Chapter 6

Findings and Recommendations

In this chapter, a summary of findings and derived recommendations are presented. This is based on extensive data and analysis of the trends and effectiveness of rehiring the former employees in Indian industries with a special focus on service sector hiring the knowledge workers.

Summary of findings:

I. Trends in rehiring of former employees and new employees:

The following are some of the findings based on the inputs from senior human resources executives responsible for talent acquisition from seventeen companies under Banking and Finance sector considering trends in hiring during 2010-2013 with a special emphasis on rehiring of former employee

- A growth of 29.8% in hiring was noted in 2011-12 over its previous period of 2010-11 where as 9.9% growth in hiring was noted in 2012-13 over its previous year 2011-12.
- As against the number of employment offers made, the acceptance by the candidates saw a growth of 22% in 2011-2012 over its previous
year 2010-11 whereas a negative growth of 8% was noted in the year 2012-13 over the previous year 2011-12.

- There is a gradual increase in the offers made to the new candidates from 93% to 99% for the three year period between 2010 till 2013,
- It was found that there was a gradual reduction in offers made to former employees from 7% to 1% during the period. Hence, it can be interpreted that organizations do not focus on reemploying the former employees and whatever the employment of former employees take place is purely incidental. It can be inferred that most of the organizations do not have any specific strategy or policy towards hiring the former employees.
- While the offers made to the new candidates grew from 93% to 99% during the three year period, the acceptance of such offers fell gradually from 83% to 65%. On an average 74% of the new candidates accepted the offers made for employment over the three year period.
- The phenomenon of reduced acceptance of the offers made to new candidates can be attributed to rapid deterioration in economic and uncertainty in the job market. Though new offers came in the way of the candidates, most of them hesitate to change their existing jobs in view of risk of taking up new jobs in an uncertain economic
environment. As a consequence, mobility of people gets reduced in such a job market.

- It was found that 96% of the former employees accepted the offers made to them during the year 2010-11, while 93% of the new candidates accepted the offers during 2011-12. Almost all the employees accepted the employment offer made to them during the year 2012-13. On an average 96% of the new candidates accepted the offers made for employment over the three year period.

- While the acceptance rate of new candidates fell gradually over the period of three years, it was found that there was no significant change in the acceptance rate of former employees, even when the economic scenario was uncertain. This shows that, economic scenario had little effect on the former employees when it comes to returning to their former organization.

- Thus, the probability of job acceptance increases with the former employees as compared to the new candidates.

- It was noted that the correlation coefficient (r) between the number of employment offers made to former employees and the number of acceptance is 0.999, which means there exist a strong positive correlation between the employment offers made to new employees and the number of acceptance.
During 2010-11, it was found that nearly 34% of the new candidates resigned from the employment and quit the organization within one year from the date of joining. Whereas 23% of the new candidates resigned during 2011-12 while 13% of the new candidates resigned from the employment during 2012-13 within one year of joining.

On an average 23% of the total new candidates hired between 2010-11 and 2012-13 resigned from the employment within one year of joining.

Another significant point that can be noticed is that the attrition of the employees fell gradually from 2010-11 to 2012-13 from 34% to 13%. A reason for this phenomenon could be the gradual decline in the job market due to poor economy that the country was experiencing during the later phases of the period.

It can be seen that the attrition of the rehired employees who left the organization within one year of joining reduced from 4% in the year 2010-11 to 0% in the year 2012-13 with an average of 4.2% of the rehired employees over the three year period.

It is clear that the attrition rate of former employees is significantly lower than that of the new candidates.

The average tenure of new candidates was found to be 636 days whereas the average tenure of the rehired employees was found to be
1064 days. This clearly shows that it is easier to retain the former employees compared to the new candidates.

**Testing of Hypothesis:**

The findings of hypothesis testing include the following:

1. There exists no significant correlation between the number of new hires with the year of hire.
2. There is no correlation between the number of rehired former employees and the year of employment.
3. There exists no correlation between the hiring of new employees and that of former employees.
4. There exists no strong correlation between offers of employment made and the acceptance of such offers made to the new candidates. Thus if an offer is made to a new candidate, one cannot be certain that he or she would accept the offer and eventually join the organization.
5. However, it was found that there exists a significant positive correlation between offers of employment made and the acceptance of such offers made to the former employees. That means if an offer is made to a former employee, one can be almost certain that he or she would accept the offer and eventually join the organization.
6. There exists a significant difference between the acceptance rate of new hires and the former employees and the data shows that the acceptance rate of former employees is significantly higher than that of the new candidates.

7. The attrition rate of new hires within one year of their joining is significantly higher than that of the former employees. This implies that the retention rate of former employees is much higher than that of the new candidates.

8. The average tenure of former employees is significantly higher than that of the new candidates. Hence one of the strategies to increase the retention of employees is to focus on hiring the former employees.
II. Findings from the responses received from human resource managers:

The following are some of the findings based on the responses received from the human resource managers on their views about rehiring of employees.

- 97% of the human resource managers stated that their organizations rehire former employees and have nothing against offering employment to them and only 3% stated the opposite position. Thus most of the organizations do rehiring of former employees.

- Nearly 81.25% of the human resource managers indicated that there is no formal rehiring policy for hiring former employees, while 18.75% of the human resource managers stated that they have a formal written policy available in their organization.

- Thus it can be concluded that most of the organizations do not have a formal and established written policy on rehiring of former employees. In other words, most of the rehiring occurs on an adhoc basis.

- It is noted that 32.8% of the human resource managers felt that rehiring is very important to the organization whereas 54.7% feel that it is quite important. In brief, nearly 87% of the human
resource managers feel that rehiring of former employees is *important* to the organization and would bring benefits to the organization.

- Only 12.5% of the human resource managers opine that rehiring is not important to their organization.

- Nearly 65.6% of the human resource managers keep track of the former employees, while 32.8% of them do not keep track of them. This indicates that most of the human resource managers spend some efforts in keeping track of former employees. This is very positive action taken by the human resource managers. However, such tacking is not in view of any policy in the organization.

- Only 4.7% stated that they adopt some strategy to attract former employees while nearly 95.3% of the human resource managers say that they do not follow any specific strategy in this regards.

- The above information shows that less than 5% of the human resource managers follow some strategy to attract former employees. Thus we can interpret that most of the human resource managers do not have any strategy for attracting and hiring former employees.

- Most of the human resource managers agree that the rehiring of former employees significantly reduce the hiring and training cost to the organizations. Nearly 84% of the respondents felt that rehiring
former employees would result in cost savings in hiring and training cost while about 16% feel that there is no cost savings due to rehiring.

- It was found that 21.9% of the respondents feel that rehiring former employees would result in less than 10% reduction in cost while 23.4% opine that it can result 10-15% savings. 28.1% of the respondents indicated that a savings of 15-20% and about 9.4% indicated a savings of more than 20% in cost.

- Thus an average savings of 14% can be achieved by rehiring of former employees. However, it all depends on how many former employees are hired in a year and what is its ratio to the new hires.

- It is noted that nearly 83% of the respondents assessed that the rehiring of former employees would result in cost reduction.

- About 42.2 percent of the respondents felt that the former employees would quit the organization once again post rehiring while 56.3 percent said that the former employees are unlikely to quit post rehiring.

- In the present scenario, very few employee works in the same organization till retirement. Thus, it can be mentioned that the rehired employees will once again quit the organization, if they find that their career is stagnating or they get better offers from other organization. However, it can be seen very clearly (refer chapter 3) that the average
length of service of former employees is significantly longer compared to that of new hires and also there is a significant cost reduction in hiring the former employees. Hence, it is important for the organization to develop the required process and strategy around rehiring of former employees.

III. Findings from the responses received from rehired employees:

The following conclusions emerge from the responses of rehired employees:

- It is found that 12.4% of the rehired employees belong to the top management, while 40% belong to the middle level and 47.6% belong to the lower level management.

- Thus, rehiring of former employees is not restricted to anyone particular level of the organization and it takes place at all levels. Given the pyramid structure of an organization, the maximum number of hiring takes place at the lower levels of the management and minimum number of hiring occurs at the top level. Thus rehiring also has a similar pattern.

- Nearly 49% of the rehiring happens for former employees aged between 35 and 45 years and 36% of rehiring happens when they are aged between 25 and 35 and about 9% of rehiring happens when the
employee is aged more than 45 years. Very rarely rehiring takes place when the employee is less than 25 years.

- The average tenure of the rehired employees during their previous innings in the same organization is about 3 years.

- Thus, in order to make rehiring effective, it is important that the former employee has spent a significant amount of time in the organization during the previous engagement. Only in such cases it will be beneficial to the organizations to consider them for the reemployment.

- About 80% of the rehired employees indicated that those who had good experience during the earlier tenure will find a better chance to come back to the organization.

- The mean time of separation of the former employees is 2.7 years. Thus on the average a former employee spends nearly 3 years outside the organization before he returns.

- It is interesting to note that 40% of rehiring happens within one year of leaving. That is most of the rehiring occurs within a gap of one year. This could due to a wrong decision by the employees or might be dissatisfied with the new employment. Thus, those who feel that their previous job was much better compared to the present one
will decide to return back the previous employer. About 35% of rehiring happens after a lapse of 4 years.

- It was noticed that is nearly 3 out of every 4 reemployment happens for the same function earlier. However, 1 out of every 4 former employees comes back in a different capacity.

- That means most of the rehiring happens in the same position. However, if the former employee is rehired after a long time, he or she might have moved into a different function and based on the experience gained by the former employee, they can be rehired for a different role.

- Nearly 70% of the rehired employees express their satisfaction over rehiring while 30% feel that there is need for improvement.

- Hence it can be interpreted that the rehiring of former employees results in greater satisfaction of the employees, by and large. However, there exists a possibility of dissatisfaction over the fitment and remuneration and if not addressed properly well in time, the former employee may quit the job once again and the efforts for bringing them back will go in vain.

- It was observed that nearly 40% of employees leave the organization for better job opportunity and 32% of the people leave for other personal reasons. 11% would leave for a better pay package.
• Continued job enrichment through training and recognition, through career enhancements and through competitive remuneration to the well performing employees will ensure that most of the employees can be retained. But, reasons like job locations and personal consideration can result in exit of high performing employees and this opens a potential for rehiring.

• It is noticed that 95% of the rehired employees stay for at least one year, 75% work for a minimum of 2 years and 50% of them go on to work for more than 3 years. Nearly 20% of them complete 4 years of tenure post rehiring.

• The mean of the tenure of rehired employees post rehiring is 3 years with a standard deviation of 1.4 years.

• It can be interpreted that the retention period of rehired employees is significantly longer than that of the new candidates.
Summary of Recommendations:

A few useful recommendations can be made based on the findings of the research work. These are enlisted below:

- Hiring the former employees has one of the highest cost benefits (ROIs) in recruiting. That is because the cost per hire is very low as little or no effort is spent in investigating to know the candidate.

- One of the most important recommendations of the research work is with respect to the rehiring policy. It has been found that most of the organizations carry out hiring of former employees in an adhoc and unstructured manner. Thus it is very important to formulate a suitable policy and process for hiring the former employees.

- The first step in putting rehiring policy in place is recognizing the need to and benefit of recruiting ex-employees and having the top leadership of the organization to recognize and value the same.

- While designing the policy, care needs to be taken to
  - define the category of ex-employees that can be considered for rehire which should be based on the previous experience of conduct and performance
  - examine legal implications of such rehiring of former employees
> assess the impact of such rehire on the existing employees
> develop a process for rehire
> define responsibilities of various stakeholders in the rehire process
> develop systematic plan for engagement with the alumni (former employees)
> maintain a separate database of the alumni with regular updates each time the assigned executive has a conversation to avoid duplication and being viewed as desperate measure
> define the metrics to measure the success of the program

- It is important to note that a company’s rehire policy needs to be integrated with various other systems and processes of the organization. In order to implement a successful rehire policy, there must be a ‘well-oiled’ ‘exit interview ‘machinery. This seems to be the starting point. Hence, a robust exit interview system must be instituted and implemented.

- The performance of the employee in the period during which he/she was earlier associated with the organization is also a key indicator to make a rehiring decision. Thus, several other human resource practices get linked to rehire decisions. Hence, there is a need to
integrate the decision to rehire with other organizational processes and practices

- A typical policy is presented below that is followed in one of the large Healthcare Groups that can help the organizations in formulating such policies.

RE - HIRING POLICY AT A LARGE HEALTHCARE GROUP

1.0 OBJECTIVES
To attract good talent who left the Group to re-associate with us.

2.0 APPLICABILITY
This policy applies to all institutions / companies of the group and all levels of employees

3.0 OPERATIONAL GUIDELINES

3.1 All group entities may consider hiring an ex-employee whenever a vacancy arises.

3.2 Applications for rehire can be entertained only if a vacancy exists and not for accommodating a candidate. Applications for rehire are to be considered as if they were any other application and no special consideration would be given to such applications.

3.3 The appointments must have the approval of the CEO for General Managers & above and HOD & Head – HR for all positions below General Managers level.

3.4 On receiving an application for rehire, the previous employment history of the applicant with group entities needs to be considered.

3.4.1 Applicants who have had a performance code of ‘2’ (Excellent) or ‘1’ (Outstanding) during the last 3 years of their employment with a group entity can be considered for a rehire.

3.4.2 Applicants who have had any disciplinary action taken against them would not be eligible for a rehire.

3.4.3 Applicants who were retrenched or whose employment was terminated due to any performance / disciplinary issues would not be eligible for a rehire.

3.5 Applications for rehire that are approved by the relevant authorities as above would go through the normal course of selection, medical check, reference check etc before appointment can be made.

3.6 While appointing ex-employees, the parity in salary, levels of similar employees that are continuing in employment in the organization should be considered.
• A key part of putting a rehire policy in place is using a good exit interview strategy. It is suggested that the exit process should clearly provide detail on why an employee is leaving. Managers should “conduct exit interviews and keep the information so that they can refer back to it, if and when a rehire opportunity comes up.

• It is recommended to document all aspects of an employee’s departure; the data will be helpful when considering rehiring. It is important to establish the eligibility criteria for rehiring an employee.

• It’s important not to rehire a former employee without conducting due diligence test on him/her.

• While there are various potential benefits of re-hiring, there are several drawbacks as well. Several organisations believe that one need to be very careful not to position the re-hired employees under former junior employees. Where re-hired employees may have difficulty in getting along with the employees hired during their absence, current employees too can become jealous when boomerangs are hired back at significantly higher pay or job level. Hence it is very important to take care of the parity between current and the former employees.
• Re-orienting former employees, perceptive mentoring and guidance to both current and re-hired employees are helpful in setting the right expectations and building good working relations in the workforce.

• Clear communication to both employees – current and former about the reason for hiring an ex-employee and the changes the organisation has undergone during the ex-employees absence is crucial.

• It is important to note that hiring of former employees can sometimes get political. Quite a number of executives and managers feel that the former employees are defectors and should not be allowed to come back. This notion is not tenable since the world has changed and the number of employees who remain loyal to one single organization has drastically diminished.

• In fact, on the other hand, it is important for the organization to encourage people to go out and gain greater experience and then encourage them to return. They would have made new contacts and expanded their network which will be very valuable. Thus both organization and the former employees can build stronger and long lasting relationship for their mutual benefit: a win – win situation indeed!

• Hiring former employees shouldn’t be the strategy of choice because it’s inexpensive and easy. The decision to re-hire an employee should
be based on good job fit – that the employee has the right skills for the job in question.

- Not every employee who voluntarily quit or was “dislocated” is a good candidate for re-hire. If anyone was fired or forced out, they should not be on the priority list, unless of course the person or persons who forced them out turned out to be the cause of the problem and not the solution.

- In addition to a rehiring policy, it is important to define rehiring process that can make rehiring of former employees more effective. The following is a simple checklist that can help finding a suitable employee for rehire:

  - Top performers who voluntarily left.
  - Top performers who were in key positions.
  - Top performers with key skills, contacts, or experience.
  - Retirees who may not have found retirement to be all it was cracked up to be.
  - Top finalists who accepted another job. These people can be called in the first week of their new jobs and after three months in order to see if they made a mistake (buyer’s remorse). This might seem odd, but if one think about it,
how many jobs have one taken where he/she realize the first day that it was a mistake?

- Long-term consultants or contractors. Although they technically were not employees, if one has individuals who performed well for a long period time, one might consider bringing them back as contractors again or even as employees.

- Promising interns who failed to return.

• It is noted that many organizations do not have any strategies to attract former employees. Here are some of the strategies that can be followed to keep in touch with the former employees even after they cease to be the employees which can help rehiring them when an opportunity arises.

  - ‘Solicitation of employees for rehiring starts from the time of exit itself’ say some of the human resource managers. Hence they believe that hassle free exit can be a good starting point for attracting them. They believe that the exit interviews are crucial to capture some of the reasons for their leaving. Also they make sure to ask the employees if they are willing to comeback if an opportunity arises. A database is then created
capturing the details of the employees who can be contacted after their exit.

- A separate dedicated resource must be created to focus on reemploying the former employees with a KPI of 20% of the total hiring. Based in the study, an empirical formula for manpower acquisition is proposed. It is recommended to hire 50% hiring of new employees, 30% referral hiring and 20% hiring of former employees which gives both former talent and experience that reduces the cost and risk of bad hire at the same time bring in the influx of new talent, ideas and strategies to provide cutting edge to the organization. However, a detailed study is required to establish the validity of this empirical formula.

- We have found that 50% of rehiring happens within two years of leaving while 35% of the rehiring happens after a lapse of 4 years. Hence it is suggested to focus on rehiring on the employees who left the organization two years ago. Alternatively one must attract them to return after a gap of 4 years.

- If the rehiring happens within 2 years of leaving, it is beneficial to hire them at the same function and if a rehiring
happens after 4 years, then it may be worthwhile considering them to rehire in a different function based on the experience gained.

- Care must be taken that these former employees, who are hired after 4 years, undergo a detailed orientation program even though they know enough about the organization.
- Keeping track of former employees through a well-designed Employee Alumni Portal. A sample design of the portal is presented in the next section.
- Sharing the internal job postings with the former employees through the portal
- Building proper relationship with former employees by sending greetings (e.g. on their birthdays).
- Organizing regular alumni meet and sharing the organizations expansion plans
- Develop a corporate facebook account to keep in touch with the former employees on a regular and continuing basis
Sample Former Employee (Alumni) Portal:

A sample former employee portal that has been designed in one of the large organizations in Baking and Finance Industry is given below. This is evidence that organizations are increasingly taking serious note of the importance of the former employees and the future potential for rehiring them.

Why Former Employee Portal?

This portal is important because it will create an association between the current and former employees of the organization. An alumnus (former employee) of the organization is a person who was formerly employed by it. Through the site the association between former and current employees will grow (even after leaving the company), they can also feel the extended family of the company, will certainly enhance the popularity of the organizations as a brand and this may be an important part to strengthen business network.
Step 1

**Member Registration:**

Alumni can login to the portal through their Linkdin user id password. In case an alumni is not registered in Linkdin can register themselves by filling the details as below:

Oracle ID:

Name*:

DOB*:

DOJ*:

DOL:

Correspondence Address:

Contact Details

Landline:

Mobile*:

Email Id*:

SBU associated within Group:
Region deputed:

Name any two persons who were closely associated with you during your employment in the organization:

When the details are provided click on ‘Register’, the website will show the following message.

NOTICE

![Notice message]

A mail will be sent to the eMail id given during registration process for activation of the account. Activation URL along with the password will be sent to the registered email id.

Post clicking on the link the account will be activated and a message will go the email id as:

NOTICE

![Activation success message]
Step 2

Option of ‘Forgot Password’ to be there to reset the password if forgotten.

Step 3

In case of Wrong ID or Password, the system will not let the user to log in to the system and will show error message:

NOTICE

Username and password do not match or you do not have an account yet.

Thus entering into the portal requires a valid login id and password.

Step 4

When entered into the application, one will see all the recent updates in the dashboard such as:

- Bulletin Board
- Recent Alumni (Former Employee) Article
Step 5

The portal should have the following features:

- People Search & Company Search
- Alumni Directory
- Member’s Profile
- Photo & Video Gallery
- Jobs Section
- Events/Reunions
- News
- Chat
- Private Messaging: Add a personal touch to all your communications
- Discussion Groups: Brainstorm, build opinions & share ideas
Chapter Summary:

In this chapter various findings and recommendations are presented that briefly describe the trends and effectiveness of hiring the former employees that exist in Indian industries with a specific focus on knowledge sectors represented by Banking & Finance and Health Care Industry.

Some of the strategies, policies and processes and key performance indicators were presented that can help organizations to encourage the employment of former employees and make the entire process more effective.