

Rehiring the former employees – Does it enhance the Service excellence in knowledge sector?

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Research Objective:

This research aims to investigate whether rehiring of former employee helps the organization in improving the effectiveness of hiring by comparing the performance rating and service quality with the past data at different positions, which potentially lead to commit, engage, excel and cultivate a better relationship to reduce the attrition rate in the IT sector.

Introduction:

If we are looking about restructuring about the recruiting process or that function, then we need to focus on the our time and money on processes that

yield results the quickest, entail the lowest cost and have the lowest risk of failure.

50% to 60% are of workforce-related and out of that, entire 50% is going for hiring, training, and equipping the new recruiters.

So, by taking this operating expense in mind, organizations have come up with the referral systems. Referral system procedures are different for each organization. For example

1. At Accenture: They offer various incentives to employees. The referral amount may not be a monetary benefit, instead, it could even be a promotion or other incentivized perks. It is

different from each business unit to another and depends on the candidature.

2. At Infosys: They encourage more women workforce. So, if we refer women, the referral amount will be higher when compared to men. There will be a portal where Infosys employees can view requirements in their organizations and directly submit the profiles of candidates. They can track the status of their referral candidates in the portal.

3. At HCL: They will ensure that the preferred candidate should not be in the same department as that of the referrer.

Literature Review:

According to the HBR, Companies spent lot of time managing their so-called Human assets. McKinsey & Company, mostly, invests substantial sums in cultivating its far-spread alumni network, knowing that former employees often become buyers of big-ticket consulting services as their business careers progress.

The facts from the case are, it costs half as much to rehire an ex-employee when compared to hire a brand new person; rehires are tend to be more productive(40%)in their first quarter at work; and have an inclination to stay in the job longer.

By actively recruiting alumni the average Fortune 500 company can save almost \$12 M annually and can be a great source of ideas and intelligence by helping in adopting the new trends, technologies, and investment opportunities.

A 2015 Kronos Workforce Institute study done by “Terri Williams” reveals that both the companies and workers have been highly responsive to the phenomenon of rehiring, 76% of companies are more likely to accept former employees, and 40% of workers would consider returning to a previous employer.

According to “Cheryl Hyatt” partner at Hyatt-Fennell Executive Search - “It raises a red flag that an employee was fired or quit, but [it] is not an automatic disqualification—it simply requires a more careful look,”. He also explains “employee when left with good terms – perhaps wanted to try out a different track – they’ll likely come back with broader skill-set and renewed passion”.

According to Mercer – An American HR consulting firm says Overall attrition rate in the tech firms is usually between 13-18%. The big firms have seen higher attrition rates in the April-June 2019 quarter. When we look at retention, individuals do not leave because of the money but leave the organization more about the work. It is also said that, if someone is a high performer, she/he can get 30-40% hike or even more during a cycle.

THEORETICAL FRAMEWORK

Reducing attrition is the key to success:

It refers to the employee turnover/company's ability to retain employees and can be calculated by the number of employees who vacate or move out over a specific period.

- 20 – 30% is a normal rate in India and 50% for the IT companies.
- More than 55% of people are serious at leaving their jobs and considering age (18-24) the figure goes up to 66%

Employee Engagement - Engaged workers tend to perform more productive, better and motivate colleagues and retain.

Growth Factor – A survey shows that 78% of young people are very aspirational to senior posts (Executives or CEO roles), they are very impatient of getting there by rushing and exploring learning experiences. The wide market gives millennials more opportunities to shift.

Immediate Managers – Even though higher pay remains as a motivator for the employees for the job change, according to the survey almost 48% of the employees turnover due to poor relationships with their supervisors or immediate managers.

Improving Engagement:

- Building a new generation of leaders where employees can learn as well as respect supporting and leading them.
- Right investment in the training – Many pull back at the cost of training, they have to see this not as a cost but as an opportunity in increasing the potential of the employee by filling the educational gap in the society and as well as it can also act as a retention lever.
- Flexibility and freedom - Giving autonomy is one of the cost-effective ways to increase engagement and getting the job done. It is not about throwing money at a problem, there should be some policies and practices regarding employee engagement.

It is easy about throwing money at the problem, but I might not be effective in the long term, this can cause a drastic increase in the wage rate also. Being a developing country, Indian IT sectors need to be focused more on employee engagement policies and practices.

Employees of 3-7 years of experience are most in-demand given by the considerable traction for premium skills in this experience bracket. Also, the experienced and senior-level individual contributors are at high risk.

An employee from the above experience bracket, are most prone to attrition says the IT firms, because of their new skills in technology and high performance.

Managing Attrition:

1. Create opportunities for employees: The Company must create growth opportunities for employees to enhance their learning experience and earning abilities.
2. Engaging employees: Employees must be engaged on a continuous basis with the organization and they should not get bored with their work, which can be managed through internal transfers and training from time to time.
3. Review recruiting practices: Selection and Recruitment policies must be reviewed to suit the growing needs of the organization.
4. Technology opportunities: Leveraging technology to manage the organization and enhancing the technical expertise of the employees will help the organization grow.
5. Career Path for employees: Employee career path must be declared during the recruitment process and should be explained to the recruited people.
6. Feel Valued in Organization: Celebrating small achievements with great fanfare will help employees feel valued in the organization. They need to know that

management is valuing them on every basis.

7. Contact with Senior Management: Senior Management should address employees periodically and should make them feel like a family.
8. Flexibility: Immediate bosses, middle-level managers must be flexible and act as Chief Happiness Officers to avoid triggers of attrition.

Need for a re-hiring policy:

- As per the research conducted by the US, they found that more than 40% of the employers expect to rehire former employees.
- As per the literature review, most of the US companies have written HR policies regarding the Rehiring of the former employees. In the Indian Context, it is found that there are very less companies which are having written HR policies of Re-hiring.
- Rehiring policies should consider all the important elements such as Eligibility, recognizing the need, Legal Implications, Impact on current employees, Process etc.

Who all are eligible and not eligible? If not, Why?

- As per the literature review, we believe that rehiring policy mainly starts with “Exit Interview”.
- An Exit Interview should be conducted efficiently and should provide clear details of why an employee is leaving the organization, which helps them to analyze when a rehiring opportunity comes up.
- There are employees who leave because of hike in the salary and better opportunities, having good track record, these employees can be rehired.
- Some of the employees are terminated due to policy violations, uncivil behavior, poor performance, absenteeism etc. are not eligible for rehiring, whereas staff who has been terminated for any other reasons than above can be eligible for rehire only if he has good record after the termination.
- Some are not eligible because of their unethical behavior, misled or misuse company information, providing false allegations and information are strictly not eligible for rehiring.
- Thus, it’s very important to classify the employees leaving company in the above-mentioned categories. This classification should be done by the HR team based on

the feedback of the departmental head and colleagues, performance, and reason for leaving.

Analysis and Interpretation of Data:

Survey Data Analysis:

This survey research identifies the satisfaction level of **former employees**.

- When this survey is asked to former employees, these are the areas identified in the which the former employees left the organization, actions were identified in the following areas: salary increases (35%), opportunities for career advancement (25.5%), for recognition (6%), for training and development (18%), and for human resource policy and rules (15.5%).
- In fact, major part of employees leaves the organisation for voluntary reasons and very some people leave involuntarily may be due to firing or organisational changes.
- Based on the feedback of former employees, leave the organizations due to job itself if it not satisfying regardless of incentives. Our survey found that men and women left jobs for their personal and home life reason at rate of 42% for men and 58% for women.

- This questionnaire was given to HR and responses are taken whether the former employees are suitable for the organisation.
- When this survey is asked for HR people in different type of organisations, these are the areas identified in the which the former employees left the organization, actions were identified in the following areas: Personal issues (37.5%), Peer issues (25%), No appreciation (25%), Work-life balance (12.5%).
- Based on the feedback of HR in different organisations, former employees leave the organizations due to the above reasons. According to the HR survey, we found that men and women left jobs at rate of 37.5% for men and 62.5% for women.
- The reason for hiring the former employees because:
 1. Best adapted for the jobs as they know the work and rules and regulations of the company.
 2. The former employees are more reliable when coming back to the same organization.
 3. Showing good performance
 4. Improvement in the progress
 5. Reducing the expense
 6. Full filing the requirements of organisation

Recommendations:

Make the employees career path more visible:

Apart from the salary, organisations need to increase the career opportunity as this is the most desired benefit employment for Indians.

Invest in training and development:

Many organisations will be investing a lot in training and development. This is just because they are filling the educational gap between the society, which is why labour is very cheap in India. Many employers see this as an opportunity for both harness workers potential and as well as talent attraction and retention lever.

Management should be more flexible:

One of the most effective ways to increase the employment engagement is to be more flexible. It might take some organizational re-design, but it can be very advantageous. Does it necessary to work from office or it can be virtualized? Do the organizations measure the work performance by the quality or quantity of inputs or outputs? Giving employees some freedom in structuring their work may be hard to replicate elsewhere and substantially increase the commitment to stay in the organization for more years.

RESEARCH METHODOLOGY

- Both Primary and Secondary data are used for the study, The Primary data is to be collected from structured Questionnaires

from Executive and Non-Executive Employees from the Bangalore based IT companies and secondary data from books, Journals and Websites.

Conclusion:

It is easy to throw money at a problem, but that will not affect for a long-term period and it creates a vicious cycle of upward spiralling wages. As India's sophisticated and skilled labour are growing, employee's engagement policies and practices needs to be followed.

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