

CALCULATING RISK WHILE RECRUITING A NEW EMPLOYEE

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ABSTRACT

This article provides a discussion on conceptual framework associated with the calculation of risk while recruiting a new employee. Recruitment is a major goal of every HR team and includes finding and hiring the best employee for the organisation, and it also takes in risk. Risk is the possibility of loss or injury and is always uncertain and firm-specific. While recruiting a new employee in the company it involves various types of risk. The conceptual framework of calculating risk discussed in this article will explore various types of risk associated with recruitment such as delayed recruitment, inconsistent hiring practices, cost of investment, etc.

Keywords: Employee, Risk, Recruitment, HRM, Organisation

INTRODUCTION

As said by R.Wayne Mondy, J.B. Recruitment is the process of attracting individuals on a timely basis, in sufficient numbers and with appropriate qualifications, to apply for jobs with an organisation. No matter how big or small your business is, there is always an element of risk involved in hiring new employees. Recruitment is the major goal of every firm and is a very crucial step as it also takes in risk and calculating risk while recruiting a new employee is very important because if a wrong person is recruited than it will cause many problems both for company and employee and there are various type of risk involved in recruitment process which will be discussed later.

Sometimes HR department become more risk-averse at the time of hiring a new talent because they are investing their time and companies fund for training and development of an employee so they take an important decision for which they are accountable too because a well-chosen employee can contribute a great deal to positive and productive workplace culture, smooth business operations, company stability, high team morale, and more. To secure these benefits, it is the responsibility of HR to adopt a fool-proof approach in their search for the perfect talent (Pestano, 2018).

But while working on different approaches to sustain best employee, HR professionals have to face many types of risks. For example: not having industry experience, they come from much smaller/larger company, inconsistent hiring practices, no coverage to protect against employment practices risks, managers who aren't trained in interviewing, cost of investment, delayed recruitment. Interview's plays a major role in hiring employees as biases shown up so easily because interviewers already make a decision in their mind whom to hire and they usually decide what to ask to whom and how to interpret the answer. Interview's plays a crucial role for assessing "fit with our culture" which is regarded as an important criterion for hiring an employee (Cappelli, 2019).

PURPOSE OF STUDY

The main purpose of this research paper is to study the conceptual framework of risk while recruiting a new employee and to explore different types of risk which is being faced by organisations while recruiting a new employee. Risk is something which is uncertain and cannot mitigate. Hiring a new employee for the organisation is a major task and involves various types of risks such as inconsistent hiring practices, cost of investment involved at the time of recruitment, too much focused on employee's resume, and so on.

CONCEPTUAL FRAMEWORK OF RISK WHILE RECRUITING A NEW EMPLOYEE

The recruiting and hiring function has been deprived of its essential content. Most of the recruitment processes are outsourced which led to use of sub contractors, typically in India and Philippines. The subcontractors are hiring people from different social media by giving advertisement for various vacancies and in return they get good incentives (Cappelli, 2019).

Hiring process is becoming more complex day by day as employers are not recruiting the right employee for the organisation which can become an asset for the company in the future as they are not providing them with the different incentives, promotions, benefits which make them thought to move towards some better organisation which is the biggest risk for the organisation because a company puts a lot of capital at the time of recruitment and still not getting the right employee for the right job is the biggest concern.

Risk which arises at the time of recruitment is that after selection of a particular candidate they might not give their 100% to the organisation, didn't work efficiently, irregular towards jobs, didn't achieve their targets, casual attitude towards organisation and so on. Sometimes to avoid risk while recruiting the HR managers took risk-averse strategies.

According to (Fitzell, 1970), If recruitment is carried out effectively there are some rewards which are connected to it like satisfied employees, high levels of performance and competitive strength. Effective recruitment is of great significance in building an organisation's competence for success in the long term. Well-honed recruitment skills are priceless for internal project team formation, outsourcing services and engaging contractors and consultants as well as for hiring new staff into an organisation. Management's function in reaping the rewards for doing recruitment well is to recognize the risks associated with recruitment and proactively tackle them. Managers who fall short to tackle the risks properly extensively increase the chances of recruitment not working out well on their watch. It's important to recognise too that there is no guarantee of achievement. Even managers with highest achievement of successful recruitment sometimes get it wrong.

Major risk associated with recruitment of a new employee is retention. Retention is the root cause in most of the hiring's because retention of employees is becoming more tough day by day because if their competitors grant them more incentives than they will leave the current organisation and will move towards them for better packages. Another risk associated is openings are now filled more often by hiring from the outside than by promoting from within which reduces the morale of the employee who are working for the organisation and start leaving because of lack of career development (Cappelli, 2019)

There are various types of risk that arises at the time of recruitment which can be calculated and some types of risk are discussed below:

Types of risk while recruiting

<p>Delayed recruitment. Managers who aren't trained on interviewing.</p>	<p>Inconsistent hiring practices. Getting the right fit for right role.</p>	<p>Cost of investment. They don't have industry experience.</p>	<p>Organisational fit. Lot of career gaps.</p>
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Source: Review of Literature

1. Delayed Recruitment

Job vacancies left unfilled for long-lasting periods can place an excess and unwelcome tension on existing employees because of increased workloads, knowledge gaps and skills shortfalls. Simultaneously, company revenue suffers when vacant roles lead to reduced sales, ineffective customer service experiences and poor performance through lack of project or team management. The positions which left unfilled for prolonged time become more costly to the companies both financially and non-financially (Jones, 2018)

2. Inconsistent Hiring Practices.

Consistency is the key. Organisation should follow consistent hiring practices and should not be biased but in many organisations HR professionals creates biasedness and recruit incompetent person for some posts without even checking their background. There should be a clear rationale for this practice (Mathy).

3. Cost of Investment.

Sometimes recruiters lose employees even after a great interview because they weren't actually qualified the way the recruiter thought they would be (Employment Solutions, 2015). When a company puts its capital on the training and development of an employee and after that the employee leave the organisation after working for six months than this cost has to be bear by the company and training becomes one of the most costly investment for the company.

4. New Employees Don't Have Industry Experience

A person who is new to the organisation and lacks industrial experience will take greater time to adjust with the industry jargon, trends and processes. However hiring a person from the outside can bring new perspective for the company and he will approach task with completely open and fresh mind and may be beneficial for the company and vice versa (Wright, 2017).

5. Managers Who Aren't Trained On Interviewing.

Interviews plays an important part of recruiting as an employee is selected on the basis of his/her performance at the time of interview but sometimes managers are not trained for conducting the interview and they ask some question which can put them in the problem. Asking questions about age, gender, ethnicity, race, marital status, religion etc should be avoided because employment decisions should not be based on these features as gathering this information is opening the doors to allegations of wrongdoing because it can be viewed as

inequitable and can end up serving as evidence against the managers in employment practices suit (Mathy).

6. Getting The Right Fit For Right Role.

Getting a right employee for the right job is a crucial task as sometime a new employee just doesn't work out in several situations.

(Sharma, 2017) Explores that during pre-screening, recruiters or hiring managers don't clarify job roles to the candidates they are hiring, and thus it leads to a mismatch in candidates and role expectation. Also, a lack of pre-joining and induction process leaves the new hire helpless and finds it difficult to settle in an entirely new environment.

7. Lot of Career Gaps.

Career gaps can act as a warning signal for many recruiters. Many questions came to mind while recruiting a person with career gaps that is he suitable for particular job, he will be productive or not and many more. However recruiter should be sure to clarify this before making any wrong decisions. Just because a candidate hasn't explained on their CV how they spent these career breaks, doesn't mean they weren't being productive. Perhaps they were pursuing training or an academic course, maybe personal reasons such as parenthood or taking care of a loved one meant they couldn't work. (Wright, 2017)

8. Organisational Fit

Another major risk which arises at the time of recruitment is whether the employee will adjust in the organisation.

(Employment Solutions, 2015) Many company uses to hire person temporarily for the probation period and it reduce the amount of screening and logistical resources consumed during the hiring process. By doing this recruiter analyse who are fitting in the organisation and evaluate their permanent employees.

CONCLUSION

This article helps in exploring different kind of the risk which are occurred in any firm at the stage of recruitment as hiring is becoming more complex day by day and becoming a severe problem in many organisations as right people are not getting their right job and if they are getting the right job they didn't fit in the environment of the organisation and move to another organisation and when right people is not get hired than the cost invested on recruitment will go waste. Hiring process should be consistent and no discrimination should be done against interviewee's and should be treated equally but sometime managers don't have experience in taking interview and they select a wrong person and reject a capable person who can become an asset for the organisation. Recruitment plays an important role in any organisation because if a right person is selected for the organisation than he will put his all efforts to increase productivity and efficiency of the organisation and vice-versa and organisation should take proper steps to reduce risk at the time of recruitment in order to maximize growth of a firm. Cost of investment should be taken into consideration and a proper contract should be made with the employee at the time of selection. Recruiters should have a clear understanding of the opportunities to grab the best employee for their organisation and proper retention strategies should be made in a company to make employee more productive and loyal toward the organisation.

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