OPERATIONS TRANSFORMATION
Employee Attrition – Real Drivers and Improvement

About the Brand, Objective & Problem Statement

➢ A mid-sized ITES company, part of a large diverse group, had a challenge of employee attrition. The annualized attrition rate was in the mid 30s for the last four years with just 2 to 3% variation. To address this the organization had embarked on revisiting many of its employee related policies making them more friendly. The HR

team had kicked off many employee engagement initiates on the floor to connect better. Interestingly, employee satisfaction scores in the last two years were very encouraging at 4.3+ on a scale of 1 to 5. Management was completely confused as the two metrics were not talking to each other and giving very confusing signals. Team Vasutti was engaged at this stage to help decipher the code.

Approach

Our consulting team started with a deep dive on attrition data looking at possibly all attributes meaning Business Unit wise, Location wise, Tenurity wise, Level wise and Manager wise. After several rounds of deliberations with a cross section of focus groups, a comparative study was done comparing year by year as well as month by month. The specific known events & triggers like Performance Appraisals, Account Loss, changeover from WFH to WFO, Competitor's new centre in town etc. were mapped to the timeline to rationalize the attrition. The above analysis gave good insights on top of what the organization already had. Our Principal decided to look at couple of additional data cut viz.,

- Attrition Summary for 1st level (direct RM), 2nd level (NLM) and 3rd level reporting managers who have been in the system as on date and had been with the organization for at least 3 out of 4 years
- Attrition Summary comparing Freshers (1st job or less than 2 years of total work experience) vs Lateral hires (with prior experience of 2 years) for each of the location

The summary set A gave interesting insights. The 1st level and 2nd level managers could be classified into 3 natural clusters with each cluster having a distinct pattern.

- The 1st cluster was where the attrition rate was extremely high across all 4 years,
- 3rd cluster was where the attrition was very low across all 4 years and
- 2nd cluster where the attrition was high in at least 1 out of 4 years and very low in at least 1 out of 4 years

Solution From Vasutti

Extensive discussions were held with the leadership team to understand this pattern but without any definite conclusions. Team Vasutti then decided to administer a situation based behavioural assessment indigenously designed for this purpose and working ab initio. The assessment instrument was designed covering critical attributes important in interaction between manager and employee. This was further balanced with adequate controlled questions. The assessment gave lot of interesting insights:

- Clusters 1 & 3 were clearly differentiated on important attributes like empathy, goal setting, Performance Management, Collaborations, Feedback, Team Management etc.
- Cluster 2, as expected, had mixed responses but the participants of this group could be easily reclassified into clusters 1 & 3
- The mapping of attrition-based clusters vis-à-vis the behavioural assessment was a strong fit for 1st level & 2nd level reporting managers but a weak fit for 3rd level reporting managers

The summary set B too gave some useful insights as follows:

- Across all the large locations (and not all locations), the attrition of lateral hires was significantly higher than the employees hired as freshers. Almost 55% of the lateral hires were leaving the organization within 12 months of joining the organization.
- The hiring mix was 50% each from the two sets. Interestingly, when E Sat data was examined, it revealed that almost 80% of the freshers participated in the survey against less than 30% of the employees hired as laterals. This explained why the E Sat scores were potentially high overall and thus masking the real problem

Detail brainstorming was conducted at various levels in the organization, masking the information as required keeping in mind the participants. The focus was to understand Why of the findings first and not getting to actions right away. After a series of deliberations and finally with the leadership team, following actions were planned based on the findings of this study.

- Targeted facilitation sessions for participants in cluster 1 basis the behavioural assessment. A controlled group of participants from Cluster 3 were included too. These sessions were mostly interactive and situation-based role play to bring out the natural reactions and then steer it into the right direction. A series of sessions were designed keeping in mind the specific attributes.
- Psychometric assessment was suggested for the lateral hires who have continued with the organization for 3+ years to profile carefully chosen attributes linking them to longevity and performance. Some of these attributes were Communication, Adaptability, Assertiveness, Collaboration, Goal orientation, Delegation etc. The scores on these attributes for the segment of high performers was taken as a baseline. It was proposed to use these baseline scores to select a lateral candidate by administering the same Psychometric test at the time of hire.

Results (tangible results with numbers)

➔ Since both the above were long drawn action plans and implementation had some teething issues, the first set of results could be observed only after a lag of almost 9 to 10 months.
➔ The loss of employees from the cluster 1 of reporting managers came down by almost 40% as compared to what it was in previous years.
➔ The lateral attrition percentages started showing a decline trend all through hiring throughout.
➔ The two actions together had an impact of almost 6 to 8% points on overall attrition rate computed for a 3-month period and annualized.

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