

Comparison of recruitment across it industry



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Recruitment plays a major role in overall Human Resource Planning of an organization and is critical to its success and sustainability. In this paper, we try to bring out the major differences between the recruitment policies of two organizations, viz. CGI and BHEL and see that how two companies operating in two different sectors with one in the IT sector and the other in the manufacturing sector differ in their approach when it comes to recruiting.

Our initial hypothesis was to bring out the differences in the recruitment policies of a service sector firm and a manufacturing firm, but finally when we conducted our research and got the data we saw that the differences were attributable not only to difference in the overall environment of service and manufacturing sector but also were attributable to differences in the ownership of the companies as well as to them belonging to two different countries. CGI is a Canada based MNC and BHEL is an Indian PSU and is one of the 9 Navaratna companies of the country.

In this paper, we have focused mainly at the recruitment at the entry level but have also talked about mid-level recruitment policies that are practiced in the two companies.

The methodology that we adopted for our research paper included comparing of mission, vision and values of the companies, survey questionnaire filled by the HR manager of the respective companies, telephonic interview of the current employee at BHEL, feedback from the ex-employees, looking for useful information in the respective companies' websites and then mapping these results with the learning from this course.

2. Importance of Human resource planning and recruitment

2.1 Definition of recruitment

The practice or activity carried on by the organisation with the primary purpose of identifying and attracting potential employees.

According to William F Glueck -“ Recruitment acts set of activities and organization uses to attract job candidates possessing appropriate characteristics to help the organization reach its objectives”

Recruitment is the heart of Human resource management because it is the starting point of the managing human resource and affect on various aspects . recruitment process influences various aspects personal policies, recruitment sources and characteristic and behaviour of recruiter.

2.2 Importance of Human Resource planning

It avoids the sudden disruption in production due to change in proper demand which can be planned properly with the suitable Human Resource planning.

It makes employees to adjust with change in technology and environment in the organisation as well as industry

It helps give requirement of workforce needed for the production and what type of skills will be required

Helps to identify surplus or shortage of manpower at the various functions

2. 3 Importance of recruitment

Recruitment policy is very important for an organisation. A good recruitment policy can give competitive advantage while a recruitment policy which does not fit to organisation can adversely affect the organisation at various levels and function.

Recruitment is central to any organisation and it can affect efficiency, profitability and ability of an individual employee.

An improper recruitment policy can increase turnover rate and a suitable policy for organisation can increase retention rate of the workforce.

It is the process which link employee and employer and help to better understand psychological contract between both the parties

It is better to have a suitable employee instead of ten incompetent employee and recruitment Help to identify a suitable person for a particular job and increase the organisational and individual effectiveness

It helps to identify and preparing potential job applicant through effective measures

Recruitment policy is important to attract a large pool of job applicants which in a way help to identify best among the large pool.

A suitable recruitment policy of an organisation take in consideration of legal and social obligations of the organisation and help to fulfil those like maintain gender ratio , child labour law etc.

Recruitment policy is important to reduce the recruitment cost by choosing an effective and less costly method of recruitment which can attract large pool of applicants.

Recruitment also helps to make a image about the organization in the mind of potential applicants. Applicants relate recruitment with organizational culture and work.

It helps to develop job satisfaction among the employee because they are identified based on their skills which are suitable for particular job.

It is important for forecasting the workforce need aligning with new business strategy.

3. CGI Information Systems & Management Consultants

CGI was founded in 1976 by Serge Godin in Quebec City of Canada. Later, he was joined by Andre Imbeau and they together built the company which was based on the shared dream of “ To create an environment in which we enjoy working together and, as owners, contribute to building a company we can be proud of.”

CGI, the name is a French acronym for “ Conseillers en gestion et informatique”, which when literally translated to English becomes information system and management consultant.

Today, with more than 30 years of experience CGI has developed itself into a leading IT and business process services provider to major companies across the globe. Headquartered at Montreal, Canada, CGI employs more than 27000 employees in over 107 offices worldwide with 15 delivery centers

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across 5 countries. CGI is certified ISO 9001-2004 and has CMMI Levels 3 and 5-compliant global delivery centers.

3. 1 Vision, Mission and Values

The ideas that led to the creation of CGI and its further development is called the CGI Dream to which all the employees of the CGI are attached and guided by in their day to day behavior. This dream has its root in the very idea that motivated Serge Godin and Andre Imbeau to create this company:

“ To create an environment in which we enjoy working together and, as owners, contribute to building a company we can be proud of.”

The mission of CGI as taken from its website says:

“ The mission of CGI is to assist private and public sector organizations with professional services of outstanding quality, competence, performance and objectivity, delivering the best solutions to fully satisfy client objectives in information technology, telecommunications and management. In all we do, we foster a culture of partnership, intrapreneurship and integrity, building a world-class end-to-end information technology company.”

With this mission statement, CGI depicts not only the company’s purpose but also its aim & values.

Sharing the same values allows the management and employees to enjoy considerable autonomy and swiftness of action without compromising their cohesiveness. It is with these values, that they are able to mobilize teams more rapidly and bring together the most experienced individuals from

across the company who are able to quickly come up with a solution for any given challenge. The values are depicted in the diagram below:

3. 2 Environment Overview

The following schematic diagram shows the environment overview of CGI.

The market environment in which CGI operates is highly competitive because of many such firms providing the same services and scarcity of highly skilled employees as all these companies try to attract them with better remunerations and benefits. Also, all these service provider companies compete and bid for any major project which any client comes up with.

CGI, since its inception in June 1976 has maintained a high growth trajectory and in just 33 years of its existence its revenue has reached to \$3. 8 billion as shown below in the table

1976

1986

1996

2009

—

Revenue: \$25 million

Revenue:\$0. 12 billion

Revenue: \$3. 8 billion

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Also, being a technology driven company CGI has always given emphasis on the skill-sets of the employees and the selection of the applicants are done mainly on the basis of domain knowledge as well as their inter-personal skills.

We also observe that the structure which CGI follows is highly flexible unlike BHEL (where a rigid bureaucratic system is followed). With its flexible structure, the employees of CGI can interact directly with any senior member of the organization. Also, the timings at CGI are quite flexible which means that depending on the demand of the project an employee may have to work on holidays but they can avail comp-off facility wherein they can take a leave on any working day in lieu of the extra day that they had worked earlier.

3. 3 Forecasting- Demand Side

CGI has its offices (divisions) in many countries and demand forecasting for its employees are done on the division-to-division basis, i. e. each office is responsible for recruitment and recruitment policy is guided by the corporate office. Generally, it is the responsibility of the Technical Manager / Project Manager / Technical Director to forecast the demand of the employees depending on the number of projects the company aims to get and then this requirement is passed on to the “ Resource Management Group”, RMG, which then verifies all details about the requirement of the employees. RMG upon verifying everything passes on the requirement information with the details of the skill-sets required to the recruitment team. The whole process can be shown with the diagram below:

As in other service provider firms, CGI maintains a bench of employees to meet unexpected demand of the employees and to show their Human Resource Strength so as to get the prospective clients easily. Also, the bench strength helps the company bid for any project in a much more effective way.

3. 4 Personnel Policies

3. 4. 1 Payment Strategies

CGI follows the “ Lead-the-Market Pay Strategies” to have a distinct advantage in recruiting. Also, as many of the clients of CGI are USA based companies, so some of the employees have to work in midnight shift to align their time with the USA timing and for this CGI pays night-shift allowance to their employees in addition to their regular pay.

CGI differentiates the fresher who join the company at the entry-level on the basis of their educational background and the college/institute/university from which they have graduated. Also, CGI has different training and development path for different employees and different pay-scales depending upon the job-profile that they were offered. For example, the company has the training program of 3 to 6 months for newly recruited graduates from IITs/NITs and they are paid in the scale of 4 to 5 lakh per annum depending on their role. For others, the training program generally last for 1 year and they are paid an annual compensation package of 3 lakh.

3. 4. 2 Employment termination Policies

In regard of the employment termination policies, CGI follows the “ Employment-at-Will” policy where either party in the employment

relationship can terminate that relationship at any time regardless of cause. Generally, when the termination is from the employee side then the employee has to give a notice of minimum 2 months to the company and when it is from the company side then the company either give the employees 2 months of salary or they give them 2 months of grace period so that the employee can look for another job in that period. Also, as the recruitment and attrition rate is high in service sector, CGI doesn't follow the " Due Process Policy" in order to reduce the unnecessary bureaucratic cost.

3. 4. 3 Work Force Diversity & Relocation Program

To manage the workforce diversity, CGI being a Canada based company has a policy of maintaining a certain percentage of female workforces in the company. Also, it attempts to recruit people from all religion, region, caste and race and do not discriminate applicants on any of the above issues. CGI also has the policy of celebrating all the major festivals throughout the year and provides appropriate leaves on these days.

3. 4. 4 Finding & Keeping the Best Employees

As the environment in which CGI operates is highly dynamic where attrition rate is very high it provides minimum relocation package. The relocation package mainly consists of reimbursement of travel charges and a stay of 1 month in company's guest house.

For " Finding and Keeping the Best Employees", CGI has the " Employment Retention Amount policy" for niche skills. Also, they give their employees yearly bonus and appraisal hikes mainly on the project basis.

3. 5 Recruitment Sources

The schematic diagram shown below shows the important sources of recruitment both at the entry level as well as the mid-level position.

CGI considers “ walk-in” as the best source of recruiting for its entry level positions as this is the fastest and cheapest mode of recruiting. Internal recruiting is done mainly for the mid-level positions and ratio of internal to external recruitment throughout the company is approx. 50: 50.

In order to provide additional benefits to its employees, the company provides “ Employee-Referral Program” to them. Between the Direct Applicants and Referrals, we see below in the chart that almost 70% is done through referral program. Though, the company has the policy of not allowing all of its employees to enjoy the benefits of “ Employee Referral Program”, especially those from the Human Resource Department, so as to make the recruitment and selection process unbiased.

The company to meet its unexpected demand of employees relies heavily on job sites and employment agencies. The important job sites and employment agencies through which CGI recruits are: Timesjobs. com, Naukari. com, Monster. com and DynPro Inida, Volantis Technologies, Adecco India, People 360D Consulting.

CGI also recruits through campus placements and visits major universities/institutes for the recruitment at entry-level position.

3. 6 Recruiter's Traits and Behaviours

For recruitment, the selection of the recruiter is done mainly on the basis of their domain knowledge, experience in the industry and communication skills.

The recruitment panel consist mainly of HR Specialists and Domain Experts.

4. BHEL

BHEL is the largest engineering and manufacturing firm in India. It is established 40 years ago. The first plant is established in Bhopal, ushering in the indigenous Heavy Electrical Equipment industry in India. BHEL has more than realized this dream with a well recognized track record of performance. It has been earning profits since 1971-72 and paying dividends since 1976-79. It manufactures over 180 products under 30 major product groups catering to sectors like power generation and transmission, industry, transport and telecommunication, renewable energy etc which forms the core of the Indian economy. BHEL has wide network of 14 manufacturing divisions, 4 regional power sector centers, over 100 project sites, 8 service centres and 18 regional offices.

4. 1 Vision, Mission & Values

Vision

“ A world class engineering enterprise committed to enhancing stakeholder value.”

Mission

“ To be an Indian multinational enterprise, providing total business solutions through quality products, system and services in the field of industry, energy, transportation etc.”

Values

Zeal to Excel and Zest for change

Integrity and Fairness in all Matters

Respect for Dignity and Potential of individuals

Strict Adherence to Commitments

Ensure Speed of Response

Foster Learning, Creativity and Team-work

Loyalty and Pride in the Company

BHEL focuses to become world's one of the best manufacturing organization with systems practices and technology as world class. The emphasis is given on employee welfare. To improve the quality of processes it spends heavily on the R & D processes to meet its objective. The recruitment process is kept in line to improve the processes and quality and keeping in mind the interest of all stakeholders including the society at large. The company strives to be more transparent and accountable for its actions and their consequences towards environment.

4. 2 Environment Overview

BHEL being a PSU has stable working environment where people feel secured about their long term employment. The demand for the workforce is also fairly stable in BHEL with respect to the services industry. It's one of the best performing Navaratna of the country. The total revenue is around Rs. 2, 000 crore. The heavy electrical equipment industry has been a less competitive one for BHEL. The reason high entry cost barrier for the industry. As is the case of many manufacturing firms, it has rigid operating system. Although it has the highest R & D expenditure in corporate India the systems and processes are generally routine. The operating system is relatively rigid and major changes are introduced based on the R & D department with slow introduction of changes. It has strong employee strength of 47000 comprising of both skilled and semi skilled employees. To give impetus to continuous development and growth, Human Resource Development Institute (HRDI) in association with Advanced Technical Education Centre (ATEC) takes care of the total human resource development of the company. It also acts as assessment centre for senior executives.

4. 3 Forecasting- Demand Side

Demand for recruitment is generated from two sources.

1. Planned needs are generated because of new business development
2. Some other anticipated needs because of retirement of older employees, promotions and lateral transfers are also there.

Attrition rates are low and are mostly at lower levels (E1 graduate trainee), so these needs are almost negligible.

Corporate HR department decides the requirement of various divisions for the next year for different units. This is done based on the current man power as well as future business plan which will require additional man power.

Accordingly the advertisements in national newspapers in different languages are sent. Also various national engineering and other institutes are decided from which the recruitment will be done.

Requirement is passed on to various divisions from which local HR heads and technical persons will take interview of the selected employees. In case of campus recruitment a team of HR as well as technical specialists will be selected based on geographical closeness and other feasibility factors which will conduct short listing and interviews of candidates.

One important thing is no bench is maintained. That is recruitment is done as per plan not for unpredicted and uncertain future requirements.

4. 4 Personnel Policies

Under this section, we are evaluating the various personnel policies of the BHEL. BHEL has many attractive policies to project it as an option for life time career to its prospective employees.

4. 4. 1 Payment Strategies

BHEL does not follow the “ Lead-the-Market Pay Strategies” as it offers lot of additional benefits other than the salary component. It has same pay scale for all employees at the same level and there is fixed increment of 3% on basic pay every year. With various components like DA, HRA and other

allowances, actual salary increases to 1.96 times the basic pay. There are other perks like subsidised good quality foods, medical benefits and facilities of guest houses at major tourist spots. BHEL provides the long-term career stability and the incentives to keep the employees happy and satisfied.

4.4.2 Employment termination Policies

BHEL follows the “Due Process policies” for termination. Being a PSU with a divisional structure follows this policy as it grooms its employee for senior positions. The process is highly bureaucratic and before termination a thorough enquiry is done of the employees past track record and the seriousness of offence. In case of accidental death, there is a provision to provide job to one of the family member and compensation of the life time salary.

4.4.3 Work Force Diversity & Relocation Program

To fulfil its legal and social obligations, BHEL manages the work-force diversity keeping in line with the central government policy of providing caste based reservation to socially backward castes and communities. It also provides the option to employees to work as close as possible to its home area. If that doesn't happen there is a heavy relocation program by providing allowances for transfer and the changes in benefits based on the living expenses of the transferred city. It provides accommodation to all its employees, car facility for office and site visits based on their designation.

4.4.4 Finding & Keeping the Best employees

BHEL offers the incentives not only for the employee but also for the entire family. For special occasions like New Year, annual award functions etc the

family members are also invited to the ceremonies. There is a fixed component of bonus which is given twice a year. Bonus amount is generally one month salary of the employees. It awards employees who are excellent performers through performance related bonuses based on their eMap scores and the response of reporting manger.

4. 5 Recruitment sources

4. 5. 1 Print media

Traditionally BHEL has relied on national newspaper dailies and periodicals. Because of their wide reach to general public.

4. 5. 1 E-cruitment

With the advent of IT BHEL has moved towards the E-recruitment through its Career. bhel. in where vacancies are posted regularly. But it doesn't use other websites for recruitment purposes, though this trend is in its BHEL doesn't use external consultant or recruitment agencies for that purposes. It mostly relies on its own HR dept. for that purpose.

For campus recruitment it goes to India's best colleges including IITs and NITs.

Apart from external sources Internal sources are used for promotion purposes of labour supply.

It conducts an all INDIA written exam from which it selects students. These are called for interview process. Interviews are mostly technical. That shows BHEL heavily relies on the technical skills rather than interpersonal and communication skills.

4. 5. 2 Internal recruitment

One of the main reasons for having internal labour is to give chance to hard working people to remain motivated. Those whose appraisal form reflects their performance gets quickly promoted.

It is necessary to have some experience at technical levels to have people who know how to work on machines and other technicalities of the process.

However this and referral process can cause favouritism if proper checks are not maintained for the reasons of removing nepotisms and maintaining fairness.

4. 5. 3 External recruitment

External new and young people always bring knowledge and new methods of working with them. From which even older people can learn.

Other reason is that it shows that organization is providing every one with equal opportunity to get selected. Through the open test.

Also it provides with a wider talent pool to select new people.

Hence external is always preferred over internal and that is why the ratio in external and internal recruitment is 25/75.

4. 5. 4 Summer Internship

Summer internship programme is not taken as a source for final recruitment.

One of the reason we can think of is that the summer programme is just for the purpose of satisfying the rules laid down by the Govt. regarding mandatory training programmes which being PSU it need to follow.

4. 6 Recruitment Process

BHEL being a large player in a stable environment doesn't face too much attrition. It believes in long term relationship. Hence it follows a lengthy process of paperwork where all documents (High school, Inter, Graduation) are verified. Also a physical test is taken. These all procedures involved are there to maintain fairness.

4. 7 Recruiters Trait

Selection of recruiters is done internally. Mostly senior managers usually go for the interview process. One of the reason for that may be there experience in the technical field may come handy while selection of the candidate. Their informativeness and technical knowledge are considered to be one of the important traits others are superiority in terms of position.

Following steps are taken while preparing the assessment form of recruits.

5. Conclusion

The main conclusion that we have drawn from this project are listed below:

There is a major difference in the recruitment policies of manufacturing and service sectors

Both the sectors are moving towards electronic recruitment to reduce the cost of recruitment

Criteria for selection also vary like manufacturing assess technical skill of the applicant and service have other parameters also like communication

High turnover rate in service sector compare to manufacturing

Manufacturing sector does not follow lead-the-market pay but service sector follow this because service sector has high growth

Direct recruitment is the main process in manufacturing while referral has major percentage in services

Both the sector follow internal and external recruitment policies

In manufacturing more recruitments are done at entry level compared to senior level