Mapping Employee Retention through IT Tools

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Abstract

Engagement is the key buzz today. One of the most salient career paradigm shifts has been the change from job security to employability security. As retention of high potential talent provides a competitive edge to the organization, numerous factors have been attributed to employee turnover. The challenge to all the organizations has been to chalk out comprehensive strategies and tools to hold on employees who are critical for organizational development. The retention of human resources has been shown to be momentous to the development and the accomplishment of the organization's goals and objectives. Increased emphasis has been laid on retention especially with the onset of revolution of information technology which is human sensitive and intensive in nature. The modern management literature advocates many strategies for employee retention from various dimensions such as organizational factors, compensation, rewards, job design and characteristics, work environment, employee relationship, etc., with retention being the critical element for any organization beyond any state of doubt. Thus, "surprise" employee departures can have a significant effect on the execution of business plans and eventually cause a parallel decline in productivity. Hence this paper attempts to explore the effectiveness of few of the important employee retention tools of artificial intelligence recently developed by various organizations some of them being Predictive Index, Neural Network and Five C and Three Circle Tool to predict employee's exit and engagement.

Key Words: Employee retention, employee exit, information technology, statistical tools.

Introduction

Every Intelligent corporate employer has realized the importance of retaining the best talent especially in Indian scenario. As in metros there is no dearth of opportunities for the best in the business, or even for the second or the third best. Retention of high flyers and treating attrition

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troubles has become very important to companies; gone the days, when employees would stick to an employer for year. Now, with opportunities abound retention is a big issue as key employees is critical to the long-term health and success of any organization.

In this intensely competitive environment, where all human resource managers are poaching from each other, organizations can either hold on to their employees tight or lose them to competition as opportunities for employment are increasing as compared with the actual employment.

Why Retention

Retaining talented and motivated people is critical to the success of any organization. The primary distinguishing characteristic of any corporate leader is the quality and motivation of people across the organization. Retention is important as the cost of turnover is enormous, not only in terms of out-of-pocket expenses related to severance, recruitment and selection, but also in lost opportunity and productivity. Even hiring is not an easy process; recruiting the right candidate is a time consuming process. Once recruited an organization invests lot of money in employee training and overall development to make him understand the corporate culture and work pattern. Sudden exits make it tedious job for the organization to make efforts to recruit again. In some cases there are chances that the employee joins the competitors and can create threat to the previous employer.It is loss of company's knowledge and even disruption in customer service. It has been observed that individuals sticking to an organization for a longer span are more loyal towards the management and the organization. It is essential for the organization to retain the valuable employees who are showing potential. As it helps in employer branding also.No organization can survive if all the top performers quit. Even it has been observed that turnover spirals into more turnovers. It is essential for the organization to retain those employees who really work hard and are indispensable for the system as happy employees make happy organizations.

A 10-year study of 200,000 managers and employees suggests that praising people for a job well done may lead to bigger profits, says Fortune's Anne Fisher. She mentions a book, "The Carrot Principle", a fascinating book by Adrian Gostick and Chester Elton, the subtitle of this books says- "How the Best Managers Use Recognition to Engage Their People, Retain Talent, and Accelerate Performance" – the basic idea is simple: People will work harder and more

enthusiastically for an appreciative boss, and companies that praise topnotch performance are more profitable than those that don't."

Popular Exit Reasons

Most of the employees leave an organization because of constant friction with their superiors or other team members. In some cases low salary, lack of growth prospects and motivation compel an employee to look for a change.

Major Reasons are:-

1. Wrong Fits

Every job position has extreme specific job specifications**.** A candidate may be fit to do a certain type of job which matches his personality. If he is given a job which mismatches his personality, then will not be able to perform it well and will look out for reasons to leave the job as misfits leads to high failure rates and demotivation.

2. Congestion in growth ladder

If the organization does not provide with learning and growth opportunities, the employee feels job and career are stagnant. This frustration makes them move to other greener pastures even sell-ability of the employee gets into danger.

3. Lack of appreciation

If the efforts and work is not appreciated by the senior or the manager, the employee feels de-motivated and loses interest in job as appreciation acts as lubricating oil for any employee.

4. Lack of trust

Trust is the most important factor that is required for an individual to stay in the job. Non-supportive co-workers, seniors and management can make office environment unfriendly and difficult to work in. Power and politics tussles make employee think beyond the organization. Unhealthy relationships create more strain in employees mind.

5. Stress

Job stress can lead to work life imbalance which ultimately many times lead to employee leaving the organization. Organizational stresses like competing deadlines, over work have a huge impact to the employee and make them feel like a cog in corporate mechanism.

6. Compensation

Better compensation packages being offered by other companies may attract employees towards themselves. External pay inequalities are detrimental to retention. Non-competitive salaries and bonuses are one of the reasons to drift away from the organization.

7. Better Opportunities

Sometimes the employees take negative view of the organization and think the others in the sector provide better opportunities in term of salary, growth and exposure. So, leave the organization for better prospects. Dissatisfaction regarding such reasons pushes them to leave.

How to keep employee exits under control

Workforce is today's time is different and can make or break organization's reputation. Organizations need to develop innovative ways to tackle exits. Human Resources departments must address this issues and even the management need to evolve strategies to maintain healthy retention rates.

Recruit Right

The Selection of the right people through competency screening must be done by using psychometric tests and intensive interviews to get people who can work as per job description and handle the monotony and pressure. Job fit is must. Correct recruitments build a strong foundation in the organization. Hiring the right people ensures their longevity in the organization.

Pay Right

Internal and External equity is to be established by offering an attractive, competitive, benefits package by making it clear of performance enhanced incentives and variable benefits. Implementing competency models, which are well integrated, with HR processes like selection & recruitments, training, performance appraisal and potential appraisals. The ways in which people are valued can make a considerable impact on the effectiveness of the organization, and is at the heart of the employment relationship. Rewarding employees for a job well done is the key.

Communicate Right

Communication is a critical step towards creating the kind of environment that people care about, employees should have a pretty good idea of what issues the company is attempting to

address with important events affecting the company. The objective is to treat employees as partners and encourage employee partnerships. This strategy helps to feel like a prized possession of the organization. Open desk policy helps the employee to open up their grudge or dissatisfaction. It thus influences the employee to repay employer through their loyalty.

Recognize Right

Talented employees need to be recognized regularly for all job 'well done' through the common practices like employee of the month or gift certificates. All such strategies make employees feel praised and recognized in an organization. A word of praise or incentive helps organization to retain. A pat on the back is an excellent tool for employee retention. Sengupta (2011) quoted Shyaam Sunder K, Chief Knowledge Officer, Ramco Systems in her Economic Times article dated 2nd September "It's about lifestyles that an employer will allow the employee to maintain without sacrifices".

Cushion Right

Flexi-timing, quality of work life, employee friendly organization policies, employee participation and empowerment are the key ingredients to make employee feel that organization the best destination to work. Constant Challenge and new responsibilities build up their experience and thus provide self-esteem.

Review of Literature

According to Kenter (2003) today's human resources tasks cover an ample variety of activities requiring very different skill sets, "from compensation and benefit administration (highly quantitative) to employee relations (highly qualitative)". As a consequence, there are legitimate questions about whether these tasks need to be together on organizational plans in light of new realities and technologies.

Successful HR technology must achieve several goals, as described by Walker (2001): (a) Strategic alignment, which must support the goals of a business by helping users; (b) business intelligence, which should inspire new insights and learning, by providing users with relevant information and data, and by answering questions; and (c) "efficiency and effectiveness, which must change the work performed by HR personnel, by dramatically improving their level of service, allowing more time for work of higher value, and reducing their costs."

Lengnick-Hall and Lengnick-Hall (2003) emphasized knowledge as, "information that is linked to potential actions because an individual is able to use it". The authors also explained that, in contrast, data "are any signals that can be sent by an originator to a recipient (human or otherwise)." And information is "data that are intelligible to the recipient"

Lewin (2003) stated that the use of technology by HR has proven to assist on the improvement of business performances. However, Lewin (2001) explained that, although we expect all businesses to have embraced this "high involvement" on technology, "only about one of every eight business that has done so benefits from knowledge management."

Benefits of Knowledge Management

Benefits of knowledge management	Why benefit occur
Knowledge management can create competitive advantage for a company and its customers.	• By sharing information and best practices, organizations create expanded opportunities for market share and financial growth. • Furthermore, knowledge management provides a means for organizations to differentiate themselves from competitors.
Knowledge management can create a truly customer-focused culture.	• Appropriate organizational resources can be directed toward solving customer problems or meeting customer needs quickly and effectively.
Knowledge management can be a catalyst.	• Through tools, resources, and systems, it can help ignite creativity and innovation in the development of an organization's products and services.
Knowledge management can improve time to market.	• By leveraging best practices, learning and other time-savers to improve productivity, products can be introduced faster.
Knowledge management can expand a company's strategic options.	• By leveraging intellectual property in research and development efforts as well as overall market and business strategy, organizations can discover new ways to create value.

Source: Lengnick-Hall M.& Lengnick-Hall C., "Human Resource Management in the Knowledge Economy." Berrett-Koehler Publishers, 2003.

Ardichvili (2002) wrote about HR that it "plays a central role in ensuring competitiveness of the company rests on the perception that in today's business world the only truly unique

resource of a company is the intellectual and human capital". Cascio (2005) explained that information technology (IT) is fundamental on the strategy for HRM improvement.

IT Interventions in Employee Retention

Traditionally human resource management always had a people-oriented approach. In this volatile environment with the competitive demands reorientation of strategic human resource practices has taken place which has led to an increased emphasis to a knowledge-based administration using technology as a tool. Artificial intelligence is in use to predict a complicated aspect of employee behavior i.e. employee exit. This paper will analyze the various new IT tools imperative on human resource management most critical factor 'employee retention'.

Human behavior in is fact very complex and therefore can be difficult but not impossible to predict. The key to success is to be able to accurately identify behaviors symptoms early on and then use this information for the benefit of the organization. Artificial Intelligence tool, data mining techniques helps organizations to understand and map retention.

Predictive Index

The Predictive Index (PI) assessment specifically has been in practice for so many years. Organization all over the world uses the Predictive Index to gain powerful insights in to their job candidates and employees to help them identify, develop and retain the best talent. It is a sophisticated instrument or can be called a crystal ball with a high degree of validity which predicts employee behavior and gives almost accurate predictions about when an employee is expected to resign. In the system employee data is stored electronically and can be accessed in the entire organization easily. It does have the cumbersome paperwork and gives results or answers instantaneously. This IT tool gives the organization and indication about the right fit and the wrong fit. Being a behavioral assessment tool it analyses the behavioral implications along with job description and then the HR department can analysis the correct job fit during the recruitment process. Security State Bank in west Texas almost reduced their turnover by 75% and Rain soft company in Illonis improves its hiring process and improved retention.

Gopal Amin, Managing Director of compressor manufacturer Kirloskar Copeland Ltd., in article of PI World-wide, says,"PI Worldwide helps businesses realize the full potential of their most valuable resource." He agrees: "It's really a terrific tool, providing a good insight into a

prospective employee's psyche," PI helped us evaluate the behavioral patterns for both recruits and existing employees at our plant. It's a good way to fit a person into the kind of job he likes, depending on your requirement as an employer. This keeps the employee happy, too." (Desai (2010).

This tool helps the leader of an organisation identify the motivating needs of his people, and the impact of these on their performance at work. There are a lot of intangibles in this process, and it usually involves a lot of guesswork to convert these to tangibles. PI decreases the probability as the behavioral dimensions are measured on a sigma scale.

Motorola, KPMG, Electrolux AB, Ramada Chain of hotels, Volvo, Siemens, Thermax Group of companies, Alfa Laval Agri, Maersk, Kirloskar Oil Engines Ltd, Natelco are some organizations which use this tool.

Retention Blogs

Various organizations are creating retention blogs where the employees can put the questions and suggestions for the peers and even they invite guest bloggers to engrave their opinion. The blogs help them to share their success stories and problems.

Turnover Stimulators

Employee satisfaction survey and exit interviews are a great tool to predict turnovers. Consistent questions are being asked in exit interviews and in satisfaction surveys which identify the retention stimulators which include the company policies, compensation, leadership patterns etc. The average ratings for all of the employees who have completed their exit interviews and the average rating of all the employees who have completed the satisfaction survey are used in this process. Each question is analyzed to look for areas where the average rating on the exits is significantly less than the average ratings on the surveys. Such questions are tagged as Turnover Stimulators.

It means that employees who choose to leave feel more negatively about the particular question item than the general population of employees. Items where the average exit interview ratings are equal to the average survey ratings would not be considered turnover stimulators since employees who leave feel generally the same as people who stay. This indicates that this particulars question item has little to no effect on turnover.

Once Turnover Stimulators are being identified, threshold rating values can be gauged. The threshold values provide an indication at what rating level turnover can be expected to occur. Threshold values are recorded for each Turnover Stimulators. The threshold value equals the average exit interview rating for that question item. Organizations need to score thresholds values for question items where the exit rating is significantly lower than the survey ratings. These stimulators and their respective values help HR managers to chalk out the turnover maps for each position. Below is the example for the same.

Source:Carvin B.N., "Turnover Prediction Mapping"

http://www.nobscot.com/about/turnover_prediction_mapping.cfm,2002.

Five C and Three Circle Tool

Four years ago Igate-Patni started using two homegrown measures called Five C and Three Circle Tool, with which it has seen a 4% reduction in attrition year on year. The Five C has parameters like career, compensation, camaraderie, career and culture, are further divided into various other important factors like empowerment, exposure, learning and development, self-value etc. which act as alert mechanisms to the managers on a potential resignation. New recruits are mapped in the outer circle in the Three Circle, employees who have completed a 3-5 years are in the middle circle, while those who are intrinsic to company's growth are in the inner circle. Four years of analysis reveal that employees who quit within a few months were mostly from the outer circle. They now use company records along with the Five C tool to detect if similar reasons will prompt exits, says S. Kandula, HR head for the Mumbai-based firm (Sengupta 2011).

Neural Networks

Neurons are biological term which is connected to perform particular functions in the brain. Neural Network, a artificial intelligence tool which maps out with red signal dissatisfied employee is being implemented by Wipro, who is facing a high attrition of 23%. The Network has a data bank of their existing and past employees, their profiles, salary levels, appraisals and projects undertaken and reasons for exit. The software sends alert signals to the manager when any assimilation between the present and the past employee is sensed by it. The probability of the employee leaving the organization becomes high and remedial actions immediately to be taken to stop the outward movement of the particular employee. The indicator acts as a fire alarm for any manager to realize and analyze the situation of unhealthy attrition. So, shorter and frequent breaks, peek into the stocks, marriage on the cards and outstation employees could act as predictive tools. In favour of the software Saurabh Govil, senior VP at Wipro Technologies has said (Sengupta 2011), "We know we are on the right track because attrition in the group under red alert is twice that outside the group, which proves we have zeroed in on the right people."

Engagement Hypothesis

Essar Group uses Engagement Hypothesis to determine the level of employee involvement. The whole idea is to create a bond with the employee by increasing his engagement with the organization. According to HR head Adil Malia in article written by Senguta (2011) in The Economic Time 2nd Sept. 2011, "Business complexities change like viruses and it is longer about salary, career growth and the employee-boss relationship."

Conclusion

Today HRM is presented with the challenge of becoming more effective and efficient strategic partner, and to achieve its objectives it is by turning to technology as a mean to improve their performance; however technology presents its own challenges as well. HR managers today are struggling with uncontrolled turnover. So, Technology is incorporated in our lives because of its overwhelming presence on e-business and exponential growth of Internet and information technology which is the changing tapestry of HR.

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