

## **HR Analytics in APL**

It was April 2020, and Kailash, business head at (APL), was worried. “Why are these fresh college entrants leaving us?” Kailash asked Keshav, human resources head at APL. “I don’t understand at all,” Kailash continued. “Voluntary attrition among them is rising every year.” Nearly half of the 2,000 employees hired by APL in the past two years had left within a year of joining. Of the 1,000 new hires each year, APL had reported 545 resignations in fiscal year (FY) 2019, as compared with 455 in FY 2018. Keshav explained to Kailash that hiring suitable candidates and acquainting them with the organization required enormous effort and capital, especially in the regulated power sector. Both senior officials at APL realized that it was high time they prevented these rising first-year attrition levels.

Keshav believed that candidates hired for a particular function were expected to stay in that role for a minimum of two to three years. He was of the view that students from elite engineering and management institutions often had unrealistic expectations, since most of them had no prior work experience. Keshav had been with APL for nearly 21 years and had witnessed the shifting demands of new recruits, who appeared to increasingly prioritize work–life balance and reduced monotony over earning a stable income, which contrasted with the priorities of employees from the earlier generation. However, Keshav had never before observed such high rates of attrition among new hires at APL. Keshav wanted to identify reliable indicators so that he could tackle the situation and prescribe an appropriate action plan to reduce new-hire turnover and thereby strengthen APL’s human capital. He wanted to justify his experience and presence at APL by delivering a suitable HR strategy. At this moment, Keshav recollected his rendezvous with Rishabh, a recent master of business administration graduate, who had been with the plant for about a year. Since Rishabh brought a fresh perspective and related well with his contemporary new employees. Keshav invited him to analyse reliable indicators so that he could tackle the situation and prescribe an appropriate action plan to reduce new-hire turnover and thereby strengthen APL’s human capital.

### **About APL**

As of 2020, APL had five functional power plants. Although these were distributed across the country, they followed standard operating procedures. The company operated six 250 MW supercritical boilers and five 330 MW subcritical boilers at Korba, Chhattisgarh; six 330 MW units at Mundra, Gujarat; six 250 MW units at Raigarh, Chhattisgarh; five 250 MW units at Singrauli, Madhya Pradesh; and five 200 MW units at Kawai, Rajasthan.

### **Values**

APL’s corporate goal was to create lasting value for its stakeholders—including its power consumers, employees, and shareholders, through processes that focused on the consistent generation and delivery of regular power to national customers, including power distribution companies and open access consumers. APL’s strength rested in its unwavering focus on optimal production, its seamless training resources, and the continuous support that employees received from senior management. APL had maintained an integrated approach since its inception. The organization focused on optimizing operations, with reliable power generation at the core of APL’s performance. Its Production Department attracted the maximum number of bonuses and recognition across all the departments, further incentivizing employees to achieve production targets.

### **HR Strategy**

#### **Staffing**

Every year, APL hired new graduates through several channels. Over the past few years, 1,000 new employees had been recruited annually, which aligned with the company’s strategic aim of expanding operations and capacity. The recruits were distributed equally across APL’s five units. The HR head believed that although campus recruitments yielded high-quality hires, four additional specialized hiring

methods were also required: (1) remote recruitment from campuses that APL did not visit; (2) recruitment from employee and union wards; (3) internal promotions from non-executive grades; and (4) recruitment through LinkedIn. As such, APL had five channels for recruitment, with each channel accounting for 20 percent of employee recruitments. APL defined a list of strategically important campuses around the nation. These campuses were identified on the basis of reputation and level of engagement with the organization. Campuses maintained engagement by framing research on practical problems in APL's power plants, sending students for technical excursions, and inviting APL's presence in their conferences and guest lectures. On average, APL recruited at 18 campuses each year, with each campus visit costing the company approximately \$1,000.

After filling 20 percent of available posts through campus recruitment, the next 20 percent of vacancies were filled using online job portals. In particular, graduates from campuses that APL did not visit were targeted. This mode of recruitment was cheaper for APL, costing roughly \$100 for each recruitment year and \$20 per candidate in administrative costs. The next 20 percent of posts were filled by candidates who had been referred by existing employees, based on some proof of merit or blood relation. This mode, known as the APL Ward Program, which was offered to employees who had completed at least 10 years of employment with APL, cost APL \$20 per hire.

Agency hiring took care of candidates with referrals from labour unions. APL had committed to recruit 20 percent of postings from labour wards to non-executive roles. This mode cost APL less than \$150 per year. The remaining 20 percent of candidates were hired through LinkedIn based on their profiles and their interest in the organization. These were highly selective roles, mapping key skills to relevant positions. This mode carried scouting costs of about \$200 over each recruitment cycle, as well as \$20 per candidate in administrative costs.

## **Compensation**

APL maintained a rate of compensation significantly higher than that of its major competitors in the power sector. As such, it was one of the most sought-after employers on the campuses from which it recruited. Compensation rates were predefined according to the positions offered. For example, assistant managers at the lowest executive level (a role offered to engineering graduates) were offered an annual package of \$10,500. Such compensation attracted the best talent to compete for jobs at APL.

## **Training**

From the moment new employees began the onboarding process, APL heavily invested in raising the potential of the organization's workforce. APL organized a unique orientation program that provided the new employee with a signing bonus, accommodation for a week at a five-star hotel, personalized onboarding, travel reimbursement, custom trips to nearby tourist destinations, and engagement sessions with key personnel. APL spent about \$1,400 in associated costs on each new employee. The company provided each new employee with training relevant to the department that the employee had joined and to the employee's responsibility and performance.

## **Work Organization**

APL divided its workforce into 14 departments. Each department had defined strategies and goals for each quarter. Although each department functioned independently, all work functions were closely related, deriving value for the organization in a coherent way. APL continued to monitor staff performance throughout the duration of staff employment. Most managers found employees' performance to be satisfactory; however, in some cases managers struggled to ensure employees were sufficiently productive. To promote optimal growth among its employees, APL proposed a promotion or a raise in salary, or both, for every individual, based on the individual's contribution to the department, dedication, and performance in the fiscal year under consideration.

APL assigned notice periods to employees according to the role that the employee was hired for. APL

highlighted its zero-day notice period for trainee management and middle management roles to emphasize its commitment to keeping employees, and to ensure that those who wished to pursue other opportunities, could do so at will. However, APL required a longer notice period for certain roles and positions, including personnel in essential services, such as core power generation, and key positions in top management, where it remained very important to maintain staffing numbers. To strengthen its human capital, APL had maintained an average of 200 new hires each fiscal year across each plant location for the past few years.

APL was accustomed to organizing engaging extramural activities among its employees, labour unions, skilled technicians, and township dwellers.<sup>5</sup> These activities included occasional cricket matches, safety drills, departmental trips, the celebration of all national festivals, and the organization of skits and role-plays throughout the year.

## Issues

Keshav had no clue as to what was going wrong with the new hires. There had been no significant change to hiring practices over the past decades, especially with regard to recent graduates. In the past five years, Keshav had checked with staff multiple times about their accommodations and food provisions, and these were reported as being optimal. Keshav was also driven to ascertain the effectiveness of his recruitment activity. Rather than rely on his own instincts, Keshav decided to take a data-driven approach to address the challenge of high levels of turnover within the first year of employment. He wanted to identify indicators that would aid in forming a strategy that could address the current crisis.

## Annexure

### Departments

Administration
Finance
Human Resources
Information Technology
Legal
Production
Projects and Engineering
Quality Assurance
Research and Development
Safety
Sales and Promotion
Supply Chain Management
Strategy
Warehouse

## Questions

1. Does APL's HR strategy align with the company's business strategy?
2. What are the descriptive analytics factors that can be used to predict attrition? Justify

