RPO Catches on in Worker-protective German Market

INFINEON REAPS REWARDS BY SHIFTING COSTS FROM FIXED TO VARIABLE, ESTABLISHES UNIQUE OUTSOURCING MODEL. BY HROE STAFF

When Germany-based Infineon Technologies AG, an international semiconductor manufacturer, sought to reduce fixed overhead costs associated with its recruiting process, the company decided to outsource some of the functions. By selectively using its RPO provider, Access AG of Cologne, Germany, the company struck the right mix of internal and external recruiting capabilities that changed 75 percent of those fixed costs to variable ones, paving the way to potentially additional savings.

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This outsourcing agreement was notable because of the German market's resistance to HR outsourcing, which has been hampered by stringent labor laws as well as union and works council opposition. Nevertheless, Infineon management was able to win the support of workers and comply with German legislation so it could better compete in the global market.

"In the cyclical chip industry, even recruiting activities are subject to industry-specific fluctuation," said Roland Honel, the global head of HR transaction services for Infineon. "With the flexible recruiting model provided by Access, we incur costs first and foremost in times of increased need for staff. The recruiting capacities then needed are supplied by our service provider."

Infineon develops and designs a broad portfolio of semiconductor products and complete systems. It employs 34,000 worldwide, with about 15,000 based in Germany. The company had revenues of €7.2 billion in 2004.

What Honel's company established was a blend of internal recruiting competencies supplemented by external capacity. According to Access, it manages administrative applicant handling for permanent and temporary positions, including the pre-selection process, job posting for all but special positions, coordination of interviews and feedback, and post-employment support functions. It has processed more than 73,000 applications and filled more than 4,200 positions. Of those, Access has conducted more than 2,500 interviews with candidates.

The service provider handles candidate data, checks applications for completeness, inputs the information into e-recruitment system, completes applicant correspondence, and operates candidate hotlines. Furthermore, it screens and manages requisitions, conducts screening and interviews, and provides onboarding services such as contract preparation and negotiations, coordination of physicals, and other support functions.

Applicants fall into one of four categories, and Infineon can selectively decide the extent of Access' involvement in the recruitment process. By establishing service-level agreements (SLAs), the company also was able to standardize the quality of process across all of Infineon's sites. Other benefits included a savings of 15 percent, with the potential for further reductions because of the shift from fixed overhead to variable overhead costs.

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"The recruiting selection developed together with Access meets our demands for modern 'breathing' and thus flexible HR management," Honel added.

The partnership relies in part on Access' own e-recruitment software platform, called "the Recruiter's Center." The workflow system, which was adapted to Infineon's requirements for the administration of positions, applicants, and processes, is used in both Germany and Austria. It provides all authorized personnel in both HR and individual hiring departments access to applicant data and easy management of the employment process anytime and from any location around the world.

Candidates of interest are also registered in a talent pool when no vacancies are available. These profiles are checked against future positions, and appropriate candidates are then notified of the new openings. The process establishes a three-tiered entitlement and role concept that allows the applications and positions to be matched precisely.

The system has provided a number of benefits, according to Infineon executives. By harmonizing different local processes and systems, the center increases transparency and accelerates process times. Furthermore, it allows Infineon's HR professionals to meet short hiring times, rapidly changing requirements, and increasing cost pressures.

Access AG said the approach adopted by Infineon is a unique model considering the restrictions that labor laws, union rules, and lack of precedence in the German market.

"In our opinion, the Infineon model is a revolutionary model in the German recruiting market. Nowhere else do we see the concept of outsourcing being so rigorously pursued in the area of human resources. Infineon is taking an extremely innovative line with the 'breathing recruiting model' and is sure to be copied in the future," said Claus-Peter Sommer, the managing director of Access. HROE