



Developing A Successful Rehiring Model

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Abstract

In the knowledge economy people are the biggest asset of an organization that delivers the product, service or solution through their unmatched and rich expertise and experience. One of the biggest challenges posing the industry is to attract and retain the talent. One of the strategies adopted to counter this challenge is to rehire former employees. While most of the companies do re hire former employees, surprisingly, the entire process is adhoc. This paper tries to highlight the importance of process based rehiring to enhance the efficiency and effectiveness of rehiring. The paper also presents some of the facts that were collected during the research work on trends and effectiveness rehiring of former employees in Indian industries with a special focus on knowledge industry like Banking and Finance, IT/ITES, Healthcare etc. In conclusion, Regardless of whether a company is big or small, the benefits of rehiring former employees can be numerous; there's less training time, they have pre-existing knowledge of the company's culture and if they work for you, they don't work for your competitor. But bringing back an employee can have its drawbacks too. There may be lingering feelings of anger or betrayal, or it could create resentment on the part of former employees. Also, it's important to keep in mind that there was a reason why the employee left the first time.

Keywords: Developing, rehiring model, economy, organization, efficiency and effectiveness, industries

Introduction

In a knowledge based industry, the key resource is undoubtedly its Human Resource and rightly so. People are the biggest asset of an organization that delivers the product, service or solution through their unmatched and rich expertise and experience. There is now a consensus in the global business community, that acquiring and retaining talent is the biggest challenge facing organizations. There is also an acknowledgment of a global talent shortage across nations and across sectors, and that the shortage is set to increase. Skills shortage has been found to be the number one challenge in China and South East Asia, number two challenge in Japan and number four challenge in India. Talent management is also one of the most challenging factors facing companies in Europe, according to a 2007 HR Transformation Survey by Mercer Consulting.

Within the Technology, Media and Telecommunication sector, a recent (2008) survey by Deloitte Consulting made similar findings. The findings are interesting and reflect a shift in corporate thinking about people, as the quality of employees now ranks higher than such celebrated factors as sound business strategy (44%), proprietary technology (19%) and investment capital (15%)¹.

The above findings have been corroborated by others from equally internationally renowned institutions. The Harvard Business School for example, identified the ability to spot and develop talent, as the most sought- after attribute among

successful CEO's. The Chartered Institute of Personnel and Development (CIPD) UK found "recruiting and retaining best talent" to be in the top five drivers of organizations managing diversity.

So, the message is clear: Talent has become central to business survival; yet that talent is in short supply, and this shortage is set to get worse. Organizations and even nations will do everything to get that talent from anywhere and everywhere, triggering what amounts to a war for talent.

There is talent aplenty and yet organizations find it extremely challenging to find the right fit for a role. There is always an element of compromise, as there is probably never a perfect fit. Talent acquisition and retention is always a top agenda for the organizations.

Rehiring former employees – A smart recruitment strategy

Recruiters are always on the lookout for finding new ways and means to identify, attract and retain talent. Recruiters all know that there is gold to be found amongst your alumni. Hiring a former employee is a great way to bring talent into the workplace that knows the business, your culture, the team and the environment. They are, depending on how long they have been gone, a known quantity and, let's face it, potentially a cost effective sourcing method².

In the year 1985, Steve Jobs was ousted from Apple. Jobs resigned and returned to Apple as its CEO in 1997. "My position coming back to Apple was that our industry was in a coma. It reminded me of Detroit in the '70s, when American cars were boats on wheels." Steve Jobs said in an interview with Fortune Magazine in the year 2000. Steve Jobs understood best, having seen Apple and the industry during earlier days and later after his rejoining. You never know, you had a high potential employee who has left and who can turn your company around!!

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 clarity on both sides – employer as well as employee and brings diverse experience to the organization³."

Rehiring or Boomerang hiring as is popularly called is a smart recruitment strategy. The organization encourages ex-employees

Table-1
Benefits of rehiring

<p>Reasons for Hiring Boomerangs or Corporate Alumni^{3,4} There are numerous reasons why you should develop a formal effort to re-recruit top employees who left your firm. Some of them include:</p> <ol style="list-style-type: none"> i. Fast hire: Boomerangs offer an opportunity to acquire a top person quickly (the search and the assessment take little time). ii. Known skills: Because they are former employees with years of performance appraisals, you know in advance what skills and competencies you are obtaining. iii. Up to speed quickly: Because they know the organization and its culture, they are likely to get up to speed faster than traditional new hires who have to learn an entirely new set of politics, culture, and processes. iv. Low failure rate: They have a lower chance of failing because they have already adapted to the culture and you already know their performance capabilities and their ability to produce results (especially if they quit your firm recently). v. Browngrassers: You might find that after seeing the "color of the grass" on the other side that they are desirable because they will not likely leave again. The added benefit alluded to earlier is that they can help in the retention effort because they can tell stories to others about life on the outside. vi. Competitive intelligence: They can provide competitive intelligence, new ideas, and a fresh perspective from their previous firms. vii. A chain reaction: They often bring back other alumni with them when they come, especially after the message spreads that you are welcoming back those who left. viii. Building community: Alumni programs help build a sense of a long-term community among employees because even when you leave, employees know they can maintain a relationship with the firm. ix. PR value: A high return rate might improve image and secure good PR in the industry and community.

Table-2
Sample Rehiring Policy

RE - Hiring Policy at Manipal Group

<p>Objectives: To attract good talent that left Manipal Group to re-associate with us.</p> <p>Applicability: This policy applies to all institutions / companies of Manipal and all levels of employees</p> <p>Operational Guidelines: i. All group entities may consider hiring an ex-employee whenever a vacancy arises. ii. 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. iii. The appointments must have the approval of the CEO for General Managers and above and HOD and Head – HR for all positions below General Managers level. iv. On receiving an application for rehire, the previous employment history of the applicant with group entities needs to be considered: i. 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, ii. Applicants who have had any disciplinary action taken against them would not be eligible for a rehire, iii. Applicants who were retrenched or whose employment was terminated due to any performance / disciplinary issues would not be eligible for a rehire. v. 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. vi. While appointing ex-employees, the parity in salary, levels of similar employees that are continuing in employment in the organization should be considered.</p>

Need for a rehire policy

A survey conducted in the US in 2010 by consulting firm OI Partners found that about 40% of the employers hope to rehire former workers. 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 Reemployment⁵.

A written Rehire Policy will ensure focused, systemic and channelized efforts to recruit using this source. If you do rehire or plan to begin rehiring former employees, your company needs to have a rehire policy in place. This written policy should outline basic rules and restrictions and be signed by every employee. This assures employees' awareness of their responsibilities and discipline procedures for nonconformance⁴.

First step in putting your rehiring policy in place is recognizing the need to recruit your ex-employees and having the top leadership of your organization to acknowledge and value the same. i. While designing the policy, care needs to be taken to. ii. define the category of ex-employees that can be considered for rehire which should be based on the earlier experience and performance. iii. legal implications of such rehire. iv. impact of such rehire on your existing employees. v. process for rehire. vi. defining responsibilities of various stakeholders in the rehire process. vii. systematic engagement plan with the alumni, viii. maintain a separate database of your alumni with regular updates each time the assigned executive has a conversation to avoid duplication and being viewed as desperate measure. ix. defining the metrics to measure the success of the program.

Rehire Policy Does Not Stand Alone

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 program, 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 practiced.

Similarly, the performance of the employee in the period during which he/she was earlier associated with the organization is also a very important indicator to make a rehire decision. This way, many other HR practices get linked to rehire decisions. Hence, there is a need to integrate the decision to rehire with other organizational processes and practices⁵.

The box below shows a sample rehire policy of Manipal Group, a leading corporate group with presence in India and abroad. Mr Ganesh Selvaraj, GM and Head – HR of Manipal Hospitals, shares this simple and yet effective policy. Survey

shows many Indian organizations do not have a written down policy for rehire, as a result the rehire efforts are adhoc, person dependent and situation dependent, based on requirement.

Are all ex-employees eligible for rehire?

A big part of putting a rehire policy in place is using a good exit interview strategy. Oldham advises 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," when and if a rehire opportunity comes up. If you take the time to properly document all aspects of an employee's departure, the data will be helpful when considering rehiring⁴. It's important to establish the eligibility criteria for rehiring an employee. It's important not to rehire a former employee without conducting due diligence on them first.

We can broadly classify ex-employees as eligible for rehire, not recommended for rehire and not eligible of rehire.

Eligible: Staff who leave the organization in good standing, have good performance record and were a fit to the culture and expectations of the organization can be considered as eligible for rehire.

Not Recommended for Rehire: Staff who has been terminated for reasons other than serious conduct or behavior violations can be considered as eligible to seek employment after having demonstrated acceptable work performance during the gap of separation. Employees who demonstrated any of the behavioral aspects like poor performance, job abandonment, resignation without serving notice and complying to organization's policies, frequent absenteeism may not be recommended for rehire.

Not Eligible for Rehire: Staff terminated for serious conduct or behavior violations are not eligible for rehire in any type of employment. Employees who have been asked to leave the organization due to inappropriate behavior, providing false and incorrect information, theft, misuse of company's property or information, breach of confidentiality, using unfair or unethical practices are strictly not eligible for rehiring.

Based on the above, it is extremely important to classify any employee leaving the organization under one of the above categories. This classification should be preferably done during the exit process of the employee, based on feedback from his Manager or Supervisor, Peers, Performance Records and Reason for leaving⁶.

Some facts and figures

To further, assess the effectiveness of rehiring process and get a view of the rehires, a sample survey of rehired employees and HR managers of various companies in Healthcare, IT services and Financial sector was conducted and a well designed

questionnaire was administered to assess the various aspects of rehiring in these industries.

Employees who had rejoined their organization were administered the questionnaire and the key findings were as below: i. 90% of rehired employees had a satisfying and fulfilling experience during their earlier tenure which played a key role in their rejoining. This is a clear indication that employers have to spend considerable amount of time to ensure that there is a successful employee engagement to ensure they attract talent at a later stage, in case they lose talented employees. ii. Over 65% of the people that re-join do so in less than 3 years from the date of separation. It is most effective to re-hire the former employees within 3 years of their separation. However, try to avoid re-hiring immediately after they leave the organization to get the benefit of experience gained outside the organization. iii. There is no specific time frame of employees rejoining as employees have rejoined in less than 6 months of separation and also there are instances of rejoining even after 10 years. However lesser the time gap, ideally between 2-4 years, more aware the employee is of the dynamics of the organization. iv. The average tenor of the rehired employees on an average is 3 years and 5 months with more than 90% of them working for more than a year and 68% more than 2 years indicating that the probability of re hire is high when one spends at least 2-3 years during their earlier tenor to prove their capability and understand the organization culture. v. Most of the employees, that is 80% who rejoined, joined the same function, as in their previous tenure. vi. 75% of rehires felt that their fitment is right indicating that they had a high level of job satisfaction in terms of their job as well as remuneration, hence paving way for better employee satisfaction. vii. 48% of rehires were found to be females and 52% males indicating that there is no relation between genders with re hiring.

Similarly the HR Managers were also interviewed and the observations are as captured below: i. While 90% of HR Managers expressed their willingness to rehire ex employees, only 15% of the managers interviewed said that their company has a written policy on rehire. ii. 90% of the Managers said that they did not have any specific strategy for rehire however 65% kept track of re-hirable employees. iii. Almost all Managers said that there is a significant savings in cost of hiring to the company due to rehiring and on an average the Company could save between 11-15% every year. iv. 100% of the respondents felt that exit interview is very important for effective rehiring of prospective candidate.

Conclusion

With increasing demand and higher attrition rate, it is extremely critical to have varied sources for talent acquisition.

Regardless of whether a company is big or small, the benefits of rehiring former employees can be numerous; there's less training time, they have pre-existing knowledge of the company's culture and if they work for you, they don't work for your competitor. But bringing back an employee can have its drawbacks too. There may be lingering feelings of anger or betrayal, or it could create resentment on the part of former employees. Also, it's important to keep in mind that there was a reason why the employee left the first time.

Whether to rehire an employee who quits is ultimately the employer's decision. Employers are free to decide who's eligible and who's ineligible for rehire. Either way, the employee handbook should fully explain the company policy on rehire eligibility so that employees understand how quitting a job and the circumstances under which they quit can affect rehire eligibility.

It is seen that while most of the Organizations consider rehiring former employees, very few companies have a formally documented Re-hire Policy. 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.

Hence organizations must aim at developing a robust and strong rehire policy, providing clear guidelines for rehire and which will in turn strengthen their recruitment teams who are always struggling with talent acquisition and retention.

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