PROS & CONS OF RE-EMPLOYEMENT

Abstract: People are the biggest asset of any organization. While people can be physically replaced, the skill-sets and knowledge of the person leaving the organization cannot be exactly replaced by the successor. Talent acquisition and retention has been the most challenging issue faced by the organizations in the knowledge economy. One definite way to reduce the cost of hiring is to encourage "Reemploying" former employees. While reemploying a formal employee is very much in vogue, it has not been found to be formal, organized and policy oriented. Largely, the rehiring has been very adhoc and many times does not lead to successful retention of such employees due to lack of proper strategy and policy. One has to be very careful in rehiring the formal employees to make such an effort effective and lead to a win – win strategy for both the employer as well as the employees. This research article has tried to highlight some of the pros and cons of rehiring of former employees and some of the pitfalls to avoid to make the entire exercise a successful one.

Introduction:

People are the biggest asset of any organization. It is the employees of any organization who differentiate the company from its competitors. In the words of Mr. Narayana Murthy (Chairman and Chief Mentor of Infosys) – In today's Knowledge Economy, the single most important and powerful factor that differentiates one organization from another is the Human Resources (HR) or Human Assets.

While people can be physically replaced, the skill-sets and knowledge of the person leaving the organization cannot be exactly replaced by the successor. It is widely held by the business decision-makers that the skills of the employees account for 85% of the company's assets. Employee skills determine the speed and success of an organization.

Talent acquisition and retention has been the most challenging issue faced by the organizations in the knowledge economy. Organizations spend almost 15% – 20% of the annual compensation in recruitment of the employees to fill in the gaps caused by the attrition and growth.

One definite way to reduce the cost of hiring is to bring down the attrition rate and most of the organizations adopt various strategies to retain talent. Another strategy to reduce the hiring cost is to rehire old attrite. A lot of organizations encourage "Reemploying" former employees, however, while some companies do have a formal policy for rehiring, a lot don't.

Benefits of Reemployment:

The advantages of reemploying former employees, says Alice Snell, Vice President of San Franciscobased Taleo Research, a division of Taleo Corp., are that "they are known commodities and are considerably less expensive to bring back, rather than advertising for vacancies, which can become a large part of your recruitment budget. She is also of opinion that if the employers keep good

Anything plus management amounts to success" - G.S. Alag

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relations with their ex-employees, then they can become a very good source of referrals, or can comeback themselves.

Another important advantage of rehiring the former employees is that they bring back competitive intelligence and have a broader knowledge of the market. They can also be instrumental in helping develop new employees because ex-employees can be excellent mentors.

Reemploying an ex-employee also reduces the induction and training cost and efforts significantly. Also, if a person decides to come back to his / her old employer, then it is for sure that he / she must be convinced that this organization is better in one or more reasons from the current organization. And if that be the case, then this person would be very easy to retain for a much longer period of time. However, to ensure that the retention of the old employee, the organization must make the offer to match the expectation of the employee, otherwise the person might leave again.

Brian Oldham, Vice President of Technology for Appriss, explained a good basic concept in rehiring - “I will consider hiring back IT employees. However, I think that the decision is based on the individual involved, reason for leaving and the reason for coming back. If you have an employee who has left for while and finds out that what he did in the previous company is what he really likes doing, you have a more motivated and productive employee.”

In a recent Monster.com forum, a staffing expert offered the following advice “Rehiring employees can be good business move – after all these candidates already know who is who in the organization and they are already aware of the culture of the organization. The cost of hiring can be significantly reduced by cutting out the advertising and agency cost”. He concurred with Oldham that each rehire situation should be analyzed on an individual basis.

Rehiring also sends a good message to the rest of the organization, that you are flexible and also that the Company is worth coming back to.

Drawbacks of Reemployment:
At times, re-employing an ex-employee might not be the best of options. Since it is the easiest way to fill in the vacancy, it might so happen that the hiring manager offers the person who is not the best fit for the requirement.

One of the partners of Constangy Brooks and Smith Limited says that “Hiring ex-employees is often the easiest option. However, rather than taking the easy road, hiring managers need to make sure that they are exhausting all their resources to find the best talent.”

At times the rehired employee might still carry the feeling of resentment and anger, especially in case of the individuals who didn’t resign voluntarily but were asked to leave. In such cases they might not be fully engaged to the desired level and in addition to that, they can bring negativity and drag other employees down.

To guard against the disgruntled employee, it is recommended to readress what led to letting go of the employee in the first place. It is important to make sure that the slate is clean.

Successful Rehiring of Ex-employees:
There are a few points which must be considered when rehiring an ex-employee:

1. Check for fit: No candidate is good or bad in absolute terms, like anyone else the rehired employee will succeed or fail depending on whether he/she is right for the particular role. If
his/her skills and temperament properly match the requirement, then the chances of succeeding are much higher.

2. Never be over confident about the ex-employee: Research shows that known candidates – rehired employees in this case – are often not assessed rigorously like the unknown ones. The hiring managers often assume that they have enough institutional knowledge and forget that it is possible that at the time when this ex-employee was an employee, the situation, job etc. might have been different from what they are today. Additionally, in the case of returning colleagues, hiring managers sometimes oversell, investing too much of their efforts to attract the former colleague, the comfortable option rather than the best option for the business challenges in hand.

3. Normal hiring procedure should be followed: When an ex-employee is being rehired, the normal hiring procedure should be followed, i.e. the tests, interviews, background check etc. must be conducted. An employee who left graciously, will be gladly welcomed back, the one who left less graciously should have a harder time, and should in general be avoided. At times it can indeed be difficult to go through all the hiring processes for the person with whom you have already worked. It might seem impolite, or that the company distrusts the individual. But a thorough, reliable assessment is of paramount importance.

4. Support the integration: Once you are fully convinced that the former employee is fully qualified for the job, and better than the best potential internal and external candidates, you should still prepare the ground for a soft landing, as you would for any new hire.

a. Clearly communicate to the rest of the company, and particularly to those who would see themselves as potential candidates for the position, the reason for the search and ultimately hiring of the former employee.

b. Properly brief the returning employee about the current company situation (the organization’s structure, goals and critical processes) and deliver to the individual very clearly defined KRAs and mandate for immediate priorities, objectives and long-term aspirations. Particularly when it comes to a senior level position, it is important that the returning employee be given the time and resource to build (and re-build) relationships.

c. Follow-up, at least quarterly, with the returning employee. Monitor the level of organizational support that the person is getting, how relationships are (aren’t) developing and so forth. Without these regularly scheduled check-ins, the returning employee may be reluctant to ask for help.

The returning employee can be a valuable source of break-through ideas and performance excellence, but only if you follow a disciplined process for bringing them back into the fold.

Some companies have a policy/rule of not re-employing an ex-employee, this in practicality is a short-sightedness. The current corporate scenario is more like a warzone, where niche skills are in short supply and highly sought after.

**Importance of a Re-hire Policy:**

It is always advisable that the Companies have a formally documented Re-hire Policy. The defined process would ensure that even if the person being offered is an ex-employee, still, a proper recruitment process is followed and the person is employed only if he/she is a right fit for the requirement.

A big part of putting the rehire policy in place is using a good exit interview strategy. Oldham advises that the exit process should clearly provide details on why an employee is leaving. Human Resources should conduct the exit interview of an exiting employee, along with the reporting manager. The same should be properly documented, to serve as a reference in future if the individual is being hired again by the Company.

**Importance of Exit Interviews:**

It is very important to conduct proper exit interviews
and document the same. These prove to be a good source for re-hire check, in case you decide to re-employ an ex-employee.

Take the example of an employee who once left “Absolute Networking System Inc.” due to family health issue. Tim Jones, the President, said that he would hire the professional back in a minute because the employee’s performance was well documented – “We were privileged to hire a dynamic engineer, with great potential, but he had to leave because his mother was terminally ill. We would definitely hire this person back without hesitation. He helped us to achieve the goal of customer satisfaction and worked well with all of his teammates.”

Oldham provides another “great” rehire anecdote about an employee who left to start his own consulting career but decided to go back to a corporate job – “This person had been gone for about 2 years and was successful, however the lifestyle was wearing on him and he was more interested in what he was doing before. We had an opening and he applied and got the job. He left the company on good terms, came back and continued to do an outstanding job.”

**Conclusion:**

After looking at the various advantages as well as the drawbacks of rehiring former employees, we can conclude that rehiring ex-employees can be very beneficial for the business if the following points are kept in mind:

1. Evaluate the reason why the person had resigned earlier, or was asked to leave, as the case may be.

2. The employees who have been terminated by an employer for reasons like integrity or violation of the code of conduct, are in most cases considered as “not eligible for re-hire”. Given below are some of the reasons of separation for which the employees would not be eligible for reemployment:
   
   a. Workplace violence – Threatening or Violent behavior in the workplace.
   
   b. Sexual Harassment.
   
   c. Falsification.
   
   d. Misuse of the organization’s property.

3. The individual should be a perfect fit for the role / position that he/she is being hired for. Otherwise, the business would suffer as well as the employee would attrite soon.

4. While rehiring an ex-employee, the process of recruitment should be followed completely, i.e. all the steps of the recruitment process should be followed and the individual should be evaluated just as any external candidate would be.

A careful decision can make a successful (re) employment.

**Websites Used:**

1. www.careerbuilder.com
2. www.businessknowledgesource.com
4. www.ere.net
5. www.ajc.com/business/rehiring-former-employee
6. www.hiring.monster.ca