

Structuring the Recruitment Department

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This document explores the benefits that Organizations can derive by delinking Recruitment Departments from traditional reporting structure with the HR function



1 Introduction

A recent survey of business and functional managers in the IT industry pointed out a startling fact – nearly 80% of their time goes into addressing either Talent Acquisition or Talent Retention related issues.

While dozens of white papers have been written on various solutions to help alleviate mundane situations in these two areas, very little has been debated much less written on what impact the organization of the Recruitment department can have on the final outcome – positive or negative.

1.1 Problem Statement

Internal Recruitment departments have been traditionally an integral part of the HR organization even while most of the hiring requests came from the business/functional/delivery managers. Escalations from these hiring managers are a common occurrence in such an organization and predominant reasons for such escalations have been linked to lack of focus, prioritization issues, lack of transparency/clarity/control etc.

This thought-paper explores the need for breaking away from such a traditional reporting structure and draws upon some of the best practices that were observed in a span of 4 years in couple of very progressive mid-sized organizations in the services sector.

1.2 Analyzing the psyche of the HR team

The biggest issue with Recruitment is that it has always been seen as a very transactional type of function and that it has a unique rhythm contrary to other areas of HR only added to its woes. Today's MBA programs offering Master's degree in HR stress very less on understanding the nuances of Recruitment Life Cycle and do not equip the students to build and manage an independent Recruitment department. Most in HR teams would choose not be in Recruitment if they can help it or perhaps do their time in Recruitment for a short duration and move on to becoming HR Generalists/Specialists, HR-BP etc.

This lack of understanding of such an important task in the HR fraternity has led to further marginalization of the Recruitment department – relegating it to an undesirable, highly clerical yet necessary state of existence.

If such is the situation today's organizations face, one needs to question the thought-leadership that flows from HR to the Recruitment function or rather the lack of it.

Prima-facie one could draw a conclusion right here for the need for change - but on the contrary there are also merits for Recruitment to be a part of HR.

In organizations where hiring numbers are low and their frequency is seasonal/predictable, it makes perfect sense to stick to the traditional reporting structure as it provides continuity and similarities can be drawn from supply-chain/procurement processes in the manufacturing/retail industries.

But the core challenge is with those organizations that hire in large numbers and where sales/business is unable to predict the hiring cycles. This thought-paper's problem statement is relevant mostly to such organizations - mainly in the services sector.

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1.3 Scenario 1 – Point of Departure

Most organizations in the services sector have a separate department that has the responsibility to allocate/de-allocate people into/from business/functional/delivery teams. This department has many names, Resource Management Group (RMG), Manpower Allocation Cell (MAC), Operations, Staffing function etc.

This department has wide responsibilities of assessing, collating and normalizing the talent needs with all hiring managers and ascertaining if those can be filled from resources within or open them to external hiring. This department has the final say when it comes to starting or stopping Recruitment efforts.

For organizations that have resource utilization issues or over-Recruitment issues due to improper Recruitment forecasting – it is better to make the Recruitment function report into this department so go/no-go situations on hiring can be better controlled.

But even with this practice, there is no significant improvement in the hiring manager's satisfaction. Most common escalation reasons being too many touch points, Operations/Recruitment teams not being in sync, unable to get timely updates etc.

1.4 Scenario 2 – Best Solution

It has been observed consistently that the closer a support-function is to delivery/business side the better the overall situation becomes. Be it HR, Quality, Learning & Development, Talent Transformation, Knowledge Management, Procurement etc.

The concept of HR-BP came from this premise that for a reasonably large group of homogeneous business, a dedicated HR-BP is allocated and a dual reporting relationship between the Central HR and Business head be established to cater specifically to that particular group.

The organizations that we observed not only applied this to the Recruitment department effectively but also, to infuse the business nuances, got a senior leader from the business/delivery side to spear-head the Recruitment division.

Recruitment department now had a separate identity, its own budget and charter. Since a senior leader from the delivery was handling Recruitment, overall acceptance from the business side was smooth and this leader not only could stream-line the process but also could bring-in many out of the box ideas which till recently were termed un-implementable.

While this was done, care was also taken that process transparency was built-in and all HR policy related aspects are strictly adhered to – especially in selection-validation and compensation & benefits areas. Audits were enforced regularly and technology was leveraged very well to bring in transparency of process.

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1.5 Selecting a Recruitment Head from within Delivery/Business

Some of the general criteria that can be applied to identify the right non-HR internal candidate to head Recruitment are below:

- 1) Must have great passion to improve the effectiveness of teams
- 2) Must have some exposure to Business Process Re-engineering/Program Management
- 3) Must have very good people management skills – preferably leading large, diverse teams
- 4) Must be from delivery/business/functional side of the organization
- 5) Understands all areas of the business and can represent any particular section with ease
- 6) Ability to implement workflow tools and processes
- 7) Can nurture teams – both internal and external (vendor teams)
- 8) Reasonable tenure in the organization

1.6 Incentivizing

Best practices that we have observed to attract the talented volunteers to take up non-delivery roles are:

- a) have a written/stated policy of quicker progressions for managers that take up organization building roles
- b) assure CXO level visibility and access
- c) provide choice of future roles to incumbents that sign-up for such unusual roles in the organization
- d) provide budgetary support – for both CAPEX and OPEX

Recruitment is by far the most thank-less job in any organization and the best suited leaders/managers will not take naturally to it unless the Head of the organization gets involved in the selection process for this job and gives personal assurance of support at the highest levels.

1.7 Other best practices

The two mid-sized organizations that we observed have taken the concept of managers/leaders from the business side leading support functions (HR, Recruitment, Quality, Operations, Knowledge Management, Learning & Development, On-Boarding etc.) to a whole new level. It is now common practice in these organizations to offer alternate career paths for good leaders that have reached the General Manager levels to branch out into non-delivery, support function roles.

The heads of many support functions in these two organizations are from the delivery/business side and both these organizations are reaping rich dividends for this structural innovation – such as below:

- 1) Being recognized in the industry for innovation in process and technology
- 2) Nominated to the best employer list
- 3) Positive visibility of best practices within the peer organizations
- 4) Create clear differentiators for their organization in the respective areas
- 5) Increase in Employee satisfaction

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1.8 Outcomes & Metrics

This section gives a glimpse of positive outcomes when Recruitment organization was delinked from HR and a leader from the delivery/business side started heading the initiative:

- 1) Deployment of a robust enterprise class workflow tool to bring transparency into the entire Recruitment process
- 2) Bring about strategic alignment and empathy towards the delivery/business needs within the Recruitment team
- 3) Greater co-operation and a general collaborative atmosphere between Recruitment and hiring managers was made possible
- 4) Drastic reduction of escalations from the hiring managers
- 5) Strict compliance to HR policies on Compensation/Benefits/grade levels offered to candidates
- 6) Cost per hire, Effort per hire and Quality of hire metrics were quantified, baselined and improved upon – year after year
- 7) Explore outsourcing of some or all transactional tasks to vendor organizations (RPO) – reduced payroll cost of in-house Recruitment team to a bare minimum by deploying vendor teams to perform transactional tasks in the Recruitment Life Cycle
- 8) Implement pure outcomes/value/SLA based pricing mechanisms
- 9) Enabled metrics-based decision making
- 10) Audit trail on all payments and transparency into vendor selection and vendor performance were established
- 11) Reports, MIS, dashboards were more accurate and timely
- 12) Delivery getting involved in Post offer followup with offered candidates – resulting in superior conversion rates
- 13) HR team's overall satisfaction on policy compliance went up significantly not to mention their happiness to get greater bandwidth and time to do core HR activities with far fewer distractions by way of hiring manager escalations

Some metrics:

- 1) Resume Sourcing to Joining ratio was reduced from 15:1 to 7:1
- 2) Overall Offer to Joining rate was increased from 45% to 73%
- 3) Turnaround time (TAT) to offer a candidate reduced from 10 days to 2 days
- 4) 95% candidates with genuine credentials – fake candidates were filtered out upstream
- 5) 89% of hiring managers rated Recruitment function as Highly-Satisfied to Very Satisfied
- 6) Offers per month were kept at average of 250 – peak being 750 offers in a particular month
- 7) Joinees rose from single digits/teens per month to greater than 100 a month

1.9 Contact Us

ScaleneWorks People Solutions LLP has in depth, first-hand practitioner knowledge of structuring high-performance Talent Acquisition teams, processes, tool/technology and can help you in your efforts to build a highly-effective Recruitment department for your organization. You can contact the author by email SanjayS@ScaleneWorks.com to know more about our service offerings in this and other related areas.