INDUSTRY TRENDS IN RE-EMPLOYMENT

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ABSTRACT
Talent acquisition, employee engagement and retention have been the key challenges faced by HR managers today. One of the strategies adopted to counter this challenge is to rehire former employees. This strategy not only helps in reducing the cost of talent acquisition but helps in increased productivity and reduces attrition rates. Recruitment experts identify such employees as, ‘boomerangs’ and they also confirm that this phenomenon is a smart recruitment strategy. Many organizations, though believe in rehiring, do not have a formal written down policy for the same. However, looking at the benefits of rehiring, most of the HR managers are beginning to formalize this phenomenon through a well documented policy. HR leaders need to be aware of legal and policy issues, as well as corporate culture and performance related issues prior to hanging the welcome-back banner on the boomerangs.

Introduction:
“Human(e)” is the most important factor in “Human Resources”. As mentioned time and again by the Business Gurus – The employees are the most important asset of any organization and a key factor to success or failure of any business.
According to an online survey by HT-Shine.com and AbsolutData, in which 350 HR professionals (manager level and above) and 1200 other employees were contacted, the biggest challenge for HR managers today is talent acquisition and employee engagement. Leadership and development lags behind and so does determining compensation and benefits. Perhaps this reflects the inverted prism in which HR operates today.
In the present global crisis, employee engagement and retention has become tougher, believe the majority of HR managers (almost 80%). This is corroborated by over 60% employees, who are not planning to stay on in their current jobs for more than a year. Clearly, HR managers have a tough task finding ways to engage employees.
One of the strategies adopted by many organizations today is the policy of employing the former employees. Conventionally, re-hiring was an unacceptable practice. But these days, organizations are open to taking back those employees who had quit their jobs in order to move towards greener pastures.
“In order to control attrition, organization today are re-hiring their ex-employees who had quit their jobs on a pleasant note”, says Yasmin Taj of times group. According to Yasmin, the trend is gaining immense popularity in today’s corporate context’.

147
Many would refer to this as “second innings” in one’s career. “We believe ‘second innings is a good thing for both the organization and the employees because both know what to expect out of each other,” says B Ramaswamy, Head, Human Capital of Feedback Ventures which has started a ‘re-hiring’ policy.

“We too, welcome and hire ex employees and have broad guidelines. An employee wants to come back because the previous organization is always a known territory and has a certain comfort level associated with it”, says Chandan Chattaraj, Executive Director, HR, Xerox India Limited.

Amitabh Das Mundhra, Director, Simplex Infrastructure Limited puts forth his view, “Re-hiring is not a bad policy and in our organization, we welcome our ex-employees, if they are willing to work with us again. Such employees leave because either they are dissatisfied with the current job profile or they feel the need to explore other career growth prospects. But then, at some point of time, they choose to come back.

Apple Computers refers to the rehired ex-employees as “Outside-Insiders”. They believe that these Outside-Insiders can walk the fine line: balancing the deep understanding of the company’s culture with the right amount of perspective and independence, to push the changes necessary for organizational growth².

**Boomeranging Work:**

Recruitment experts identify such employees as, ‘boomerangs’ and they also confirm that this phenomenon is a smart recruitment strategy. The organization encourages ex-employees who had voluntarily left on a pleasant note to rejoin another organization and not those who had been terminated. What does a ‘boomerang’ bring into the organization? “Often rehires have gained in experience, wisdom, and maturity and are equipped with better abilities to perform and be more productive at work than before,” says Ramaswamy. Chattaraj claims, “Re – hiring helps the organization cut down training costs, brings down the productivity lost due to time taken by a new hire to start producing results, enhances employer branding, ensure better first – clarity on both sides – employer as well as employee and brings divers experience to the organization.

**Rehire Vs Fresh hires:**

Following data on hiring for the last 3 years of one of the largest company in the country in Financial Sector provides a vital insight regarding the effectiveness of rehiring as compared to fresh hires.

<table>
<thead>
<tr>
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<th>FY 10-11</th>
<th>FY 11-12</th>
<th>FY 12-13</th>
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</thead>
<tbody>
<tr>
<td>Total Offers across business</td>
<td>334</td>
<td>391</td>
<td>351</td>
</tr>
<tr>
<td>Offers to Rehires</td>
<td>25</td>
<td>14</td>
<td>6</td>
</tr>
<tr>
<td>Offers to Fresh</td>
<td>309</td>
<td>377</td>
<td>345</td>
</tr>
<tr>
<td>Offer to Joining Ratio – Rehires</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Offer to Joining Ration – Fresh</td>
<td>83%</td>
<td>78%</td>
<td>65%</td>
</tr>
<tr>
<td>Attrition within 1 year - Rehires</td>
<td>4%</td>
<td>7%</td>
<td>0%</td>
</tr>
<tr>
<td>Attrition within 1 year – Fresh</td>
<td>34%</td>
<td>23%</td>
<td>13%</td>
</tr>
</tbody>
</table>

The above table gives a very clear indication that focus on rehiring former employees can be very effective and can reduce the cost of hire significantly because nearly 100% of the former
employees prove to be accepting the offer of employment and nearly 95% of them go on to continue working without quitting in less than 1 year. On the contrary, only 55% is the effectiveness of fresh employees. The balance 45% is a wasted effort which is too expensive to the organization.

Rehire with Care:
Bringing back former employees can be a cost – efficient and effective way to fortify your workforce, but it does not come without risk. Such workers know the people, culture and the job, but HR leaders should make sure hiring managers don’t just settle for a known entity – when a better fit might be available.

“While boomerang hiring certainly has advantages, there are downsides as well. HR leaders need to be aware of legal and policy issues, as well as corporate culture and performance – related issues prior to hanging the welcome-back banner on the cubicle wall”, says Wayne Pinkstone, a partner with Fisher and Phillips, a national labor and employment law firm in the US.

A survey conducted the US in 2010 by consulting firm OI Partners found that about 40% of the employers hope to re hire former workers. A Department of Labor found similar results. The trend is occurring within a still-struggling job market. For many firms, rehiring may be viewed as a tentative and safe first step to increasing pay-rolls. Pinkstone says HR leaders considering rehiring should visit the legal department to determine what policies, laws and restrictions might prohibit pursuing a former worker.

Legal trouble isn’t the only potential pitfall. Monique A . Honaman, CEO of ISHR Group, an HR consulting firm in Suwanee, Ga., says hiring managers need to guard against “settling” for a former employee simply because it is the easiest path to getting the job filled. “It becomes a problem when the boomerang employee, although a good fit, isn’t the absolute fit for the role,” Honaman says. “Its often too easy to settle and take the easy road. Hiring managers need to make sure they are exhausting their resources to find the best talent available.”

Rehiring a former employee without checking their eligibility for rehire or rehiring an employee who has been terminated for misconduct can cause significant problems in the workplace. Even when a person is allowed to ‘quit’ in lieu of being terminated, it should be noted that a person is not eligible for rehire.

Rehire Policy:
It is an HR best practice that a company has a documented policy regarding what defines an employee as eligible and ineligible for rehire. Having a documented policy will lessen confusion when making this determination upon the termination or resignation, but will also outlines the procedures to follow when a former employee reapply for a position within the company. The policy should include rules and restriction regarding rehiring an employee, including the verifications of eligibility for rehire before activating an application from a former member.

An important observation about the literature survey reveals that most of the companies that have a formal, written HR Policy for Reemployment either belong to the Education Sector or State Department. Yet another observation is that most of the companies belong to the United States of America. It is also interesting to know that there are hardly any Indian companies which have any written policy on Reemployment.

Mr. Ganesh Selvaraj, General Manager HR of Manipal Hospitals says that “at Manipal Hospitals, we don’t have restrictions in rehiring the ex-employees at all levels. However there are certain specific conditions followed while rehiring”
1. We are very particular that we re-hire people who were good performers.
2. Since we have other entities at Manipal Group, there is every possibility that an ex-employee is rehired in other entities of the group. In such cases, the concerned Head HR/Recruitment manager of each entities/units will check the credentials of the ex-employee with the concerned unit HR, before hiring him/her.
3. With regards to the compensation & designation, we consider their last drawn salary when they left the organisation. We will not consider their current salary or designation. This is to maintain internal parity and to avert heart burns among the existing employees. However, we will include/add their yearly increments/market corrections for the period they have not been with us based on their earlier performance ratings. This formula is applied for ex-employees who rejoins us within a period of 2 -3 years. For example: if an employee is rehired in 2013 and who has left us in April’2011. His salary at the time of leaving was Rs.5.0 lakhs and his current salary is 7.0 lakhs. His final performance rating was good and the increment % is 11%. The offer we make to this person will be Rs. 5 lakhs + 11% increment for April 2012 and 11% increment on (5.5 lakhs) for April ’2013 which will comes to Rs. 6.16 lakhs with market corrections as deem fit.
4. If a person is rehired after 3 years then we look at the internal parity and market salary and the value add he brings in while making the final offer.
5. Plans for future is to work out a structured alumni base of ex-employees and have a structured engagement plan with them.

Ms. Nivdeita Ghosh, Vice President - Talent Acquisition at Srei Infrastructure Finance one of the leading Infrastructure Finance Company in India head quartered in Kolkata says that “pre-existing knowledge of business and work culture can help faster adjustment than a new recruit. One wouldn’t need to debate whether he / wont he fit the role / culture. Another benefit he wouldn’t want to leave in a hurry to join competition.

At the same time an area of caution to be noted why / what circumstances did the incumbent leave the last time. In case if reason for exit was non – performance etc, extra caution that it will not get repeated or the atmosphere around has changed substantially for him to be comfortable. Should also be kept in mind it doesn’t hamper existing employees leading to their exits when you are re-hiring him at a higher designation / salary so that they too could be recalled for a rise”.

Conclusion:
After studying the trends and policies in various industries, it is seen that the decision of rehiring a former employee is very situation centric. The trend differs from Industry to Industry, from Country to Country, Company to Company and not to forget, Individual to Individual (ex-employees in this case).
However, by and large it is seen that while most of the Organizations consider rehiring former employees, very few Organizations have a formally documented Re-hire Policy, and out of the Companies which have, most of these are American Companies.
Another important conclusion is that most of the Companies rehire former employees only if the time gap between the person leaving and rejoining is not very long. For if the time gap is huge, then the ex-employee is as good as any other external employee, which means that the former experience of the Individual in the Organization is not really of much importance and the person would have to be retrained, because the business might have changed substantially from the time when the person had left initially.
References used:
4. Don Sadler, Rehiring former employee is new trend, Atlanta Journal Constitution, AJC.com (5th March 2010)
5. Rehiring Employees – a good choice? HR Strategies, SCI Client newsletter, 3rd Quarter, 2008
7. Murali S., Sundar Raj Vijayanagar, Re-employment or rehire a business need? p 37-41, HRM review, 37-41 (July 2010)