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HR Analytics: Report on ABS Tech Talent Turnover

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**Executive Summary**

ABS Tech, a prominent IT institution serving large corporate clients in the US, confronts a pressing issue of talent retention amidst a period of high demand for its services. Despite robust operations, the departure of skilled employees poses a significant threat to the company's expansion initiatives. In response, the Chief Human Resources Officer (CHRO) has mobilized a newly established HR analytics team to investigate the root causes of talent turnover.

This report conducts a thorough analysis of recent trends in talent management, delineating the characteristics of valuable employees within ABS Tech and the factors underpinning their contributions to organizational performance and culture. By delving into the reasons behind employee departures, the report offers insights into critical drivers of turnover.

Furthermore, it presents actionable recommendations and predictive analyses aimed at empowering ABS Tech to effectively mitigate its talent retention challenges and sustain its growth trajectory.

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**Background Research**

Talent management plays a pivotal role in organizational success by effectively managing human capital to achieve strategic objectives. With the digitalization of information systems, talent management has undergone significant transformations, incorporating data-driven approaches to talent identification and retention. McKinsey & Company (2023) defines talent management as the systematic process of identifying, attracting, developing, and retaining individuals with the potential to contribute to organizational success. This process involves aligning talent strategy with business goals and creating an environment conducive to employee growth and performance.

Glassdoor's 2024 Workplace Trends report (Terrazas & Zhao, 2023) highlights key shifts in the workplace landscape, such as the rise of remote work, the importance of employee well-being, and the growing emphasis on diversity, equity, and inclusion (DEI) initiatives.

The digitization of talent management processes has enabled organizations to streamline talent acquisition, leverage data analytics for predictive hiring, and enhance employee engagement through personalized experiences. Additionally, the shift towards remote work, accelerated by global events such as the COVID-19 pandemic, has necessitated the adoption of virtual collaboration tools, performance management systems, and remote-friendly talent management policies (Aguinis & Burgi-Tian, 2021).

Employee engagement has emerged as a critical focus area for talent management, with research indicating that engaged employees are more productive, innovative, and committed to organizational goals (Saks, 2006).

**The Talent Issue**

**Trends in Talent Management Evolution:**

Recent trends in talent management reflect a significant shift influenced by digitalization, remote work, and changing labor market dynamics, accelerated by the COVID-19 pandemic. Key trends include:

1. **Reevaluation of Work Models:** Traditional work structures are being reassessed to accommodate remote work and digitalization. Organizations are adopting flexible arrangements and hybrid models to adapt to employee preferences and improve work-life balance.
2. **Embrace of Technology:** Technology plays a pivotal role in modern talent management, with organizations leveraging data analytics, AI, and digital platforms to streamline recruitment and performance management. Digital tools facilitate remote collaboration and skills development, enhancing the virtual workplace.
3. **Focus on Employee Experience and Well-being:** Enhancing employee experience and well-being has become a priority. Employers invest in initiatives to improve workplace culture, diversity, and inclusion, and support mental health and wellness. Flexible work arrangements and recognition programs contribute to a positive employee experience.

**Identification and Contribution of Talent at ABS Tech:**

To effectively manage talent turnover and retention at ABS Tech, it is essential to define who constitutes talent within the organization and understand the factors that contribute to their performance and cultural impact.

**Who is Talent:** Talent within ABS Tech encompasses individuals who demonstrate exceptional skills, leadership qualities, and cultural fit within the organization. These individuals exhibit high levels of engagement, innovative thinking, and a commitment to achieving organizational goals.

**Factors to Be Talent:**

* High levels of engagement and dedication to work responsibilities.
* Demonstrated leadership abilities and influence within teams.
* Willingness to voice opinions, share ideas, and contribute to organizational goals.
* Effective stress management and adaptability in dynamic work environments.

**How Talents Contribute to Performance and Culture at ABS:**

* Driving innovation and problem-solving initiatives.
* Mentoring and coaching less experienced team members.
* Fostering collaboration and teamwork across departments.
* Upholding organizational values and promoting a positive work culture.

**Identification of Talent Criteria:**

To determine who qualifies as talent within ABS Tech, it is essential to establish specific criteria based on key factors that contribute to employee performance and skill level.

1. **PerformanceScore:** This metric, rated from 1 to 4, reflects recent performance evaluations. A score of 4 signifies exceptional performance, exceeding established standards. Thus, talents are identified as employees achieving a PerformanceScore of 4, demonstrating excellence in their roles.
2. **TechLev:** TechLev measures employees' technical skills on a scale from 1 to 8. A higher TechLev score indicates greater technical proficiency, with 8 representing mastery of essential technical skills crucial to ABS Tech's IT and AI operations. Talents are recognized based on their attainment of a TechLev score of 8, showcasing their expertise in relevant technical domains.

**Incorporating Soft Skills:** Furthermore, while PerformanceScore and TechLev serve as primary criteria for talent identification, the incorporation of soft skills is essential. Talents are expected to possess soft skills such as leadership, creativity, adaptability, and teamwork, complementing their technical prowess and enhancing their overall value to the organization. This comprehensive approach ensures a holistic evaluation of talent within ABS Tech, enabling the identification of individuals who not only excel in technical domains but also contribute positively to organizational culture and success.

Good Performance Scores (Exceeds)

High Technical Level (9)

**The Turnover Issue**

The next issue at hand is to determine why talents are leaving ABS Tech and to what extent talent turnover is occurring within the organization. By analyzing available data, we can gain insights into the departure of talented employees and identify underlying factors contributing to turnover.

**Extent of Talent Turnover:**

Out of the 311 employees in ABS Tech, a significant portion, total 104 (33%) individuals, are leaving the company. Such a high turnover rate raises concerns about the retention of valuable talent within ABS Tech and underscores the urgency of addressing underlying issues contributing to turnover.

**Reasons for Talent Departure:**

Upon closer examination of employees leaving ABS Tech, it becomes evident that dissatisfaction with their current position is a predominant factor driving talent departure. The top six reasons cited for employee departures are all linked to dissatisfaction with their roles within ABS Tech.

**Identification of Problematic Department:**

Further analysis reveals that a substantial majority of departing employees come from the production department, indicating that this department may be experiencing significant challenges leading to employee turnover. Within the production department, production technicians comprise the largest proportion of departing employees.

**Root Causes of Departure:**

Upon delving deeper into the features of employees within the production department, several key reasons emerge as drivers of talent departure:

1. **Low Salary:** On average, production technicians within ABS Tech earn salaries that are relatively lower compared to their counterparts in other departments, contributing to dissatisfaction among employees.
2. **Limited Career Opportunities:** Many production employees perceive limited opportunities for career growth within ABS Tech, prompting them to seek employment elsewhere.
3. **Low Employee Satisfaction:** The satisfaction scores among production employees are notably low on average, indicating a pervasive sense of dissatisfaction with their current roles.
4. **High Job Stress:** Production employees report experiencing high levels of job stress, which may be attributed to the demanding nature of their roles within the organization.
5. **Lack of Psychological Safety:** Employees within the production department express concerns about the lack of psychological safety in the workplace, which is essential for fostering a conducive work environment conducive to optimal performance.

**Conclusion:**

The departure of talented employees, particularly from the production department, poses a significant challenge for ABS Tech. Addressing the root causes of talent turnover, such as low salary, limited career opportunities, and high job stress, is imperative to retain valuable talent and foster a positive work environment conducive to employee satisfaction and organizational success. By implementing targeted strategies to address these underlying issues, ABS Tech can mitigate talent turnover and position itself for sustainable growth and success in the future.

High Technical Level (9)

Good Performance Scores (Exceeds)

**Recommendations**

**1. Competitive Compensation and Benefits:**

* **Salary Benchmarking:** According to McKinsey & Company (2023), competitive compensation is crucial for attracting and retaining top talent in the competitive IT market. Adjust salary structures as needed to ensure they remain competitive and align with industry norms.
* **Attractive Benefits Packages:** Research by Terrazas & Zhao (2023) emphasizes the importance offering attractive benefits packages, such as health insurance, retirement plans, and wellness programs, to enhance employee satisfaction and retention. particularly in a competitive labor market.

**2. Career Development Opportunities:**

* **Training and Development Programs:** Implement robust training and development programs to provide employees with opportunities for skill enhancement and career advancement within ABS Tech. According to Glassdoor's 2024 Workplace Trends (Terrazas & Zhao, 2023), career development opportunities are a key driver of employee satisfaction and retention.

**3. Enhance Employee Engagement:**

* **Open Communication Channels:** Foster a culture of open communication and feedback within ABS Tech. Encourage regular feedback sessions, team meetings, and town hall discussions to promote transparency and collaboration.
* **Recognition Programs:** Implement recognition programs to acknowledge and celebrate employee contributions and achievements. Recognize employees for their hard work and dedication to reinforce positive behaviors and strengthen morale.

**4. Improve Work-Life Balance:**

* **Flexible Work Arrangements:** Research by McKinsey & Company (2023) suggests that flexible work arrangements such as remote work options and flexible scheduling, to accommodate employees' personal and professional needs can improve employee satisfaction and well-being.

**5. Strengthen Leadership and Management Practices:**

* **Leadership Development Programs:** Invest in leadership development programs to equip managers and supervisors with the skills needed to effectively lead and manage teams.

**6. Address Departmental Challenges:**

* **Department-Specific Interventions:** Develop targeted interventions for the production department to tackle high turnover rates. Conduct assessments and surveys to pinpoint underlying issues. Collaborate with departmental leaders to implement initiatives enhancing working conditions, addressing concerns, and fostering a positive culture.

**7. Continuous Monitoring and Evaluation:**

* **Data-Driven Decision-Making:** Implement continuous monitoring and evaluation of talent management initiatives and turnover rates at ABS Tech using data analytics tools. Track key performance indicators like turnover rates, employee engagement scores, and performance metrics. Utilize insights from data analysis to inform decision-making and optimize talent management efforts for continuous improvement

**Recommendations**

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