

## **Effectiveness of Recruitment and Selection at L & T InfoTech**

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## **Comments by Faculty**

Human resource continues to remain the most precious resource of any organization. Having the right person on board is indispensable for the success of any organization.

The study is an attempt to understand the recruitment and selection process at L&T Infotech and also to establish the effectiveness of the process. It discusses the strategies employed by the organization to ensure the existence of best possible pool of qualified applicants from which they can fill vacancies as and when required. The study tries to identify the advantage of the current procedure being used by the organization for its recruitment and selection. It also highlights the drawbacks and offers suggestions for the improvement of the process.

As part of the study a market research of the availability of skilled talent for certain semiconductor domain skills was also undertaken. This research was to get an insight of the skill availability in the market and also to understand the reason behind the difficulty in finding suitable candidates for several roles. This gave an insight into how learning the market thoroughly will help in making the recruitment process more effective.

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# Effectiveness of Recruitment and Selection at L & T InfoTech

## Introduction to the Company

Larsen & Toubro Limited (L&T) is an Indian multinational conglomerate company founded in 1938 and headquartered in Mumbai, India. The company has four main business sectors: technology, engineering, construction and manufacturing. L&T has revenue of around US \$ 14 billion and over 45117 employees with a global presence with 60 units in 25 countries. Larsen & Toubro Infotech Ltd. (L&T Infotech), a 100 per cent subsidiary of the L&T, founded in 1997, and one of the fastest growing IT Services companies, was ranked 8<sup>th</sup> in India IT companies in 2011-2012. L&T Infotech has revenue of US\$ 650 million and it employs over 15000 employees. L&T Infotech offers services like application outsourcing, ERP and architecture Services, consulting, enterprise integration, IMS, IES etc.

## Talent Acquisition

Talent acquisition (TA) is defined as “a strategic approach to identifying, attracting and on boarding top talent to efficiently and effectively meet dynamic business needs”. Recruiting and selecting forms a subset of TA, and includes the activities of sourcing, screening, interviewing, assessing, selecting and hiring. Key goals of the process are to attract talented individuals to work for the organization, complete the full cycle from planning to deployment in a timely manner, place the right people in the right positions and ensure a pool of readily available talent. Recruitment is the process of locating and encouraging potential applicants to apply for existing or anticipated job openings. Whereas, selection is the process of choosing individuals who have relevant qualifications to fill jobs in an organisation. Recruitment and selection practices has undergone a drastic change in the recent years. Retaining employees has been a tough task for all the employers and they are taking extra care while recruiting people. This is where effectiveness of recruitment and selection plays a major role. Recruitment is now a strategically aligned process.

## Methods of Recruitment and Selection

Recruitment can be done by:

### ***Internal Methods:***

- Promotions and transfers
- Job posting and job bidding
- Employee referrals

### ***Direct Methods:***

- Campus recruitment

**Indirect Methods:**

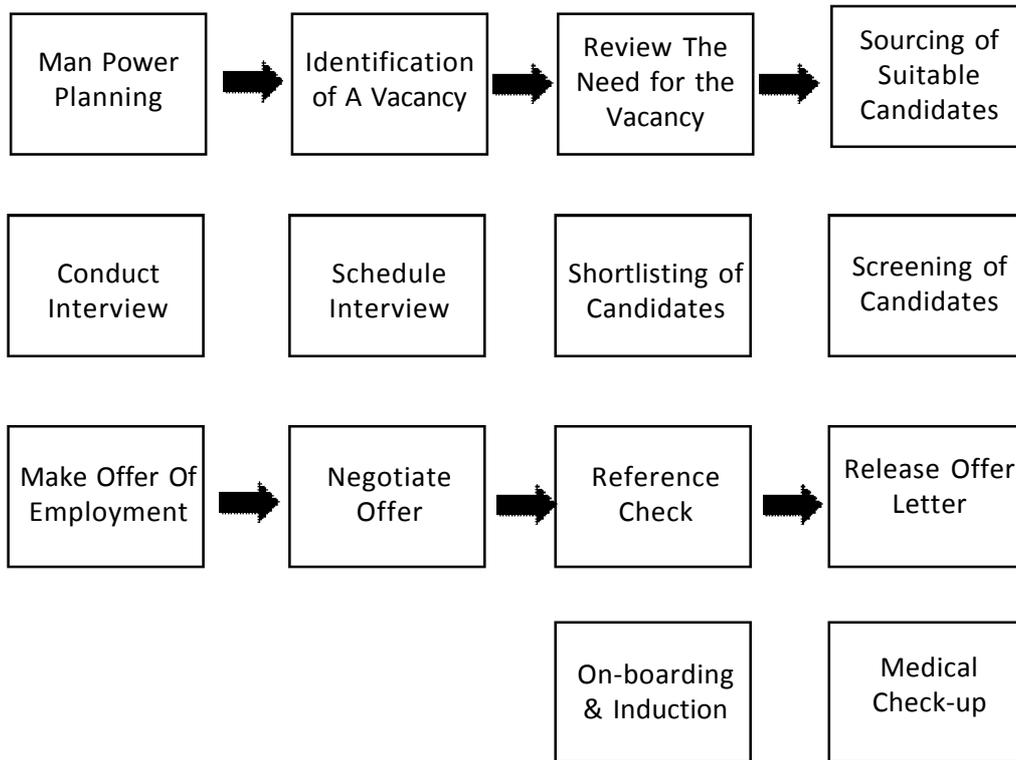
- Advertisements which include newspaper ads, television and radio ads

**Third Party Methods:**

- Private employment search firms
- Employment exchanges
- Gate hiring and contractors
- Unsolicited applications/walk-ins
- Internet recruiting

Selection process includes shortlisting the appropriate candidates, and their assessment which is done by general interview, competency based interview, role plays, presentations etc. Selection process ends with the medical tests of the candidate and his/her reference check before on-boarding. The steps of the Talent Acquisition life cycle are planning, sourcing, assessing, hiring and on-boarding.

The steps of talent acquisition followed by L&T Infotech is detailed below:



**Figure 1. Talent Acquisition Steps**

## Effectiveness of Recruitment and Selection

How to get the best return on investment for recruiting activities is as important as how to get the best fit candidate on board. Hiring metrics is a quantifiable measurement that can be weighed against to recognize benchmarks and encourage behaviours focused on candidate quality and client experience. One can also choose to survey the recruited individuals when presenting them with the offer by asking them what they found effective and ineffective in the recruitment process. Some of the important metrics to be kept track of are:

- **Lead time or Hiring cycle:** Record the date when the position becomes open. Next record the date of the position filled. The difference is the time to fill or the lead time.
- **Quality of hire:** Average percentage rating of hires after 6 and 12 months compared to standard.
- **New hire failure rate:** Percentage of new recruits in main positions that were terminated or asked to leave in 12 months compared to standards.
- **Cost per Hire:** The major expenditures one should track to determine the cost per hire are advertising fees, job posting fees, recruiting agency fees, employee referrals, travel expenses, relocation fees, internal recruiter costs and administrative costs.
- **Offer acceptance rate:** This is obtained by dividing the number of accepted offers by the number of offers made to recruitment targets.
- **Interviews per job offer:** A measurement of the number of interviews per job offer, this is an indicator of the efficiency and effectiveness of the HR department and Human Resources Management process, and in particular the thoroughness of the recruitment process
- **Turnover of new hires:** Percentage of hires who voluntarily quit within 12 months, or average tenure compared to a standard

These hiring metrics differ across industries and companies according to the situation, with some metrics being common. Hiring metrics drive specific behavior from the recruitment team. These need to be tracked over a period of time to create internal benchmarks and analyze internal performance.

## Objectives of the Study

- To analyze the effectiveness of the recruitment and selection process at L&T Infotech.
- To make an attempt to address the problem of scarcity of available talent - a major challenge to recruitment.

## Methodology and Data Collection

The study sources data and information from :

- Primary sources.
- Secondary sources.

Primary data was obtained through questionnaires filled by 50 employees. Out of this, 18 were part of the Human Resources Management team and the rest were employees belonging to various cadres such as software/senior software engineer, project lead, project manager etc. The recruitment updates of each year maintained by the organization was studied. To address the second part of the project, the primary data was sourced from the online job portal [www.naukri.com](http://www.naukri.com). Profiles of relevant candidates for different skill requirements were obtained. The details that were downloaded from the portal included the work experience, the resume title (which describes the skills possessed by the candidate in a nutshell), current location, preferred location, current employer, current designation and annual salary. The secondary data was obtained from internet, journals and articles.

### **Analysis and Findings**

The following are observations made after studying the recruitment updates and reports made by the HRM team at L&T Infotech (secondary sources). One method of analyzing the effectiveness of recruitment and selection is to see whether the company adheres to the SLA standards they have set for themselves and also the various other parameters that a recruiter should keep track of, to ensure effective and quality recruitment.

1. Recruitment within Service Level Agreement (SLA) timelines has been adhered to strictly by L&T Infotech, the percentage being 98.8%-100%.
2. Analysis of the reports from March 2012 to March 2013 shows that the average cost per hire comes up to a figure which is well below the maximum limit allowed. L&T Infotech thus takes care of the cost per hire dimension.
3. The joined/offered ratio compliance is set at 50%. This ratio is almost taken care to be met by the company every year.
4. The individual recruiters also maintain a check of the offer acceptance rate and work to improve it by keeping the offered candidates 'warm' and align offers with their expectations.

Another method of finding the effectiveness of recruitment and selection is to take into consideration the candidates' views, i.e., the views and opinions of the newly joined and other employees about the process of recruitment and selection they faced. In order to gauge the candidate satisfaction, a questionnaire was administered to 50 people including members of the HRM team and also other employees of the organization. The outcomes of the study are given below:

Out of the 18 members of the HR team who were surveyed,

1. 78% of the respondents feel that the company recruits based on the candidate's experience level, qualification and communication skills in this order of priority. The company has a recent trend of preferring experienced candidates giving importance to their experience levels first.
2. There are two levels of technical interviews and one HR interview that the candidates go through. All these are stringent levels where the applicant has to prove himself.

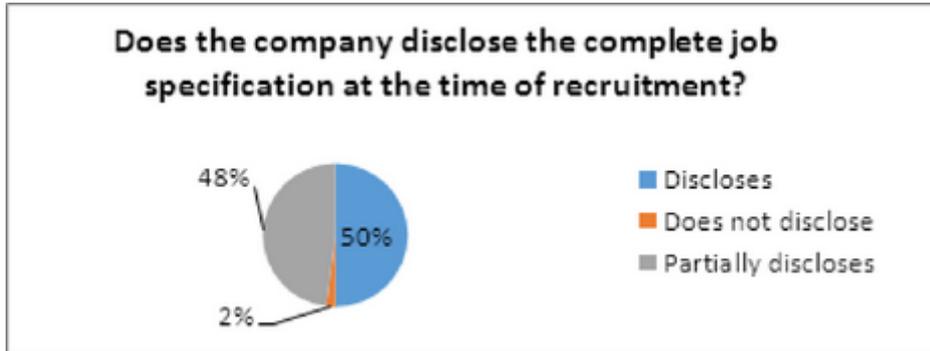


**Figure 2. HRM Team View - SLA %.**

3. 83% respondents feel that the SLA % that they usually adhere to is 80-99%.
4. 78% respondents feel that the rejected candidates are informed about their status of application via email. The company sees to it that the candidates are made known their application status and also tracks the rejected candidates' resumes so as not to map him to other similar requirements that may come up in future.
5. 72% feel that there has been a change in recruitment and selection practices over the last 2 to 3 years in the organization. They attribute this change to the advent of technology which caused a shift to job portals and social networking sites for sourcing resumes. Another change is that the company recently shows a trend of hiring more number of experienced people and lesser number of freshers.
6. All the respondents unanimously feel that the HR team keeps track of the hiring metrics like cost per hire, SLA compliance etc. and try and improve upon the last year's/quarter's figures.
7. 72% of respondents feel that not all candidates who are hired meet the job expectations
8. 67% respondents feel that the interview and selection process separates performers from pretenders. This, according to them is done by conducting stringent rounds of technical interviews where the candidate is tested on his/her knowledge acquired from their previous employment, background verification etc.

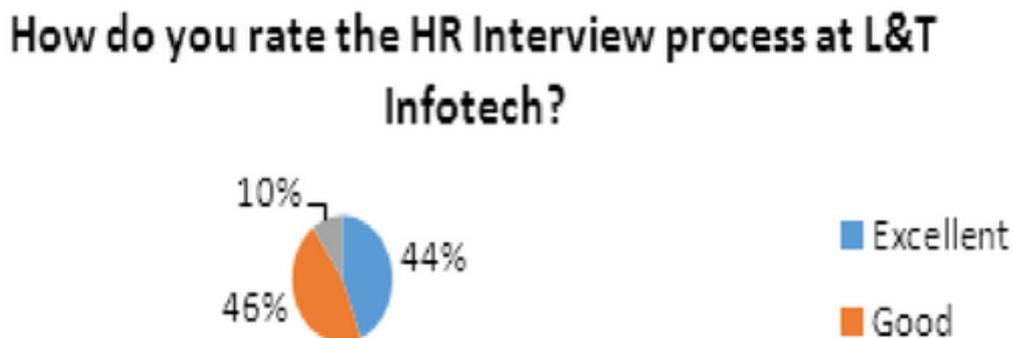
Out of the total 50 people included in the sample,

1. The pie chart below shows their Views about Job Specification (JS) Disclosure



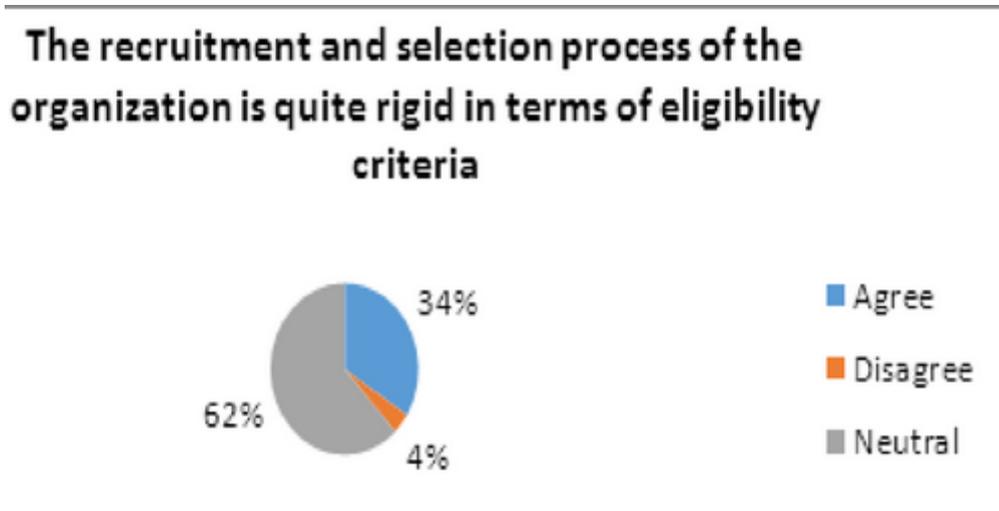
**Figure 3. Chart showing views of respondents about the disclosure of JS**

2. The chart below shows the employees' rating of the HR interview process



**Figure 4. Chart showing the views of respondents about HR interview process**

3. 64% respondents feel that techniques like stress level test/psychometric test/Thomas Profiling should be adopted for all levels/roles of jobs. The remaining 36% feel that it is not necessary and that it should be adopted only for some levels/roles (mainly for the higher cadres).
4. The chart below shows the views of employees as to how rigid the recruitment and selection processes are:



**Figure 5. Chart showing the views of respondents about how rigid recruitment and selection processes are**

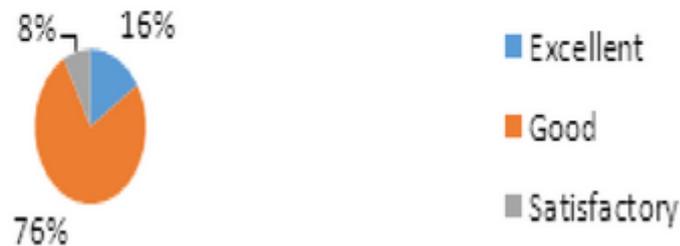
5. The chart below shows the views of the communication and follow up by the recruitment team during the process



**Figure 6. Chart showing the rating of communication and follow up activities**

6. The chart below shows the overall rating of the recruitment and selection processes

## How do you rate the recruitment and selection process in the organization



**Figure 7. Chart showing the overall rating of recruitment and selection process**

From the study and its analysis, it was found that the recruitment and selection process of L&T is a goal-based process and that of continuous improvement. The prospective candidates in the process of selection and the employees are equally satisfied with the process.

As an attempt to address the problem of scarcity of talent available to the company, a study was conducted for analyzing the availability of prospective candidates for certain niche and super niche skills like ASIC Verification, emulation, implementation, physical design, ASIC design, DFT and validation. These are skills required for work in the semiconductor domain, the details of which are given in the table below:

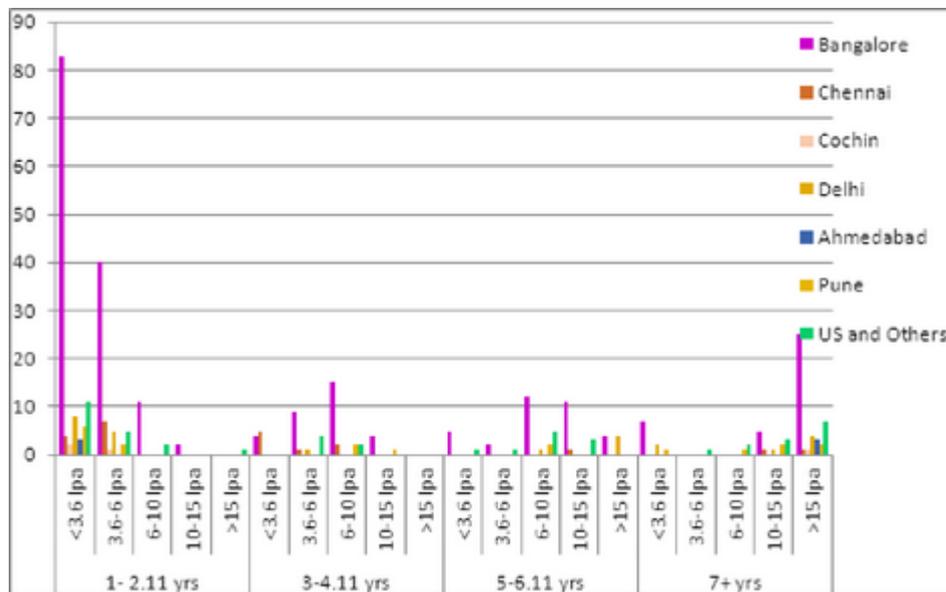
**Table 1 :  
The details of skills required for the job requirements**

Requirement	Skills/knowledge required
Application Specific Integrated Circuit (ASIC) Verification (niche)	System Verilog, System On Chip(SoC), Advanced RISC Machines(ARM), Universal Verification Methodology(UVM), Open Verification Methodology(OVM), Reference Verification Methodology(RVM), Specman, SPI, I2C, USB2.0
Emulation (niche)	USB, FPGA emulation, SoC, PCI-express or USB 3.0 protocol
Implementation (super niche)	Static Timing Analysis(STA), SoC
Physical Design (super niche)	Floor-planning, SoC
ASIC Design (super niche)	ARM, SoC
Design For Testing(DFT) (super niche)	DFT, Automatic Test Pattern Generation (ATPG), SoC
Validation (niche)	ASIC, SoC

This study was conducted due to the following reasons:

1. People with these skills which are niche and super niche, are less in the market
2. L&T Infotech has many requirements in the semiconductor domain and require people with higher experience levels
3. L&T Infotech has its VLSI team in Chennai and it is comparatively difficult to attract candidates from a different location like Bangalore/Pune/Delhi to Chennai
4. The company prefers to target product based companies that serve in the VLSI domain to get well experienced and proficient candidates. But it is difficult to convince and attract such candidates to shift from a product based company to a service based company

It was found from the analysis of the data that highly qualified and experienced people work for product based companies (Intel, Qualcomm India Pvt Ltd, AMD etc.). The ratio of number of resumes in the portal (Naukri) from product based companies to service based companies was 11:20. It was found in general that the people with these skill sets is very few and spread across the main cities like Bangalore. Majority of the eligible candidates from Chennai belonged to the lower experience bracket. The people employed in product based semiconductor companies were in the higher salary brackets and showed unwillingness and lack of motivation to change their job or location of work from a different city to Chennai. Majority of them expressed dissatisfaction over the salary offered. Some expressed dissatisfaction with the role offered as well. Below is a graph plotted for the ASIC verification skill, spread across different regions and belonging to different salary ranges (similarly, graphs were plotted for all the skills required to be analysed).



**Figure 8. Graph for ASIC verification skill data**

## Recommendations

- The company can go for more economical ways of sourcing resumes. The company can use *LinkedIn* for filling roles that are not urgently to be filled to start with, and slowly extend it to all vacancies.
- Company must make more use of newspaper ads and job postings on job portals for attracting more candidates for recruitment drives etc. in addition to the online portals to get across to the maximum number of potential applicant.
- A weekly recruitment tracker has to be maintained. The tracker should provide information on all the open roles, the pipeline for each of the role, the industries and companies from which the company is attracting talent and the challenges and bottlenecks in the talent sourcing process.
- Techniques like stress level test/psychometric test/Thomas Profiling are used for higher cadre levels. The result of these tests should be seriously analysed and gauged so that we get the right candidates on board.
- The co-ordination between the technical team and the HR team should be enhanced for the recruitment to be more effective. If they do not go hand-in-hand, the company will not succeed in projecting a good impression about itself to the prospective candidates.

As part of addressing the challenge of talent crunch for the semiconductor domain, the following are the recommendations.

- To convince the people who are working for product based companies to shift to service based companies, the offer should be attractive. Along with the salary, the benefits (eg. medical allowance) they get in their current organisation are also remarkable.
- The company has to compare the benefits it gives to the employees with those other organisations in the industry are giving. If necessary, policy changes are to be made.
- The job location for all these 6 requirements is Chennai. Thus a location advantage is to be made felt to them in the form of allowances so that they become willing to move to Chennai.
- The company has depended on job portals (naukri), vendors, employee referrals etc. to fill these 6 requirements in the semiconductor domain.
- We can also try making a print media ad in addition to the above for better responses for urgent requirements.

## Conclusion

The company's main sources of recruitment are online job portals like *naukri* and *monster*. They also have an effective internal source of recruitment, the employee referral, where rewards are given to the employees for referring the potential candidates thereby helping the company to get good resources. This is a motivation factor for the employees as well.

L&T Infotech has a very effective department of human resource handling all the processes of recruitment and selection and filling in the requirement of the organization at the right time. There have been changes in the recruitment and selection process over the years in the organization because of technology advancement.

Certain things can be noted to make the process even better, examples of which are keeping track of and giving importance to factors like performance of newly joined recruits after 6 months, number of conditional offers declined etc. These intricate data will give an in-depth idea of whether L & T Infotech have selected the appropriate candidates.

Recruitment and selection has various challenges like budget constraints, lack of talent availability which needs to be tackled in a systematic way. The company should keep itself abreast with the industry standards and the competitors' stand on different affairs and position them accordingly in the minds of the potential candidates. This would help the company in being perceived as a good employer to work for and give the people associated with the company a secure feeling which will in turn create loyal employees.

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