Concorde Motors Inc: Case study on revamping and redesigning the recruitment process

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Abstract

A global automaker plans to expand its operations in India. The company is facing the challenge of recruiting and selecting talent given the war for talent in the automotive space, with most global major looking to set up operations or expanding existing operations. The industry is facing an uphill task, recruiting and retaining the talent. Concorde Motors Inc is trying to revamp and redesign the recruitment process for better performance. This case study would help the students to discuss about the strategies needed to achieve a better fit between business strategy and recruitment and selection processes.

Keywords: Automobile industry, Business strategy, Recruitment, Talent management

Talent Crunch in the Automobile industry

Recruit the good people that you spot and worry about what project to put them on later,” says Vinod Kalra, the Chief Operating Officer of Concord Motors, a significant player in India’s automotive industry. This statement is indicative of the challenges in India’s fast-growing automobile industry.

Faced with shrinking sales in markets such as the US, global auto players are zeroing in on India where sales are soaring across categories. But for the auto manufacturers, both Indian and foreign, that are planning to invest to set up new plants and ramp up operations, the key to success will likely be employee acquisition and retention.

Talent acquisition is a huge challenge in the industry and the situation is getting more and more challenging. The shortage of manpower appears to be more critical on the shop floor where every company is chasing the same limited pool of skilled technicians and workmen. Attrition rates in the industry have been typically hovering between 10 percent and 15 percentage, but with the arrival of additional players such as Volkswagen AG, General Motors, Mahindra International and Daimler Chrysler AG, the situation is going to get worse, especially in the Pune belt, which is evolving as a major auto hub.

Companies are trying to contain potential exodus by offering industry beating salary hikes more than 20 percentage says Vinod Kalra - “It’s a great time to be an employee, but if you are the CEO or the owner of a company, it is not a great place to be.” Luxury car maker Daimler Chrysler, scaling up its operations with a new Pune plant, is more than aware of the manpower shortage. It has recently flexed a long standing rule of staff increments every other year by offering increments two consecutive years in a row to all its employees.

Racing to expand capacities to meet the demands of the original equipment manufacturers (OEMs), auto component and ancillary units in western India are perhaps the worst hit by the sudden
drying up of suitable candidates in a region otherwise known as the engineering hub of India. Cash-strapped and unable to meet the lucrative salaries being offered by OEMs themselves, auto component manufacturers are up against the wall.

According to Sudhir Sharan, senior client partner and regional leader of Ferrer International, an executive search firm, there is significant talent shortage in the auto sector, combined with a rapid increase in salary levels. Explaining the trend, he says, “There is a new wave of international automotive companies setting up R&D centres as well as manufacturing operations in India. Due to increasing domestic demand, as well as growing exports, both domestic and international automotive manufacturers have rapidly increased their production volume in India in the past couple of years. Today a lot of design support is provided to R&D centres in North America and Europe.”

Industry and company sources maintain that one of India’s oldest auto manufacturers, Tata Motors Ltd, is losing people across categories to Mahindra International, among others.

According to Sudhir Sharan of Ferrer International, one of the biggest challenges facing automotive companies is that they have to compete with information technology and related service companies for talent. In those sectors, not only are salaries much better, but often engineers finding the working environment more attractive than in conventional industrial companies.

**Concorde Auto India**

Concorde Auto India is the local subsidiary of global auto manufacturer, Concorde Motors Inc. In India, the company has its headquarters in Pune. It currently employs approximately 2000 people across 150 locations, mainly cities and big towns. The company is committed to delivering exceptional customer service with an award winning product line up. In India’s hugely competitive automotive market, the group wishes to be one of the country's fastest growing brands.

Employment at Concorde India offers the opportunity to engage across multiple functions - Sales, Marketing, After-Sales, or operate at a Group level via the Communications, Retail Development, and Finance, IT, HR and Logistics functions.

The recruitment process at the Concorde India has been identified as an area costing the organization more money than was necessary, and like other functions in the organization, it is in need of a solution that is in keeping with the current level of technology available in the market.

Concorde India uses a mixture of agencies and internal recruitment consultants based on the level of seniority and complexity of the role.

When a new role is made available, the direct hiring manager and HR staff works collaboratively through the traditional recruitment process, involving agencies and advertisers as required along the way. The process suffers from blockages and as time goes it is becoming obvious that the existing recruitment process is neither efficient nor scalable to match the growth plans of the company.

The challenges of keeping up with the recruitment needs of the various departments and teams is having a flow on effect, impacting not only the internal recruitment team - but also impacting the new employee experience, the brand, and ultimately the bottom line.
When questioned, as to what the desirable solution should deliver to the company, Rajashri Varma, India HR Director of Concorde says - “Reducing costs incurred by agency and advertising fees, and reducing the number of manual and paper based steps, must be part of the new system.”

The CEO had this to say – “The desirable solution would speed up the recruitment process, resolve delays in identifying and selecting the right candidate. My primary concerns is that our hiring process needs to be able to do much better in finding the right candidate, in the shortest possible time, so the business is not impacted by hiring delays. I find that our competitors are doing better in this area, which is costing us heavily.”

Rajashri Varma and her team are a worried lot. She and her team needs to find a sustainable and cost effective solution to this business critical challenge. But she is acutely aware that she does not have the manpower or the specialized skill required to study the issue objectively and come up with clear options for addressing the challenge.

In order to help Concorde Auto India, Rajashri has engaged you to study the market and suggest possible solutions to her challenge.

Questions for discussion

1. How would you go about this consulting assignment
2. What the current challenges are for the company as described in the case?
3. Based on your understanding of recruitment process as studied in your HRM course, what conclusions can you make about the recruitment process & steps followed by Concorde India (give step wise details of the process as you understand).
4. What metrics would you use to measure the effectiveness of the current process?
5. What solutions would you offer based on the case?
6. What criteria would you use to assess the effectiveness of the solution you are offering? In other words, what features should the solution provide?
7. What ‘real’ products in the market today do you think are likely to meet the needs of the company? (feel free to do Google search for a suitable product)
8. What improvement do you expect the new solution to make (over the existing process and metrics)?
9. Make a proposal to the leadership team justifying your recommendation and what strategic value it adds to HR and the Company Business. Present quantifiable metrics for your recommendation (and feel free to make reasonable assumptions where required)
References