

MANAGING ATTRITION THROUGH A STANDARDIZED SELECTION PROCESS

Abstract

The objective of the study was to standardize a recruitment procedure to reduce attrition of GET's for power Supply Company. The study began with the consultant identifying critical behavioral attributes considered necessary for high performance in the organization through a structured questionnaire and interviews held with the existing senior, middle and junior managers. The GET's were assessed and classified as high and average performers. The 't' test was run to establish the statistical difference between the existing high and average performers on the critical attributes. The findings suggested that out of the seven identified critical attributes five attributes namely— team orientation, openness to experience, conscientiousness, agreeableness, and stress tolerance — were found to be significant discriminants between effective and less effective managers ($p < 0.5$ level). Assertiveness and influencing skills were non-discriminating. Likewise, a desirable profile was drawn out using the above findings. Suitable tools were identified to measure the attributes. The group simulation exercise, panel-personal interview, personal information sheet and observation formed the tools along with the battery of tests. The approach was standardized and objectively based on functional knowledge, skills, behavioral attributes and group dynamics. Out of the 37 candidates, 15 were selected using the above criteria.

The consultant's role was to identify and standardize the recruitment criteria for further selection. A follow up study revealed a negligible attrition of GET's selected by the above procedure as compared to the previous years.

INTRODUCTION

That attrition is one of the main concerns facing industry today is no news. HRDs across the globe are faced with the issues of analysing the reasons for a high attrition rate and the solution to this problem. India is no exception and the infrastructure industry is just as badly affected by high attrition rate as IT and others. While attrition happens across levels of hierarchy in organizations, high rate of fresher attrition (mostly within a year of employment) often shows that there is something amiss in recognizing the fit of the fresher with the organization requirement or culture. At times when there is an HR demand-supply imbalance, employees tend to take advantage of the situation and use an organization as a learning opportunity and a springboard for their career.

Attrition proves to be very expensive to organizations. Time, money and goodwill are among the most obvious and highest costs of attrition. Time spent on the entire recruitment and selection procedure has to be repeated right from advertisements and sourcing to training the fresh recruits. Money spent on the initial process of advertising, recruiting, training, etc, undoubtedly also has to be spent again. And in case of senior level or older employees, the organization tends to lose a precious pool customer goodwill that this employee may have built.

While the reasons for attrition may be as numerous as the organizations that recruit or the number of employees leaving, HR practitioners (<http://www.nasscom.in/upload/HRCConnect-Feb-2006.pdf>) are of the opinion that given the pressures to scale-up, often organizations begin to see hiring as merely a headcount game, where line managers with little experience in recruitment are often given the mandate to hire large teams. In a rush to recruit large numbers there is a tendency to focus on technical skills alone rather than basing selection decisions on a set of well rounded selection parameters such as culture fit, future potential, stress threshold, commitment, job role fit and behavioral competencies.

Due to the tough competition in the marketplace, top executives of all the companies are under tremendous pressure to generate visible results in the immediate future. Top line, bottom line and order book for the current and immediate next quarter remain the only focus area for many top executives. Hence, getting a personal in order to offer quick-fix solution to the immediate concern area of the company remains the prime objective for many companies. As a result, very few of them are in a position to devote sufficient time in an interview forum to assess and understand real individual. Hence, much recruitment related decisions are being taken only on the basis of "gut feeling" or instinct, and not on the basis of available objective evidence. The pressing need to recruit as soon as possible, leads to compromise and acceptance for the timing. Misfit recruitment finally leads to

increased loss of employees especially in the first few months and years.

REVIEW OF LITERATURE

The standard approach to measuring the demand for skills, and skill shortages, is to conduct a survey of employees. Among the main advantages of skill surveys are, firstly, that they are a direct and straightforward approach to answering questions about the extent of skill shortages and, secondly, that they can be designed to ensure that they give a representative picture of the economy as a whole. We argue that even the best of these surveys, which generally rely on the answers given by employees to a series of prompted questions, contain flaws sufficient to raise doubts about their reliability. Given that this is the case, it is important to draw on other ways of measuring the demand for skills in order to confirm, or contradict, the results of employer skill surveys. Psychometric tests provide one such alternative method. Since the 1980s, businesses in the UK have been making increasing use of psychometric tests as part of the selection process for job vacancies. The tests attempt to measure the abilities, attributes, personality traits and various skills of the candidates under consideration for particular vacancies. The main advantage of using these tests as a means of assessing skill demands. Do the tests predict job performance *i.e.* do those who score well in psychometric tests go on to do well in the job? There is compelling evidence from the research literature that cognitive ability tests are successful in predicting performance.

A survey of 33,000 employers from 23 countries found that 40% of them had difficulty finding and hiring the desired talent (Manpower Inc., 2006), and approximately 90% of nearly 7,000 managers indicated talent acquisition and retention were becoming more difficult (Axelrod, Handfield-Jones, & Welsh, 2001).

This leads us to the fact that there is constant need in organizations to recruit new graduates to fill up spaces left by employees that have for some reason or the other, left their posts. **Graduate recruitment** can be a nightmare for most HR functions. From experience it is quite difficult to differentiate between graduates based on paper CV's. They all have Degrees and their CV's all look the same. And the best qualified graduates do not always make the best employees.

BACKGROUND OF THE STUDY

Across industries recruiters and HR personnel are struggling with the issue of trainee attrition. This case study looks at the attrition problem of graduate engineer trainees (GET) in a power supply company based in Ahmedabad. In recent years this company had faced a high rate of attrition and sought to reduce this rate. The company had a selection procedure in place. However, this procedure was quite outdated and consisted of a superfluous testing of the candidate (biased towards high technical skills). Given the changing time and the large variety of HR pool available to select from a need was felt by the management to test out, new methods of selection and recruitment. Cultural fit in the organization and the candidates psychological attributes were put to test through these new interventions.

With the aim of reducing the attrition rate within the organization, consultation was sought to put in place a relevant selection procedure so as to pick up the most appropriate candidate for the organization's specific requirements. This required an understanding of the organization culture and existing selection procedures by the consultant. The focus and end goal was to reduce attrition amongst the GET's.

EXISTING SELECTION PROCEDURE

The selection procedure used for GET recruitment by this company consisted essentially of short-listing candidates based on their performance in the undergraduate examination. This meant that the candidate should not have resorted to ATKT in any year and he should have passed with a 1st class all throughout the undergraduate years. The candidates were selected from 6 premium colleges in Gujarat.

This done, the candidate was put through a written technical test consisting of general knowledge, engineering concepts and knowledge in a specific field of engineering. The next step, once the test had been cleared was a Personal Interview. The candidate was interviewed by panellists who measured the technical competencies of the candidate.

Once these two steps were cleared, the candidates were selected and a merit list was drawn up. There was no attempt to verify factors such as cultural fit, job-specific aptitude, ability to cope with job stresses, etc. The selected candidates joined the organization and got into the routine and within a year's time some of them quit. The exit interview did not reveal much except the fact that most of them found the job too challenging and demanding and that it was not as they expected.

With the view to reduce this attrition rate, the organization contacted the consultant. It was identified that raising the pay scale would not have solved the problem of high attrition. The source of the problem was it seemed inadequate selection procedures, wherein the candidates were selected without any consideration of their behavioural-attitudinal fit to the job profile.

Although this process was followed owing to its strengths as given below:

Strengths

1. Allows relatively high and consistent achievers in academics to compete.
2. Tests out technical competence fairly well through high cut-off in written test and personal interview.

It was also felt that it did not completely check the other skills necessary to ensure a functional and cultural fit. It had certain limitations as stated below:

Limitations

1. Checks out engineering knowledge and technical abilities but not personality/behavioural attributes to desired levels.
2. Does not fully recognize that right behavioural attributes are also required along with technical knowledge for high performance.

Hence a need was felt to revamp the hiring process and the objectives identified are as below:

Objectives

1. Identify and select candidates with a right blend of academic achievements and behavioural competencies.
2. To select the RIGHT FIT in the existing context.

As seen above, the academic requirements were not enough to retain talent. Along with academic requirements, there was need for well-defined personality / behavioural competencies.

A decision to put in place a new recruitment procedure was arrived at. Group discussions with senior/middle and junior level management representative, to understand critical behaviour attributes necessary for high performance.

METHODOLOGY

With the view to identify the critical behaviour attributes necessary for high performance, a structured questionnaire was administered to 60 employees, followed by interviews by the consultant. The senior managers were met individually while the middle and junior managers were interviewed in groups of 7-10 managers at a time. This step culminated in identification of 8 critical behaviour attributes (through a cross-validation study), that were necessary for high performance.

DESIGN

An earlier study identified 7 critical behavioural attributes to select suitable candidates. A desirable score on the attributes determined the candidates' success in selection process. Whether these critical behavioural attributes have the ability to discriminate between high and average performers was measured. It was hypothesized that if any or all of the attributes correlate to the managers' performance on the job, then these attributes are certainly critical hence need to be present in the new hires as well.

The research was based on a :

Two x two design i.e. High performers from TPAL
High performers from trainee group

X

And similarly average performers from TPAL
Average performers from trainee group

The groups were identified using the performance management appraisal as well as qualitative and quantitative reviews.

The GET's psychometric scores (measured during selection) were classified and the test of significance was run to establish whether there existed a difference between the high performers and average performers on one or more attributes.

Similarly the existing high performers and average performers group was identified from the existing TPAL employees and a similar statistical tool was run to establish whether there existed a difference between high performers and average performers on one or more attributes.

Similarly, the existing high performers and average performers group was identified from the trainee TPAL employees and a similar statistical tool was run to establish the difference for the critical behavioural attributes.

RESEARCH FINDINGS

Based on the above procedure, the most suitable tools to measure the following attributes are identified.

Attributes to be measured

1. Stress
2. Open to Experience
3. Conscientiousness
4. Agreeableness
5. Team Orientation

Analysis of t-test values of the critical behavioural attributes

Performers	Assertiveness	Stress	Influencing skills	Open to Experience	Conscientiousness	Agreeableness	Team Orientation
High	62.21429	56.85714	62.14286	29.5	35.57143	21.14286	28.92857
Low	63.16667	62.41667	61.5	27.08333	34	20.5	30.83333
t-Value	0.233226	0.831634*	0.15203	1.08066*	1.06187*	0.56755*	1.23806*

The t value of assertiveness and influencing skills scales were not significant. All others marked by * had a t value of < 0.5 level.

Assessment tools and weightage of attributes

	Tools	Attributes measured	Acceptable band	Acceptable raw score
A	Big Five Personality Test	<ul style="list-style-type: none"> - Conscientiousness - Openness to Experience - Agreeableness 	High High average High to Average	34-40 26-29 13-25
B	Stress Test	Stress Level	Low to average	32-95
C	Team Orientation Test	Team Orientation	High average	29-34
D	Group Simulation Exercise	<ul style="list-style-type: none"> - Team Orientation - Resourcefulness (individual & group) - Agreeableness - Involvement 	These attributes were subjectively evaluated.	

The raw scores were converted into scaled scores to be matched to the fit as determined from the sample findings. Match and mis-match were identified based on the criteria. Maximum score possible on each attribute was 6 and minimum was 0. The maximum total possible was 25 points. A score of 25 meant a perfect fit of appropriate desirable behavioural attributes. It represented an 'ideal candidate' for selection.

Apart from the psychometric assessment, the technical and aptitude written test and panel interview summed up the final selection.

Based on the above findings a typical profile of a desirable candidate emerged and was identified as follows:

- Personnel should be low on 'stress level'.
- High average in 'open to experience'.
- High on 'conscientiousness' and 'agreeableness' factors.
- High average on 'team orientation'.

The findings of both high performing and low performing groups were pooled to arrive at a common summary based on the above findings.

Final analysis

Weight age of each selection component

Assessment	Weightage
Technical written test	75
Aptitude Test	25
Panel Interview	25
Behavioural Assessment	25
Total	150

The interview served to cross validate measure the job knowledge apart from the Critical attributes through the psychometric assessment and group processes.

The interview panellists were independent of the other process in order to minimize biases.

The scores were calculated once both the exercises were carried out independently. Those candidates who got completely different scores on both were discussed elaborately.

Steps of selection process:-

1. Technical and aptitude tests served as the first screening device, hence it was mandatory.
2. Panel interview measured two areas i.e. job knowledge and behavioural attributes.
3. Psychometric assessment consisted of a battery of tests and the group simulation activity.
4. Fitment was clearly required in at least three of the five attributes as measured. Test battery was the ultimate validating criteria for the final selection of the candidates. If less than three of the attributes fitted in the appropriate band, the candidate got rejected irrespective of his technical aptitude and interview scores.
5. Hence fit in all attributes lead to a higher chance of selection.
6. The Behavioural assessment report provided a qualitative dimension to the final decision, irrespective of the weightage of other selection criteria.

The final selection was based on merit. Yet in case of differentiation of technical and behavioural discrepancies, team came together and more weightage was provided to the observations and findings of the psychometric assessment as it had a discriminating value of measuring more effective performers. (refer to t-test findings)

FINDINGS

GET's Recruitment Attrition Data Analysis for last 5 years

Year	Percentage of Attrition
2004-2005	37 %
2005-2006	36 %
2006-2007	30 %
2007-2008	32 %
2008 (April to Nov.)	08 %

The above figure signifies a downward trend, inspite of the fact that there are external factors that have actually contributed to high attrition around the power sector organizations.

1. The organization has lost its monopolistic status as the market had opened up. Many new players have entered the power sector in the last 3 years.
2. New companies are luring experienced personnel with more perks and hefty compensation packages.
3. The power sector has moved from the frozen (slow moving) to a highly mobile sector.

Strength of the organization:-

1. The brand name and image that it has built over more than ten decades.
2. Diversification and increase in distribution capacity in the last 2 years.
3. It has provided ample opportunities to both experienced and young professionals to prove their competencies and take higher responsibilities.
4. Sound HR practices and a secure work environment.

A sounder selection procedure along with the overall organization strength contributed to keeping the attrition under check. The pull of the changing market scenario therefore has had less impact of attrition.

Future Directions

The organization continues to evolve newer and effective processes to retain and grow its inner resources. It has to face internal as well as external challenges and the organization is growing locationally and geographically too. It is currently faced with the challenge of revamping its selection criteria to fit the changing need of the organization. The organization has expanded its market to other states as well. A study on the similar step will be undertaken to identify new behavioural and critical attributes of effective performers. As the organizational cultural changes needs to be addressed to ensure the rightful match.

Appendix 1


SCORESHEET OF BEHAVIOURAL ASSESSMENT OF GET

Name of the Candidate:-

Discipline:-

Attribute with acceptable band	Raw Score	Processed Score	Low	Average	High Average	High	Match Yes/no
1	Conscientiousness (high) 34-40						
2	Openness to Exp (high average) 13-15						
3	Agreeableness (high average) 13-25						
4	Stress (low average) 32-64/65-95						
5	TeamOrientation (high average) 29-34						

Appendix 2



#427, Platinum Plaza, Judges Bungalow Road, Bodadiv, Ahmedabad - 380 054, Ph. 2685 36267 e-mail: tangram@youdele.com

Score Sheet of Behavioral Assessment for Graduate Engineering Trainee

Name : AVINASH R PATEL		Discipline : EC		Gender : M	Date : 11/7/2007	Roll No. : 03 - BT 2	
Attribute	Raw Scores	Processed Score	Low	Average	High Average	High	Match (Yes/No)
1. Conscientiousness (High 34-40)	34	1.5				✓	✓
2. Openness to Experience (High Average 26-29)	29	3.5			✓		✓
3. Agreeableness (High - Average 13-25)	21	4.5			✓		✓
4. Stress (Low Average 32-64) (65-95)	62	2.5	✓				✓
5. Team Orientation (High Average 29-34)	33	5.0			✓		✓
Total Process Score :		17.0					


Findings

1. Got the group to agree with him.
2. Contributed consistently.
3. Resourceful and a thinking person.
4. Contributed and applied his past learnings to the group discussion.

Rehabilitation Council of India
No.:A01516

Nimrat Singh
Dr. Nimrat P Singh
(Practicing Psychologist)

Appendix 3



#427, Platinum Plaza, Judges Bungalow Road, Bodadiv, Ahmedabad - 380 054, Ph. 2685 36267 e-mail: tangram@youdele.com

Score Sheet of Behavioral Assessment for Graduate Engineering Trainee

Name : HITENDRA H PRAJAPATI		Discipline : CIVIL		Gender : M	Date : 7/11/2007	Roll No. : 02 - BT 2	
Attribute	Raw Scores	Processed Score	Low	Average	High Average	High	Match (Yes/No)
1. Conscientiousness (High 34-40)	30	0.0			✓		X
2. Openness to Experience (High Average 26-29)	25	0.0		✓			X
3. Agreeableness (High - Average 13-25)	14	1.5		✓			✓
4. Stress (Low Average 32-64) (65-95)	79	2.0		✓			✓
5. Team Orientation (High Average 29-34)	21	0.0		✓			X
Total Process Score :		3.5					

Findings

1. Silent and quiet.
2. Appeared confused and inadequate.
3. Efforts were seen missing.

Rehabilitation Council of India
No.:A01516

Nimrat Singh
Dr. Nimrat P Singh
(Practicing Psychologist)

REFERENCES

1. <http://www.nasscom.in/upload/HRCConnect-Feb-2006.pdf>
2. The Hidden Dimension of Employee Attrition-by Joydip Dey—<http://www.coolavenues.com/know/hr/joydip-employee-2.php>
3. Andrew Jenkins (2001). Companies' Use of Psychometric Testing and the Changing Demand for Skills: A Review of the Literature. London: London School of Economics and Political Science)
4. Axelrod, E. L., Handfield-Jones, H., & Welsh, T. A. 2001. War for talent, Part 2. *The McKinsey Quarterly*, 2: 9-12.
5. Graduate Recruitment - CVizz VideoCV solutions. <http://www.hrandrecruitment.ie/psychometric-testing-effective-recruitment-selection/71/>