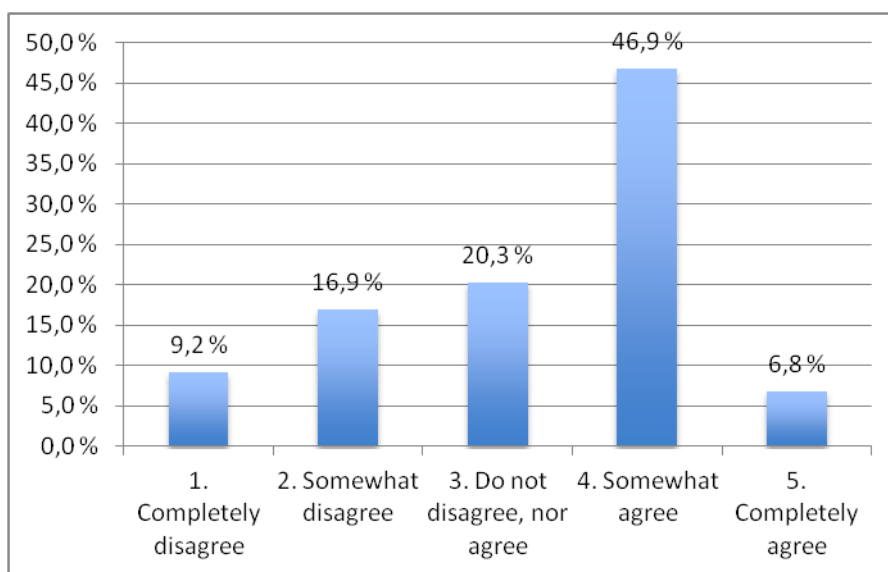
Chart 11: Question 14 (quantitative survey)

Social media provide recruiters with an interesting new advertising channel as well as access to pools of applicants that cannot be accessed via conventional channels (e.g. Doherty, 2010). However, effective use of social media requires certain expertise and thus is one of the potential fields where specialized recruiting agencies and OSPs can excel. The recipients were well in line with this thought as over half of them (53.7%) agreed to some extent with the statement. The proportion of those disagreeing is mostly in line with the people reluctant to outsource recruitment in any case, and the somewhat

difficult concept of social recruitment itself might account for the relatively high proportion of those who did not agree or disagree (20.3%). Based on the answers, it can be assumed that social recruitment is one of the more specialized recruitment themes which may affect the rationale of RPO for certain organizations. Knowledge of different social media, technical implementation, analysis of available data and implementation of strategies all require some degree of expertise. For a company, such expertise might be more readily obtained by outsourcing activities than by developing it in-house. Furthermore, social recruitment was not discussed during the interview with Mr. Korpelainen and thus more elaborative data on the subject are not available.

4.7 Employer brands

The next theme under evaluation was the influence of employer brands on recruitment outsourcing. Again, this was a theme, which was not incorporated in the interview with Mr. Korpelainen and thus the findings on this subject are solely based on the following statement:

Question 15: Employer brand can be effectively communicated, even in case of recruitment outsourcing.
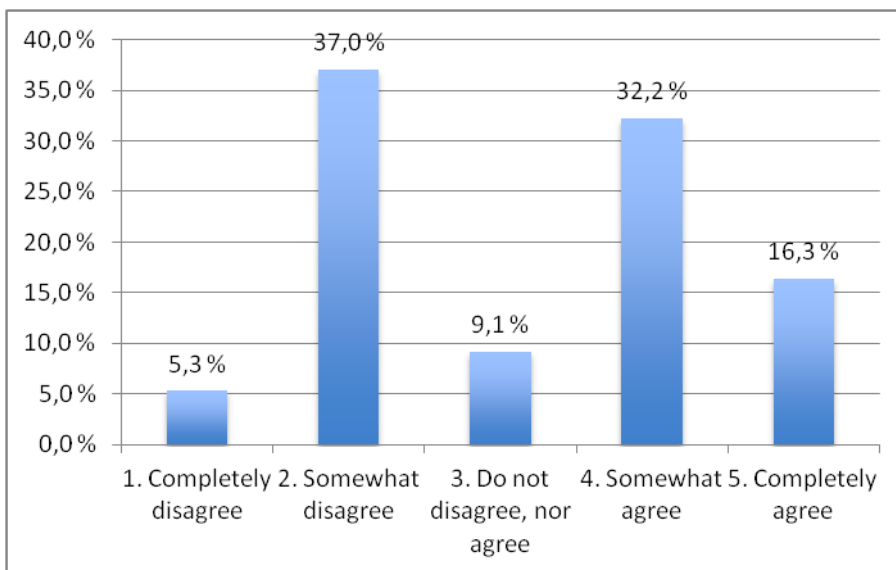
Chart 12: Question 15 (quantitative survey)

Emitting a strong corporate and employer brand is a crucial aspect of recruitment (Wang & Wang, 2009). It is certainly a valid argument that an OSP cannot necessarily use the employer brands of its customers' as well as they might themselves. The quality and number of applications among other determinants of the sample of candidates received by the firm for their recruitment processes are affected by the employer brand. Hence, in the case of outsourced recruitment the recruiters may have to use an unfamiliar brand. Being able to take advantage of the brands of customer companies is a distinct success factor that relates to RPO. The recipients were divided in their thoughts about the ability to use off-house brands. However, a slightly larger proportion stated that employer brands could be regardless of who uses them in marketing. The division of answers would suggest that this issue is highly case-dependant and employer brands can be used in an RPO context if a certain amount of effort is put into the process. Careful planning, communication between parties and other assignment-related issues determine the successfulness of utilizing employer brands in such external context. Arguably, an internal employee might prove to be just as inefficient with this context as an external one. Altogether, the results for this question remained slightly inconclusive but at least it cannot be said that employer brands work against the entire concept of RPO.

4.8 Technical recruitment

One of the most crucial themes of this research, as well as a potential rationale for recruitment outsourcing, was the special theme of technical recruitment. Findings regarding this theme are again based largely on the quantitative survey. However, the general issue was briefly discussed with Mr. Korpelainen, who said that the thought that recruitment outsourcing can be influenced by the existence of such special themes has a degree of support from his experiences. However, the statistical data related to the analysis of this specific issue were gathered with a single question in the survey:

Question 16: Effectiveness of recruitment outsourcing is increased in cases of highly technical job opening (IT certificates etc.)
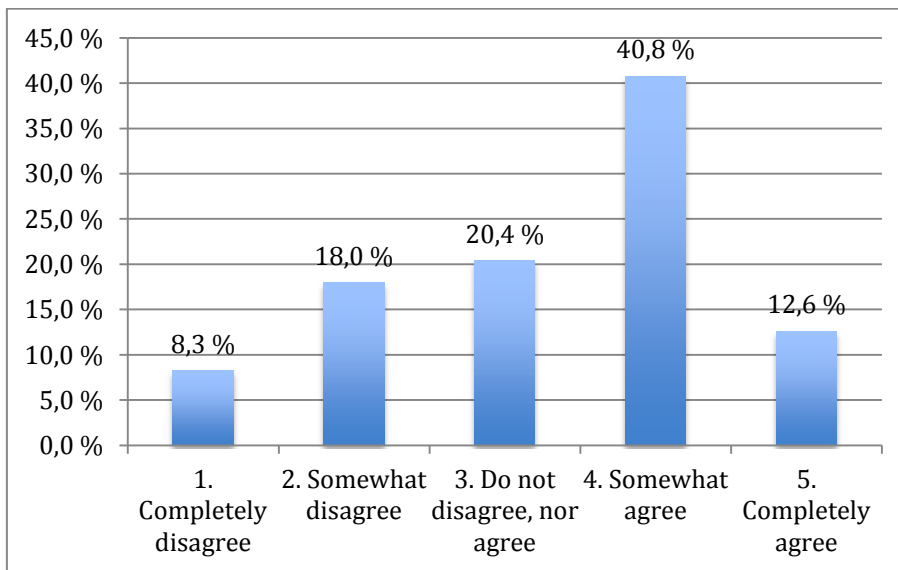
Chart 13: Question 16 (quantitative survey)

Recruitment outsourcing can theoretically prove to be more effective in the case of acquiring highly specialized technical workers. For example, if a certain software certificate or training were to be required from a candidate, the recruitment process would fit this category. The recipients agreed quite well with the statement concerning this subject. A total of 53.4% agreed to some extent with the concept. Again, the number of people who did not lean either way was relatively high at 20.4%; this was most likely due to the specific context of the statement. If one has never dealt with recruitment in a technical environment he or she is not likely to have strong opinions one way or the other. Altogether, it seems that there is a validation to assume that one of the guiding rationales for recruitment outsourcing can form for such specialized technical context. While companies engaging in a search for such employees usually possess the required competencies to evaluate these skills, it may prove to be a very-resource intensive process that would require use of in-house technical staff thus placing additional pressure on employees. In this case it would be more effective to let an outside operator handle evaluation of the technical attributes. There is certainly a degree of proof that technical recruitment is an appropriate context for outsourcing activities.

4.9 International recruitment

Following on the special themes, in addition to technical recruitment, international context has a certain influence to RPO:

Question 17: International recruitment is more effective when the process is outsourced to a host-location service provider.
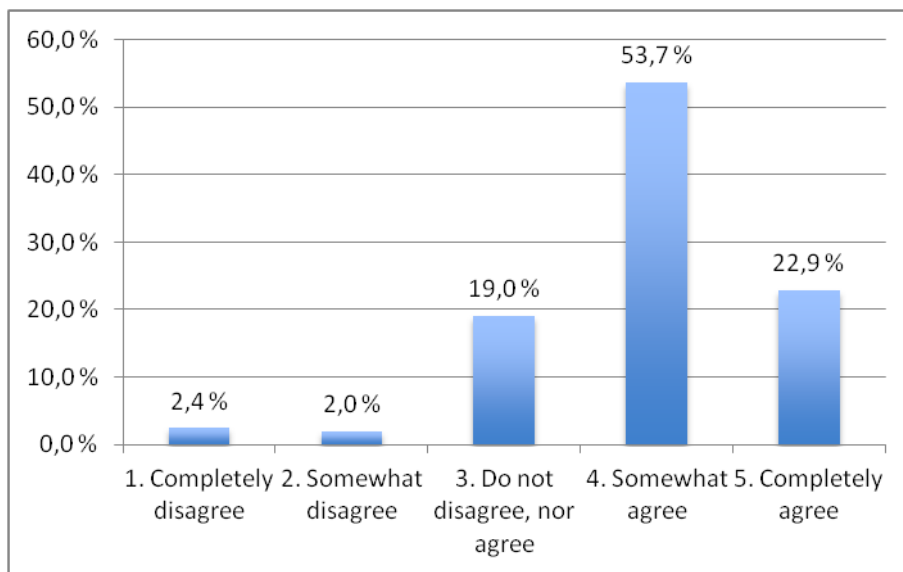
Chart 14: Question 17 (quantitative survey)

As this research is an international business thesis, the special theme of international recruitment was an important aspect of this survey. It was encouraging to see that recipients agreed overwhelmingly that the international context enhances the efficiencies gained from RPO at least to some extent. The focus of this question was on recruitment of host-location employees, which is one of the core international recruitment strategies (Caligiuiri et al., 2010: 131). The answers do not reflect domestic recruitment for international assignments (expatriate recruitment), as these are usually internal recruitment processes. Nearly all of the deciding recipients agreed with this statement and the concept presented by it. International recruitment is perhaps one of the contexts where tapping into outside resources is the most beneficial. Conducting host-location recruitment in-house would require knowledge of several cultural and

legislation-driven factors and would place an excessive burden on the recruiters. Use of a host-location operator enables an organization to bypass all these issues and free up global HR resources for other important tasks. Altogether, it can be determined that recruitment outsourcing is an important concept for international business, especially when setting up foreign subsidiaries or other cross-border operations.

Mr. Korpelainen noted that this concept has a lot to do with the strategic decisions made by companies. Again, there is a basis for this statement, although the context affects them to some extent. This has to do with various available staffing options, for example whether to use expatriates or local workforce. However, when deciding to employ people from a host-location, RPO has strong support when Mr. Korpelainen's thoughts are combined with the results for the question above.

4.10 The role of HR department

When looking at the internal effects RPO has with regards to the form and role of the HR department, it is useful to consider whether they occur due to the use of such services. The following statement focuses on this phenomenon:

Question 9: Outsourcing of recruitment (and other HR functions) results in a more strategic role of corporate HR as the administrative tasks are conducted elsewhere.
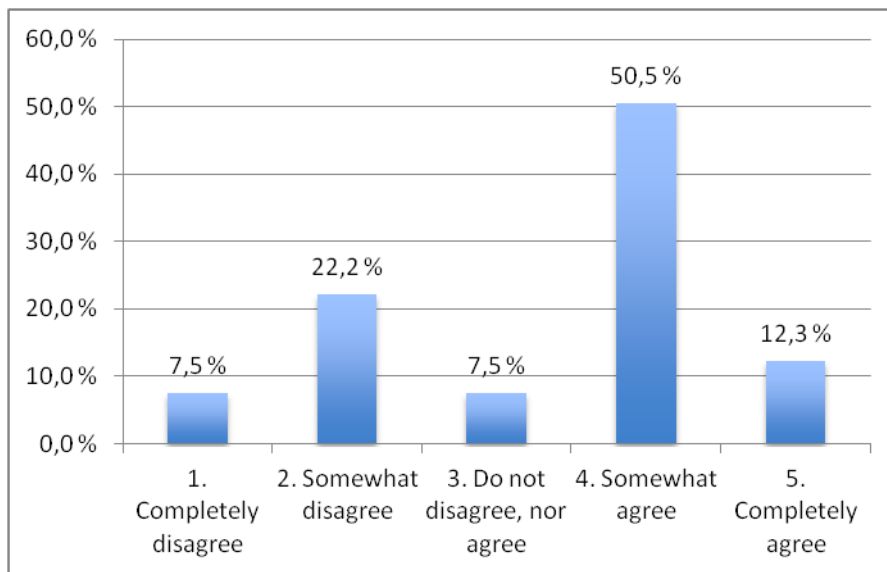
Chart 15: Question 9 (quantitative survey)

One of the major themes identified in the literature review (e.g. Ume-Amen, 2010) and then confirmed in the personal interview was the emergence of strategic HR out of HRO activities. The recipients strongly confirmed this phenomenon. A total of 62.8% of the sample agreed to some extent that RPO and HRO activities enable this form of strategic development of corporate HR. The advantages gained from recruitment outsourcing affect a company's competitiveness directly. While cost efficiencies and, arguably, the increasing quality of recruitment processes have an effect on those specific processes, the impact to the overall organization might not be too extensive. However, if the way HR as a whole is operated in an organization changes due to the impact of HRO and RPO processes, the result may be substantial. The disagreeing recipients (29.7% in total) most likely consists of those who either view RPO as inefficient altogether, or those from small companies that do not really gain any sort of benefits from strategic HR, if they even have a separate HR department. Altogether, confirming the existence of such a phenomenon is definitely a significant finding with regards to this research.

The transformation of the role of HR department was also a major theme in the interview with Mr. Korpelainen. In the case under discussion, the global level reform of HR activities was one of the reasons why recruitment outsourcing practices were

implemented. Mr. Korpelainen presented a model representing the desired HR structure during the interview, but due to non-disclosure issues that specific framework cannot be presented. However, the line of thought and content of that original model can be transferred to another example. The following modified model incorporates the information presented by Mr. Korpelainen:
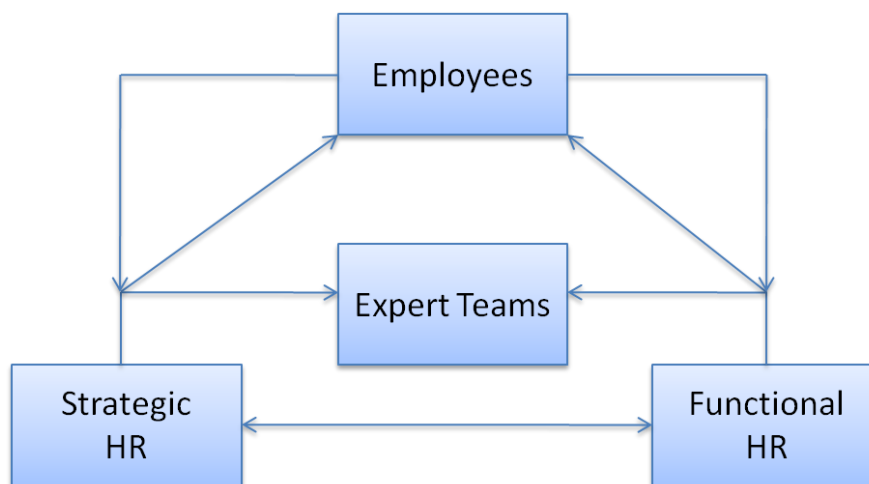
Figure 7: Post-transformation structure of corporate HR. Modified from Mr. Korpelainen's model

What this model stands for is that HR is reorganized to two internal and one external department. The external department is the one labeled as *Functional HR* and is operated by an OSP on a global level. The functions conducted under this department are those that are often considered to be part of the conventional administrative and operational HR such as payroll and recruitment. *Strategic HR* is a group-level department that is in charge of planning and development of HR-related functions. It also facilitates the OSP with all the relevant information and support it might need with regards to operational HR. Under both of these are global *expert teams* that are in charge of conducting special projects related to HR. The contact points for regular employees in this type of structure are in *Functional HR* for operational issues and in *Strategic HR* for strategic concerns.

The model and descriptions of Mr. Korpelainen are well in line with the literature. The renewed HR structure closely resembles the HR partner organization presented by

Ulrich et al. (2008), with difference being that there are expert teams instead of HR partners. Examples of the work of these expert teams would include practices such as talent management, succession planning and rewarding. Furthermore, it was worth taking a more detailed look into one of these issues in the qualitative survey. Talent management fitted this purpose perfectly and the following statement was constructed in order to evaluate it:

Question 18: Talent management becomes more important for companies as recruitment activities are outsourced.
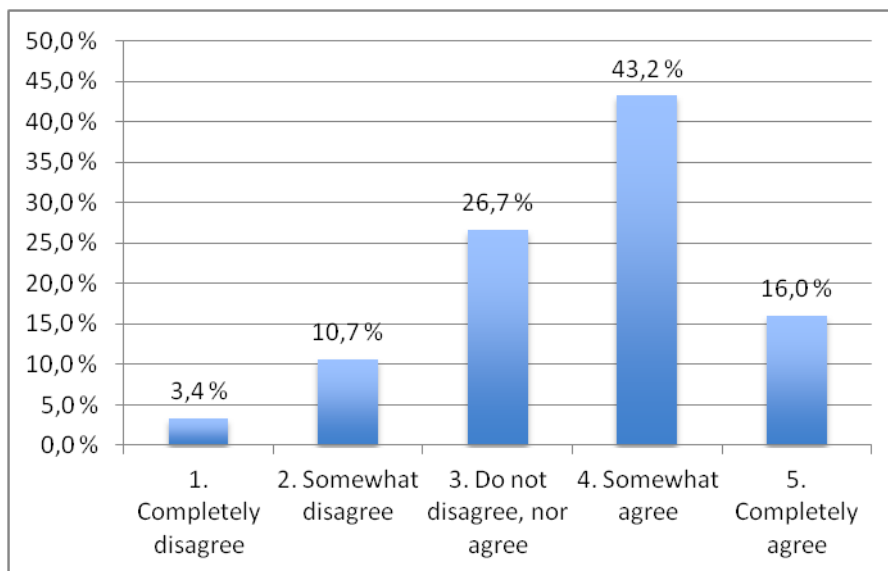
Chart 16: Question 18 (quantitative survey)

Theory suggests that as administrative HR consumes fewer resources, processes such as talent management gain more ground (Conklin, 2005). Seeing how this hypothesis reflects on the recipients' thoughts is an effective way of evaluating the subject. Firstly, it is worth noting that the percentage of recipients who were undecided was surprisingly high (26.7%). This is probably due to the inclusion of people from smaller organizations where talent management may not be considered an individual process, but something that is conducted alongside recruitment and employee sourcing. However, aside from this the recipients agreed very strongly with the statement. The ability to use the resources freed from administrative and operational HR in a more

strategic context can definitely be seen as a key rationale, especially for a larger organization, to use RPO. Especially the aspect of talent management that deals with acquisition of talent takes a more important role as that process deals directly with recruitment – even if it is outsourced. The other aspects of talent management that deal with processes targeted to existing employees also benefit from the more strategic and cross-functional role of the resulting form of HR department (e.g. Areiquat et al., 2010)

Combining the results for the two questions under analysis in this section with the findings from the personal interview has resulted in solid evidence of the departmental changes HR might undertake as a result of RPO. It can even be argued that such a more dynamic and modern organizational model is, in fact, one of the core rationales behind RPO.

4.11 Measurement

Two different types of measurement methods were evaluated during this research. Firstly, the ones presented in academic literature (cost per hire, quality of hire) and the practical ones described in the interview.

4.11.1 Cost per hire and quality of hire

Academic theory suggested that the two fundamental tools of measurements for RPO processes are the cost per hire and quality of hire (Cappello & Constance, 2011). Two questions were developed in order to evaluate them and the findings which could potentially be used to evaluate whether there is a degree of proof to the assumption that as recruitment process progresses, the focus tends to shift towards quality-orientation. The first issue under examination was the cost per hire:

Question 11: Recruitment outsourcing leads to reducing cost per hire.
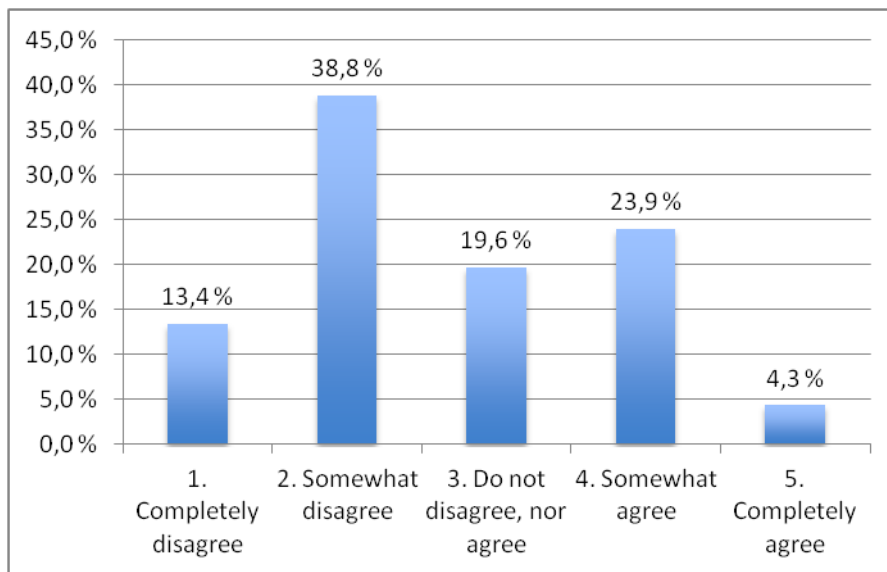
Chart 17: Question 11 (quantitative survey)

It was already determined that one rationale for RPO was the desire to gain cost advantages (Q5). The purpose of this question was to see whether the perceptions of the recipients reflect on one of the measurement tools with which recruitment costs can be evaluated: cost per hire. Surprisingly, the recipients had much more negative perceptions about the decreasing cost per hire than the broader term of cost advantages. In total, less than 30% agreed that cost per hire diminishes when recruitment is outsourced. This could be an indication that the cost advantages gained from RPO are achieved somewhere else than in the recruitment process. For example, the ability to reduce administrative HR and make the above-mentioned shift to strategic HR may result in substantial reduction in operational expenses. This does not necessarily mean the cost of recruitment is reduced by RPO itself, but it does enable widespread savings in an organization. The results for this question are very well in line with Mr. Korpelainen's thoughts; he acknowledged the possibility of cost savings but did not consider it something that would be automatically achieved by recruitment. The analysis of the measurement is followed by an assessment of the quality of hire:

Question 12: Recruitment outsourcing leads to increasing quality of hire.
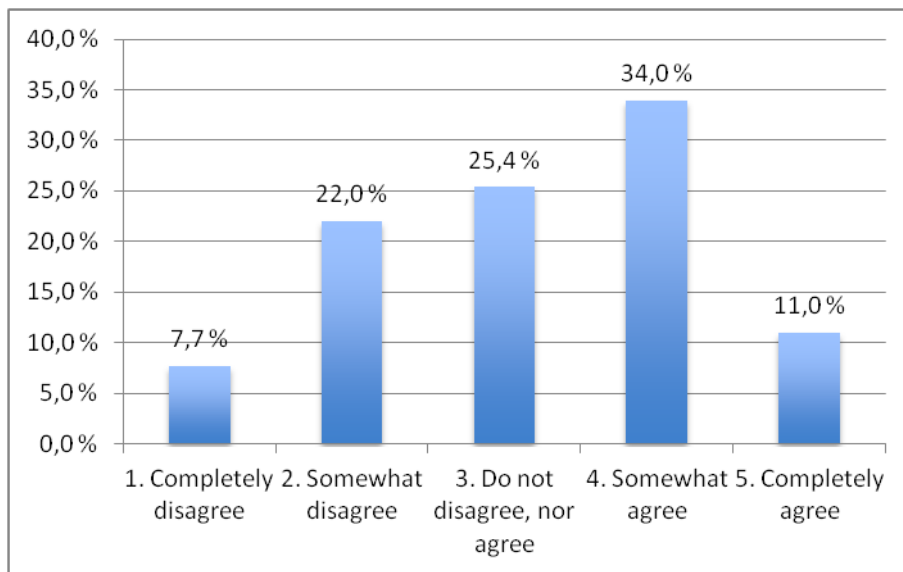
Chart 18: Question 12 (quantitative survey)

While the cost per hire was used to measure the cost savings from RPO, the quality of hire stands as a measurement for the gains in outside experience. The proportion of the recipients who agreed that tapping into expertise of OSPs was very excessive. Consequently, one would assume that such a response would indicate that the quality of hire was the major determinant of successful RPO operations. However, while most of the recipients thought that the quality of hire increases from recruitment outsourcing, the answers were much more divided. One explanation for why the results are not in line with each other is the way of viewing the RPO process. Nearly all of the recipients considered final interviews and selections as something that should never be outsourced. Consequently, the ultimate hiring decisions are almost always made in-house, thus decreasing the impact of RPO on the actual hired employee. The final sample of candidates that go into the interviews is obviously refined by recruitment outsourcing activities, although the effect they have on the final selection might be limited within that sample. Such a perception would make the evaluation of quality of hire based on RPO significantly harder and would certainly explain the division of answers, especially those who neither disagreed nor agreed (25.4%).

4.11.2 Additional measurement methods

Different measurement tools were a major theme in the personal interview. Out of the considerations between cost per hire and quality of hire, Mr. Korpelainen preferred the more quality-oriented approach.

> *"I strongly think that quality is the most important when evaluating recruitment. Getting the right people for the right assignments is more important than a slight increase in costs."*

These two determinants of evaluation were not the only measurement methods discussed in the interview. Mr. Korpelainen was asked what measurement tools were used by his former organization to evaluate the successfulness of their recruitment activities. With regards to outsourced recruitment, determinants such as the speed of filling vacancies, cost, and how long hired candidates stayed in the organization were used. Mr. Korpelainen further explained that the required quality of each determinant was listed in the service level agreement (SLA), which is a plan that guides outsourcing. The determinants are fairly quality-oriented, despite the importance of cost.

4.12 Open questions and additional information

The final section in the findings deals mostly with additional information, which was acquired through open questions in the survey and during the personal interview. However, the first element to be presented here is a statement that concluded the closed section of the survey as follows:

Question 19: Recruitment outsourcing is a practice that is going to become more and more common in the future.
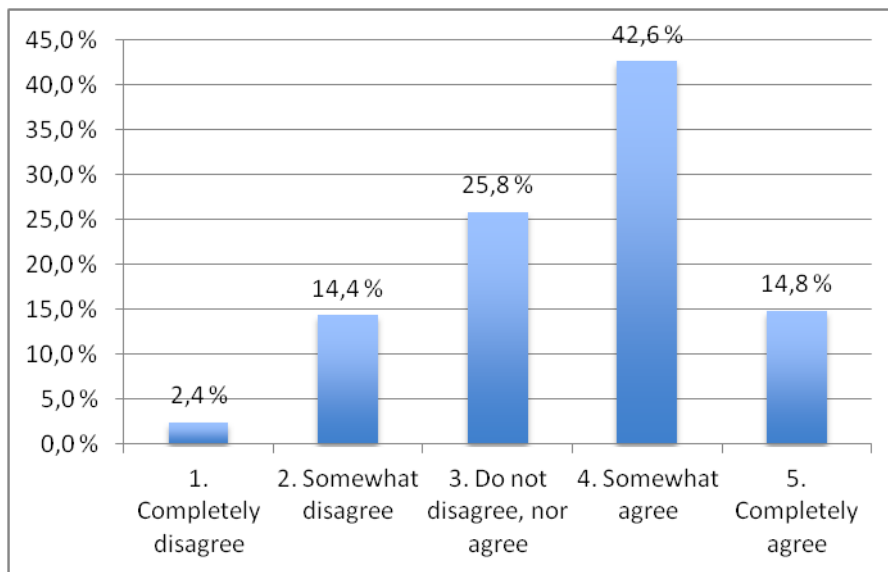
Chart 19: Question 19 (quantitative survey)

The last statement deals with the future of recruitment outsourcing. For a concept that did not even exist a decade ago, seeing how HR professionals view its prospects in the future is very important. Firstly, the proportion of recipients who do not see RPO as a concept that will gain more ground is well in line with those who stated that recruitment outsourcing should never be outsourced. Otherwise, the recipients remained rather positive about the increased use of HR processes. It can be said that the answers to this last question are well in line with those to the other questions in this survey. There are vast numbers of different scenarios that gain different types of advantages from RPO. Especially the concept of technical recruitment and the perceived advantages it gains from outsourcing suggest that there will be demand for RPO services in the future. As a business process, RPO is still in a very immature state and it will be interesting to see what shape and form it takes in the future. At present, specialized recruitment contexts and the desire to reform corporate HR and provide it with a more strategic role seem to be the driving forces that will increase the use of RPO in the coming years.

At the very end of the survey, the recipients were given a chance to provide additional thoughts on RPO and give feedback. A total of 35 (15.6%) recipients chose to answer this question. The feedback will not be summarized here, as there were no recurring themes that could be included in the findings section. However, a few possible issues

that may affect the quality of the overall research will be mentioned later in the limitations section.

Three distinct types of answers can be summarized from the pool of open answers. Firstly, a number of respondents stated that excessive generalization of recruitment outsourcing concepts is difficult as there are a vast number of firm and context specific issues that affect the decisions. Secondly, people highlighted that if recruitment is to be outsourced the efficiency communications between company and recruiter is absolutely important. Lastly, the difficulties of evaluating the costs of different recruitment scenarios, internal and external, can be considerable.

Altogether, most of these clarifications and comments were used to provide more contexts for some part of the survey. A lot of valuable and interesting information was attained but there were no conclusive results that would hinder the actual results received from the primary questions. The lack of evaluating the assessment stages individually and leaving the firm context (industry/size) out of the questionnaire received a few comments and they will be addressed in the limitations section.

There were also some issues that were discussed in the personal interview, but which could not be included in the quantitative survey. Valuable information was gathered especially on planning and coordinating of the outsourcing processes and case-specific outsourcing structure. Especially learning about the planning and coordination of such global outsourcing operation was beneficial in terms in achieving a deeper understanding of the issues revolving around such projects. These projects are difficult and complex to manage and the careful planning is of the utmost importance.

5   CONCLUSION AND IMPLICATIONS

This section is divided into four sub-sections. First, the findings will be summarized and reflected upon with the literature and research questions. Then a refined model based on the theoretical framework (Figure 5) will be constructed and presented. The third section will consist of the managerial implications and importance to international business research. Lastly, limitations and points for further research will be identified and a brief summary of the overall conclusions will be provided.

5.1 Presentation of results

The fundamental purpose of this research was to provide answers to the two research questions presented in the introduction to this thesis. The available data consists of three distinct sources: literature, the personal interview and the quantitative survey. The data gathered with the survey form the main pool of empirical data and represent the most important and unique piece of information.

5.1.1 Summary of the state of recruitment outsourcing

Before going into the discussion on the research questions, it is worth summarizing certain key findings from the empirical studies. Firstly, it has become indisputably clear that recruitment process outsourcing is a well-established business process that modern businesses and organizations use for various reasons. The workplaces of more than half of the HR managers who took part in this research had outsourced recruitment, at least to some extent.

In this thesis the recruitment process was evaluated as something that consists of different stages that are to be analyzed differently in the outsourcing context. It is evident that a perspective of this kind on the issue is justified by the variances in survey

findings that had some sort of stage-focus. Moreover, literature provides various models and frameworks by which to map and analyze the relevant stages (e.g. Armstrong, 2003: 395; Miaoulis et al., 2008). Different stages have varying outsourcing capabilities and at least the ones dealing with primary interviews and selection should be conducted in-house. This became evident from both the literature (e.g. Ume-Amen, 2010) and the empirical parts. The ultimate success of recruitment outsourcing is not limited by the concept itself but by the cooperation between buyer and OSP and also by the expertise of the service provider (e.g. Conklin, 2005). The effectiveness of recruitment outsourcing is also affected by various process and context-specific issues that will be more thoroughly discussed in the later sections.

The literature warns of certain pitfalls that may reduce the benefits to be gained from RPO and create mistrust towards the whole concept. These include the risk of losing control of an essential process (Ordanini & Silvestri, 2008), ineffective use of the employer brand (Hauser, 2011) and lose of process-related competencies (Ume-Amen, 2010). However, none of these perceived disadvantages were shown to have a significant effect on the effectiveness of RPO. Based on the personal interview and the survey, especially the open answers, these issues, among others linked to RPO disadvantages, can and should be managed by careful planning of the outsourcing.

5.1.2 First research question: rationale and effectiveness

The primary research question of this thesis was to evaluate the rationale and effectiveness of recruitment outsourcing. The question is as follows:

> *RQ1: What is the rationale behind recruitment outsourcing and does its effectiveness vary in different stages of the overall recruitment process?*

Identifying and evaluating what different firms seek when engaging in RPO is vital for a critical assessment of these processes. As opposed to certain conventional outsourcing operations, for example production off-shoring, where the major driving forces are cost

advantages and centralization benefits, the rationale of RPO is much more complex and case specific.

Based on this research, the decision to outsource recruitment is influenced by a number of different sought outcomes. First, an underlying theme of these processes is the transformation of the nature of HR departments in modern organizations. Downsizing the administrative HR tasks filled with resource-intensive operational duties is a requirement if firm is seeking more strategic HR department. These next-level benefits (Sheehan & Cooper, 2011) are something that RPO activities share with other HRO processes, such as payroll. It is definitely possible that for some firms the desired outcome that triggers recruitment outsourcing is the desire to establish more strategic HR. This theme was evident in both the personal interview and in the results of the quantitative survey.

Besides the strategic-level benefits, there are also certain process- and efficiency-related rationales for RPO. If the ultimate reasoning for recruitment outsourcing is the desire to enhance the processes in question, the rationale is either to seek cost-advantages or outside expertise. The literature focuses heavily on cost and there are a number of different studies that support the phenomena. The results of the survey indicate that RPO does not necessarily generate direct cost savings, but due to the result-intensity of recruitment, there may be significant benefits from freed HR resources as well as the ability to make recruitment more flexible. Such themes are also supported by the literature (e.g. Ume-Amen, 2010; Leggett, 2007; Hauser, 2011). Moreover, the more professional recruitment processes of the outsourcing service providers may create indirect cost advantages through their expertise.

Additional benefits gained from OSP expertise, which can be seen as a rationale for RPO, include more efficient inclusion of special themes in recruiting. Effective use of recruitment systems, social recruitment, technical recruitment and international recruitment can definitely seen as major benefit encouraging firms to outsource their recruitment.

The last part of this research question had to do with the stages of recruitment. It was assumed that the various stages of recruitment catered differently for outsourcing processes and therefore it is effective to evaluate RPO stage-specifically. There is definitely conclusive evidence that such a method of evaluation is justified. HR professionals view the various stages very differently, based on their outsourcing capabilities. While the depth of recruitment outsourcing can be seen as dependant on the job- and organization-based characteristics, the survey and interview results indicated that final interviews and selection should never be outsourced.

5.1.3 Second research question: special themes

The importance of special themes with regards to recruitment outsourcing was already established in the first research question as one of the fundamental rationales for recruitment outsourcing. The following, research question was tailored to evaluate two of these specific themes, technical and international recruitment.

> *RQ2: Is the effectiveness of recruitment outsourcing increased when dealing with specialized recruitment processes (international recruitment/technical recruitment)?*

The research question itself is quite straightforward. Technical recruitment (especially in the IT context) and international recruitment are processes that require a degree of additional attention. While issues related to intercultural communications and cross-border operations hinder international recruitment, the technical requirements involve various certificates, technical specifications and expertise evaluation that are difficult for most companies. The way these themes affect RPO processes was evident throughout this research.

Both themes were addressed with a specific question in the survey and the results were conclusive. The recipients agreed that a technical recruitment context increases the effectiveness of recruitment outsourcing. This might be due to various reasons but the most important reasoning should be the way more complex recruitment consumes

additional in-house resources. Especially, if expertise, for example for certificate evaluation, must be freed from other tasks within the organization, an organization might gain significant benefits by outsourcing technical recruitment.

The recipients were even more unanimous with regard to international recruitment. A vast majority agreed that international recruitment is an extremely beneficial context for RPO activities. This should mostly affect the recruitment scenario where an international organization is recruiting host-location employees (Caligiuiri et al., 2010: 131). Issues such as intercultural aspects, legislation, business environment and language may have dramatic results for recruitment if it is to be conducted internally. Moreover, management of such issues is a resource intensive process for virtually any organization.

5.2 Constructing the final model of recruitment outsourcing

The theoretical framework presented in the literature review was used as a guideline throughout the empirical stage of this thesis. However, as the research processed further, it became evident that the framework was to be altered in order to create a model that would stand for the results of this study and lend itself to generalization for as many RPO contexts as possible. Removal of the OSP and firm-specific details was the most dramatic change to the model, as they cannot be critically evaluated with the empirical results. Essentially, the themes of the framework remained the same, but the illustration and contents were made clearer. While the literature provided certain information about determinants within internal and external capabilities, they could not be thoroughly tested in the research structure employed by this thesis. Moreover, in terms of generalization, they are not so valuable; the only effect they have on outsourcing decisions is to create various types of requirement for process- and OSP-relationship management. The final model based on the theoretical framework is as follows:
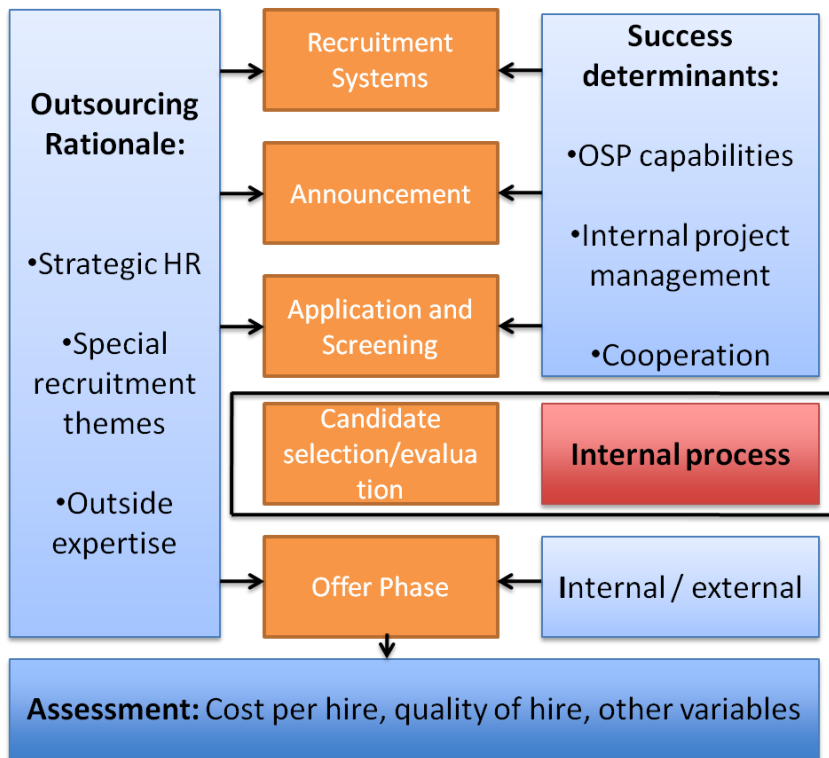
Figure 8: A Model of the Rationale and Effectiveness of Recruitment Process Outsourcing

In this model the starting point for recruitment process outsourcing is the outsourcing rationale, which consists of strategic HR, special recruitment themes and outside expertise. Because there was no conclusive evidence of a dramatic decrease in direct recruitment costs, the issue was not included here. The center of the model is the recruitment process modified from Miaoulis et al. (2008), which is affected by various stage-specific success determinants (OSP capabilities, internal project management and cooperation). Candidate selection/evaluation is separated from rest of the process as results indicated that this stage should not be outsourced. Finally, various assessment tools evaluate the recruitment process. There was no evidence of the gradual shift from cost per hire to quality of hire as the process moves on, at least in a way presented in the initial theoretical framework. Consequently, it was removed from the final model and the tools were moved to assessment that follows the overall process.

Altogether, this modification from the theoretical frameworks reflects the core findings of this research relatively well. It is simple enough to be easily applied to various

recruitment outsourcing cases and should prove to posses the tools by which the rationale and effectiveness of that specific process could be analyzed.

5.3 Managerial implications

This research was created to form a clearer picture of the concepts related to recruitment outsourcing. Due to this relatively broad approach it is difficult to create solid case specific managerial recommendations based on the results. However, understanding the possibilities and limitations of RPO as well as the driving forces behind it may help business managers with their decision on recruitment outsourcing. For this purpose it is beneficial to divide this section into two sets of managerial implications: those concerning RPO service providers and those dealing with service buyers.

5.3.1 Implications to service providers

The main advantage recruitment OSPs might gain from the results of this thesis is conducted with what their potential customers expect from recruitment outsourcing. An organization willing to outsource its recruitment is most likely searching for outside expertise and process excellence, or accommodation for some type of specific recruitment scenario. Consequently, OSPs should tailor their service offerings to cater to these desires as effectively as possible. Becoming a recognized expert organization in a specific field of recruitment, e.g. IT, could be a valid strategy and there are already various companies that have taken this approach.

For organizations wishing to retain as extensive a service offering as possible, focusing on the other issues that HR professionals hold important might prove to be an alternative route to success. Recruitment outsourcing is affected by a vast number of different factors that may act to advance or hinder the successfulness of the processes. Effective use of employer brands, new forms of recruitment (i.e. social recruitment) and providing customers with refined and state of the art recruitment processes are the ultimate success factors.

Additionally, due to the stage-driven nature of recruitment, OSPs should actively search for opportunities to sell additional services to existing customers. A firm that has already been served with good quality analysis of recruitment material is likely to seek further advantages by outsourcing assessment centers or even initial interviews to the OSP.

Altogether, RPO is a process that is likely to gain more ground in the future and develop as a concept. The industry that is offering these services is likely to become more and more competitive in the next few years. Being able to provide customers with as specific and refined services as possible will allow these firms to gain competitive advantage in the future.

5.3.2 Implications to buyers of RPO services

Various rationales, somewhat difficult assessment of costs and the case-specific nature of recruitment outsourcing make it a more likely process for outsourcing than other HRO, for example payroll, which is a carefully planned and managed operational task.

If a company wishes to gain the most from RPO it needs to evaluate the possible benefits it may bring compared to traditional recruitment. Accommodating for specialized recruitment scenarios, gaining external expertise and certain cost advantages are all positive outcomes. However, for a company to really tap into these benefits the freed up resources should be reallocated somewhere. Hence, suggesting that unless recruitment is not outsourced on the basis of individual case-specific scenarios, reforming HR to accommodate the resources freed from HR is essential to gain all the benefits. Enhancing processes related to career and succession planning, talent management and more careful employee resourcing is something that can be achieved along recruitment outsourcing. Such practices will cause a dramatic change in the HR department that should be managed carefully.

If a firm is to attain RPO services, the stages where this practice will be adapted should be carefully evaluated. The most suitable stages for recruitment outsourcing are the recruitment systems, analysis of the recruitment material, initial interviews, and arguably, post-recruitment practicalities. The evidence that primary interviews and selection should not be outsourced is very conclusive. Moreover, the companies should also use the flexibility of outsourced recruitment by making stage- and process-related decisions specifically for each recruitment scenario.

There are certainly a lot of justifiable benefits firm may achieve by outsourcing recruitment. Ultimately, in every case the success is largely dependent on how well the process is executed and managed. Post-process evaluation of the outcomes of the project is also important and measurements such as cost per hire or quality of hire can be used to do this. Companies unhappy with their RPO partners may always look into other prospects, especially if their recruitment structure changes.

5.3 Importance to international business research

This being an international business (IB) thesis, acknowledgement of its importance and relevance for this discipline is in order. Recruitment outsourcing shares a great deal of thematic qualities that are line with some of the major themes in international research. Firstly, various outsourcing practices from manufacturing to service outsourcing have been some of the most fundamental themes of IB research. Moreover, centralization of corporate service structures to international service centers and establishment of subordinates have been under focus. Recruitment outsourcing has a great deal to do with these themes as the desired organizational structure with regards to human resources often uses centralized global teams that undertake these operations. Essentially, recruitment outsourcing can be considered a practice that allows companies to take complete advantage of their international business environment and tap into potential cost efficiencies and cross-border expertise regardless of their home location.

Moreover, solid results regarding the importance of international recruitment and the way it can be outsourced to provide for host-location centric staffing and resourcing

strategies is a clear indication that recruitment outsourcing is an area of research that is of considerable importance for international business studies.

5.4 Limitations of the research

Most of the limitations related to this thesis revolve around the chosen method. Trying to achieve results that can be generalized from a subject that is heavily case-dependant is never an easy task.

The first limitation deals with the initial personal interview. Due to time constraints and the availability of information regarding outsourcing projects such as the one described by Mr. Korpelainen, there was only one interview. While it provided lots of valuable information the results cannot be generalized.

The second limitations came from the survey. Trying to avoid an overly complex research structure and the ability to evaluate statements independently resulted in not being able to reflect the results with respect to important factors such as company size or industry. Also, some themes were not analyzed as extensively as they should have been. For example, based on the survey feedback, candidate assessment should have been more carefully assessed.

The third limiting factor relates to the sample. There were certain questions that related to the company where the recipients worked. Moreover, the recipients could not be picked so that there would have been only one answer per employee of a specific company. Hence, there may be multiple answers regarding similar context. However, as the ultimate focus was on the personal perceptions of the HR professionals, this limitation is not too significant. Another issue in terms of the sample is that the recipients were all Finnish. This might mean that certain results focus excessively on certain market-specific issues exclusive to the Finnish context. However, it is clear that the sample represents employees working in international organizations and companies, thus making it suitable for international business research purposes.

Also, the technical difficulties regarding the Internet security warnings caused by the survey software might have made the number of recipients smaller than expected. It is likely that not all people who were engaged with the issue in question reported it to either Henry ry or to the author. However, as reported cases of this issue were limited to three, the effect it might have on the actual results is small.

5.5 Points for further research

In the end the concepts and trends presented by this thesis are far from confirmed. Firms view their HRO operations very differently and thus testing the suggestions presented here in case study context could be very beneficial. Especially, the themes of special recruitment would be very interesting to confirm with real-life practices. For example, evaluating a specific case of international recruitment conducted in a host-location could be extremely beneficial to further elaborate that specific context of recruitment outsourcing. Also cross-referencing various past large-scale RPO and HRO processes could provide valuable information about the past successes and failures related to the concept.

If additional quantitative study is to be made on the subject, constructing it so that is takes more determinants (i.e. company size, industry, corporate structure, other outsourced processes, etc.) into consideration could be interesting. Seeing how radically changing business context alters the tendency to outsource processes such as recruitment would be valuable. A careful evaluation of the strategic development of HR as a result of business process outsourcing would be an example of this. Moreover, the use of a more qualitative approach with the managers and obtaining their in-depth thoughts is a good point for further research.

Altogether, this research was rather superficial. Bringing more depth to virtually any of the themes explored here would be valuable. Especially, as recruitment outsourcing is a subject that has not been researched too extensively, there is abundant room for further studies.

5.6 Summary

The fundamental goal of this research was to analyze the underlying themes of recruitment outsourcing and identify some of the rationales and effectiveness-influencing factors regarding this phenomenon. For a subject that is heavily influenced by case-specific issues, making extensive generalizations is no easy task. This research used a two-tier structure to first identify the most important practical themes regarding recruitment outsourcing, and then to test the impact of those with a sample of Finnish HR professionals from various backgrounds.

The collected data suggested that recruitment process outsourcing (RPO) is used when a company seeks some type of external advantages in order to enhance its recruitment processes. These rationales consist of seeking outside expertise, accommodating for specialized recruitment scenarios, or seeking a more strategic HR department. The effectiveness of recruitment outsourcing is largely built on the maintenance of relationships between the outsourcing service provider (OSP) and the buying organizations. Furthermore, the internal capabilities and expertise of the OSPs are some of the defining factors of recruitment outsourcing effectiveness.

The findings of this thesis should help OSPs to enhance their services around the themes that form the basis of perceived advantages gained from RPO activities. Especially, excelling in a specific specialized recruitment scenario (i.e. technical- or international recruitment) could be a source of competitive advantages for these organizations. Moreover, the buyers' focus should be on the rationale for pursuing RPO, how they it is assessed, and how the potentially freed resources can be effectively reallocated.

Recruitment outsourcing is definitely a business process that will gain more and more ground in the future. Identifying the potential opportunities and benefits that may be accessed by using these services can create certain advantages for companies. The future research regarding the subject should be directed to evaluate case-specific aspects

of RPO and also take other determinants such as company size into consideration more effectively.

Altogether, the findings of this thesis should be readily applicable to initial analysis of the questions regarding the rationales for outsourcing processes and the basic effectiveness increasing factors.

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8   APPENDICES

Appendix I, 4. Interview questions (English and Finnish)

Kysymykset haastatteluun (English questions for the personal interview in bold)

Vastaanottaja: Ilkka Korpelainen

Ajankohta: 20.12.2011

Vastauksissa kaikkiin kysymyksiin, käytännön kokemukset ja esimerkit ovat minulle kaikista tärkeimpiä. Haastattelun tärkein tavoite on luoda käytännön näkökulma kirjallisuudesta hankittuihin tietoihin. Kysymykset viittaavat Yritys A:n rekrytoinnin ulkoistusprojektista saatuihin kokemuksiin.

1. Rekrytointiprosessi / **Recruitment process**

- Kuinka pitkälle Yritys A. päätyi ulkoistamaan rekrytoinnin (prosessista ulkoistettavan osan laajuus/ulkoistuksen piirissä olevat työnimikkeet)?

    How extensive was the recruitment outsourcing conducted by company A (in terms of process depth/employee levels)?

- Toteutettiinko ulkoistaminen kokonaisuudessaan yhtenäisenä globaalilla tasolla?

    Was the outsourcing project conducted globally as a whole?

- Miten projekti koordinoitiin yhtiön sisällä?

    How was the project coordinated within the company?

- Millaisilla mittareilla Yritys A analysoi rekrytoinnin tehokkuutta?

    What kind of effectiveness evaluation tools did Company A use with regards to recruitment?

2. Statement of Work / **Statement of Work**

- Keiden toimesta SoW rakennettiin? Kuinka tarkat raamit tälle luotiin globaalilla tasolla? Muuttuiko SoW radikaalisti projektin aikana?

  Who planned the SoW? How carefully was it planned on a global level? Did the SoW change radically during the project?

- Millä tavalla vastuunjako suunniteltiin osapuolien välille ja jouduttiinko sitä muokkaamaan projektin aikana?

  How was the distribution of responsibilities planned and did it change during the project?

3. HR Ulkoistus / **HR outsourcing**

- Mitä muita HR-ulkoistukseen liittyviä projekteja Yritys A toteutti aikanasi?

  What other HR outsourcing was conducted during your time at company A?

- Mitkä ovat suurimmat käytännön erot rekrytoinnin ja muitten ulkoistettavien HR-projektien välillä?

  What were the core differences between recruitment and other outsourced HR processes?

- Keskittyvätkö eroavaisuudet projektien suunnittelu-, käyttöönotto- vai tuotantovaiheeseen?

  Did the differences focus on the planning, dispatch or production stage of the project?

4. HR-toiminnot / **HR functions**

- Muuttiko rekrytoinnin ulkoistus radikaalisti HR:n työnkuvaa?

  Did recruitment outsourcing radically alter the operations of the HR department?

- Miten HR-henkilöstö suhtautui muutokseen? Oliko organisaatiossa muutosvastarintaa?

  How did HR personnel feel about the change? Was there any resistance to change?

- Kehitettiinkö HR:n toimintoja hyödyntämään rekrytoinnin ulkoistamisesta vapautuneet resurssit muissa tehtävissä vai supistettiinko osastoa?

  Were HR functions developed to use the freed up resources from recruitment or was the department downsized?

5. Muut käytännön kokemukset ja mielipiteet? / **Experiences and opinions**

- Onko rekrytoinnin ulkoistaminen tehokas toimintamalli? Mitkä ovat sen suurimmat vahvuudet ja heikkoudet?

  Is recruitment outsourcing an effective operational model? What are its most relevant strengths and weaknesses?

- Sopiiko rekrytoinnin ulkoistaminen toisille yrityksille paremmin kuin toisille? Miksi?

  Is recruitment outsourcing a better choice for some organizations than for others? Why?

- Onko ulkoistetun rekrytoinnin tehokkuuden arvioinnista tärkeämpää tarkastella kustannuksia (cost per hire) vai laatua (quality of hire)? Riippuuko tarkastelumalli siitä, miten pitkälle rekrytointi on ulkoistettu?

  In the case of outsourced recruitment, is evaluation of cost per hire or quality per hire more relevant? Does the approach differ depending on how extensive the recruitment outsourcing is?

- Onko rekrytoinnin ulkoistaminen tehokkaampaa erityistilanteissa (esim. Kansainvälinen rekrytointi/kattavaa teknistä osaamista vaativaan virkaan rekrytointi)?

  Is recruitment outsourcing more effective under special conditions (i.e. international recruitment/technical recruitment)?

- Muuttuuko rekrytoinnin ulkoistamisen tarkastelu rekrytointiprosessin eri vaiheissa (alkuvaiheen hakemusten eliminointi/haastattelut)?

  Does the evaluation of recruitment outsourcing change depending on the stage of recruitment?

- Mitä muita rekrytoinnin ulkoistamisen kannalta tärkeitä asioita sinulle tulee mieleen? Miksi ne ovat tärkeitä?

  Can you think of other issues that are important with regards to recruitment outsourcing? Why are they important?

Appendix II, 3. Survey questions in English

Basics:

 1. In the company/organization where I work, recruitment processes are:

a) Conducted in-house
b) Partially outsourced
c) Completely outsourced

2. In my company, the following of the HR processes are outsourced:

a) Payroll
b) Travel management
c) Employee databases
d) HR support functions (helpdesks etc.)
e) No HR processes have been outsourced
f) Other, please specify

3. On which employee levels should recruitment outsourcing be ideally applied to?

a) Part-time employees only
b) Entry level positions
c) Up to low- and mid-level managers
d) Highest level managers and executives
e) Recruitment should not be outsourced

4. Out of the following stages of recruitment, which ones should ideally be outsourced?

a) Recruitment systems
b) Announcement stage (posting descriptions, etc.)
c) Analysis of the recruitment material (CVs, cover letters etc.)
d) Initial interviews (group interviews, assessment centers etc.)
e) Primary interviews
f) Final applicant evaluation
g) Post-Hire (Contracts, legal issues, communication to IT/security/etc.)
h) Recruitment should not be outsourced   h) Recruitment should not be outsourced

Statements:

1. Completely disagree
2. Somewhat disagree
3. Do not disagree, nor agree
4. Somewhat agree
5. Completely agree

5. Fundamental reason for recruitment outsourcing is a desire for cutting costs.

6. Recruitment outsourcing increases the company's recruitment capabilities and provides efficiencies for company, in terms of outside expertise.

7. Recruitment outsourcing is often conducted alongside outsourcing of other HR processes.

8. Recruitment is a very resource-intensive process that consumes an extensive amount of resources when conducted in-house.

9. Outsourcing of recruitment (and other HR functions) results in a more strategic role of corporate HR as the administrative tasks are conducted elsewhere.

10. Decisions about recruitment outsourcing should always be case-specific (e.g. outsourcing of specific job openings, not the complete processes).

11. Recruitment outsourcing leads to reducing cost per hire.

12. Recruitment outsourcing leads to increasing quality of hire.

13. Primary interviews should always be conducted in-house.

14. Recruitment outsourcing may result in more effective utilization of social media and other non-traditional pools of applicants.

15. Employer brand can be effectively communicated, even in case of recruitment outsourcing.

16. Effectiveness of recruitment outsourcing is increased in cases of highly technical job opening (IT certificates etc.)

17. International recruitment is more effective when the process is outsourced to a host-location service provider.

18. Talent management becomes more important for companies as recruitment activities are outsourced.

19. Recruitment outsourcing is a practice that is going to become more and more common in the future.

Final:

Thank you for taking part in this survey! If you have anything to add to recruitment outsourcing, or something else you would like to say on your thoughts, feel free.

Appendix III, 3. Survey questions in Finnish

Perustiedot:

1. Yrityksessä/organisaatiossa, jossa työskentelen, rekrytointi on toteutettu:

a) Talon sisäisesti
b) Osittain ulkoistamalla
c) Kokonaisuudessaan ulkoistamalla

2. Yritykseni/organisaationi on ulkoistanut seuraavat HR-prosessit (valitse yksi tai useampi):

a) Palkanlaskenta
b) Matkustuksen hallinta
c) HR-tietokanta- ja henkilötietojärjestelmien toteutus ja hallinta
d) HR-tukitoiminnot (helpdesk yms.)
e) HR-prosesseja ei ole ulkoistettu
f) Muu, mikä?

3. Mille organisaatiotasoille ulkoistettu rekrytointi sopii mielestäsi parhaiten (valitse yksi tai useampi)?

a) Osa-aikaiset työntekijät
b) Vastavalmistuneet ja muut vastaavassa asemassa olevat
c) Alemmat ja keskitason johtajat
d) Ylemmän tason johtajat
e) Rekrytointia ei tule ulkoistaa

4. Mitkä rekrytointiprosessin osa-alueet on mielestäsi tehokkainta ulkoistaa (valitse yksi tai useampi)?

a) Rekrytointijärjestelmät
b) Työpaikkailmoitukset
c) Hakemusmateriaalin käsittely (CV, hakemukset yms.)
d) Ensimmäiset haastattelut (ryhmähaastattelut yms.)
e) Viimeiset haastattelut
f) Valinnat
g) Rekrytoinnin jälkeiset toiminnot (sopimusten teko, IT-järjestelmien päivitys, kulkulupien hankinta yms.)
h) Rekrytointia ei tule ulkoistaa

Väittämät:

1) Täysin eri mieltä
2) Osittain eri mieltä
3) Ei samaa, eikä eri mieltä
4) Osittain samaa mieltä
5) Täysin samaa mieltä

5. Rekrytoinnin ulkoistamisen pohjimmainen tarkoitus on kustannustehokkuuden tavoittelu.

6. Rekrytoinnin ulkoistaminen mahdollistaa organisaation ulkopuolisen ammattitaidon hyödyntämisen ja siten tehostaa rekrytointiprosesseja.

7. Rekrytoinnin ulkoistaminen toteutetaan useimmiten yhdessä laajemman mittakaavan HR-ulkoistusprojektin kanssa (esim. palkanlaskennan ja henkilötietojärjestelmien ulkoistus).

8. Rekrytointi on prosessi, joka kuormittaa suuren osan yrityksen HR-resursseista.

9. Rekrytoinnin ja muiden hallinnollisten HR-toimintojen ulkoistaminen mahdollistaa HR:n kehittämisen strategisempaan rooliin yrityksessä.

10. Rekrytointiprosesseja tulee ulkoistaa vain tapauskohtaisesti (päätös ulkoistamisesta aina esimerkiksi hakukohtaisesti).

11. Rekrytoinnin ulkoistaminen johtaa rekrytointikustannusten laskuun (kustannus rekrytoitua henkilöä kohden laskee).

12. Rekrytoinnin ulkoistaminen johtaa rekrytointiprosessien laadun paranemiseen.

13. Haastatteluja ei tule ottaa rekrytoinnin ulkoistamisen piiriin, vaan ne tulee aina toteuttaa yrityksessä sisäisesti.

14. Rekrytoinnin ulkoistaminen mahdollistaa tehokkaamman rekrytoinnin sosiaalisessa mediassa ja siten yhteyden vaikeammin tavoitettaviin hakijaryhmiin.

15. Yrityksen työnantajabrändin välittyminen potentiaalisille hakijoille ei vaarannu, vaikka rekrytointi olisi ulkoistettu.

16. Rekrytoinnin ulkoistamisen tehokkuutta lisää, mikäli haettavalta henkilöltä odotetaan vaikeasti arvioitavaa teknistä asiantuntemusta (IT-järjestelmien sertifikaatteja yms.).

17. Kansainvälinen rekrytointi on tehokkaampaa, jos se ulkoistetaan ulkomaisessa toimipaikassa operoivalle paikalliselle organisaatiolle.

18. Lahjakkuuksien johtamisen (talent management) merkitys HR:n ydintoimintona muuttuu yhä tärkeämmäksi rekrytoinnin ulkoistamisen myötä.

19. Rekrytoinnin ulkoistaminen yrityksen toimintamallina tulee yleistymään tulevaisuudessa.

Lopetus:

Kiitos vastauksistasi! Mikäli sinulla on lisättävää rekrytoinnin ulkoistamiseen liittyen tai kommentteja kyselystä, voit kirjoittaa ne tähän.

Appendix IV, 5. Compiled survey data

Skipped questions:

Number of skipped questions

Q1.	5
Q2.	16
Q3.	11
Q4.	6
Q5.	12
Q6.	12
Q7.	13
Q8.	13
Q9.	13
Q10.	17
Q11.	16
Q12.	16
Q13.	16
Q14.	18
Q15.	17
Q16.	19
Q17.	20
Q18.	19
Q19.	16
Average	14,47368421
Average percentage	6,43 %

Basics:

Question 1: In the company/organization where I work, the recruitment processes are:

a) Conducted in-house	108	49,1 %
b) Partially outsourced	108	49,1 %
c) Completely Outsourced	4	1,8 %
Total	220	100,0 %

Question 2: In my company, the following of the HR processes are outsourced:

a) Payroll	103	49,3 %
b) Travel management	24	11,5 %
c) Employee databases	21	10,0 %
d) HR support functions (helpdesks etc.)	14	6,7 %
e) No HR processes have been outsourced	99	47,4 %
f) Other, Please Specify	19	9,1 %
Total	209	100,0 %

Question 3: On which employee levels should recruitment outsourcing be ideally applied to?

a) Part-time employees only	100	46,9 %
b) Entry level positions	72	33,8 %
c) Up to low- and mid-level managers	70	32,9 %
d) Highest level managers and executives	70	32,9 %
e) Recruitment should not be outsourced	50	23,5 %
Total	213	100,0 %

Question 4: Out of the following stages of recruitment, which ones should ideally be outsourced?

a) Recruitment systems	101	46,1 %
b) Announcement stage (posting descriptions, etc.)	99	45,2 %
c) Analysis of the recruitment material (CVs, cover letters etc.)	148	67,6 %
d) Initial interviews (group interviews, assessment centers etc.)	115	52,5 %
e) Primary interviews	10	4,6 %
f) Final applicant evaluation	5	2,3 %
g) Post-Hire (Contracts, legal issues, communication to IT/security/etc.)	18	8,2 %
h) Recruitment should not be outsourced	37	16,9 %
Total	219	100,0 %

Statements:

Question 5: Fundamental reason for recruitment outsourcing is a desire for cutting costs.

1. Completely disagree	10	4,7 %
2. Somewhat disagree	49	23,0 %
3. Do not disagree, nor agree	12	5,6 %
4. Somewhat agree	112	52,6 %
5. Completely agree	29	13,6 %
Total	213	100,0 %

Question 6: Recruitment outsourcing increases the company's recruitment capabilities and provides efficiencies for company, in terms of outside expertise.

1. Completely disagree	7	3,3 %
2. Somewhat disagree	28	13,1 %
3. Do not disagree, nor agree	9	4,2 %
4. Somewhat agree	112	52,6 %
5. Completely agree	57	26,8 %
Total	213	100,0 %

Question 7: Recruitment outsourcing is often conducted alongside outsourcing of other HR processes.

1. Completely disagree	73	34,4 %
2. Somewhat disagree	67	31,6 %
3. Do not disagree, nor agree	42	19,8 %
4. Somewhat agree	29	13,7 %
5. Completely agree	1	0,5 %
Total	212	100,0 %

Question 8: Recruitment is a very resource-intensive process that consumes an extensive amount of resources when conducted in-house.

1. Completely disagree	16	7,5 %
2. Somewhat disagree	53	25,0 %
3. Do not disagree, nor agree	23	10,8 %
4. Somewhat agree	100	47,2 %
5. Completely agree	20	9,4 %
Total	212	100,0 %

Question 9: Outsourcing of recruitment (and other HR functions) results in a more strategic role of corporate HR as the administrative tasks are conducted elsewhere.

1. Completely disagree	16	7,5 %
2. Somewhat disagree	47	22,2 %
3. Do not disagree, nor agree	16	7,5 %
4. Somewhat agree	107	50,5 %
5. Completely agree	26	12,3 %
Total	212	100,0 %

Question 10: Decisions about recruitment outsourcing should always be case-specific (e.g. outsourcing of specific job openings, not the complete processes).

1. Completely disagree	18	8,7 %
2. Somewhat disagree	33	15,9 %
3. Do not disagree, nor agree	15	7,2 %
4. Somewhat agree	94	45,2 %
5. Completely agree	48	23,1 %
Total	208	100,0 %

Question 11: Recruitment outsourcing leads to reducing cost per hire.

1. Completely disagree	28	13,4 %
2. Somewhat disagree	81	38,8 %
3. Do not disagree, nor agree	41	19,6 %
4. Somewhat agree	50	23,9 %
5. Completely agree	9	4,3 %
Total	209	100,0 %

Question 12: Recruitment outsourcing leads to increasing quality of hire.

1. Completely disagree	16	7,7 %
2. Somewhat disagree	46	22,0 %
3. Do not disagree, nor agree	53	25,4 %
4. Somewhat agree	71	34,0 %
5. Completely agree	23	11,0 %
Total	209	100,0 %

Question 13: Primary interviews should always be conducted in-house.

1. Completely disagree	12	5,7 %
2. Somewhat disagree	74	35,4 %
3. Do not disagree, nor agree	7	3,3 %
4. Somewhat agree	69	33,0 %
5. Completely agree	47	22,5 %
Total	209	100,0 %

Question 14: Recruitment outsourcing may result in more effective utilization of social media and other non-traditional pools of applicants.

1. Completely disagree	19	9,2 %
2. Somewhat disagree	35	16,9 %
3. Do not disagree, nor agree	42	20,3 %
4. Somewhat agree	97	46,9 %
5. Completely agree	14	6,8 %
Total	207	100,0 %

Question 15: Employer brand can be effectively communicated, even in case of recruitment outsourcing.

1. Completely disagree	11	5,3 %
2. Somewhat disagree	77	37,0 %
3. Do not disagree, nor agree	19	9,1 %
4. Somewhat agree	67	32,2 %
5. Completely agree	34	16,3 %
Total	208	100,0 %

Question 16: Effectiveness of recruitment outsourcing is increased in cases of highly technical job opening (IT certificates etc.)

1. Completely disagree	17	8,3 %
2. Somewhat disagree	37	18,0 %
3. Do not disagree, nor agree	42	20,4 %
4. Somewhat agree	84	40,8 %
5. Completely agree	26	12,6 %
Total	206	100,0 %

Question 17: International recruitment is more effective when the process is outsourced to a host-location service provider.

1. Completely disagree	5	2,4 %
2. Somewhat disagree	4	2,0 %
3. Do not disagree, nor agree	39	19,0 %
4. Somewhat agree	110	53,7 %
5. Completely agree	47	22,9 %
Total	205	100,0 %

Question 18: Talent management becomes more important for companies as recruitment activities are outsourced.

1. Completely disagree	7	3,4 %
2. Somewhat disagree	22	10,7 %
3. Do not disagree, nor agree	55	26,7 %
4. Somewhat agree	89	43,2 %
5. Completely agree	33	16,0 %
Total	206	100,0 %

Question 19: Recruitment outsourcing is a practice that is going to become more and more common in the future.

1. Completely disagree	5	2,4 %
2. Somewhat disagree	30	14,4 %
3. Do not disagree, nor agree	54	25,8 %
4. Somewhat agree	89	42,6 %
5. Completely agree	31	14,8 %
Total	209	100,0 %

Final:

Thank you for taking part in this survey! If you have anything to add to recruitment outsourcing, or something else you would like to say on your thoughts, feel free.

Answers	**35**
Skipped	**190**
Total	**125**

Do to the feedback nature of the answers, they will remain confidential. For a summary of the open answers, please refer to the 'Findings' section.