

Effective Onboarding As A Talent Management Tool For Employee Retention

Divya Joseph, Ph.D. Research Scholar
Department of Commerce & Management Studies
Andhra University, Visakhapatnam, 530003

Dr.M Sandhya Sridevi, Professor
Department of Commerce & Management Studies
Andhra University, Visakhapatnam, 530003

Abstract

A research report by Aberdeen Group Research Co. says that - The relationship between the new employee and the manager is the determining factor in whether the new employee stays with an organization. Yet, most organizations are not making efforts to establish a precursory connection, or at least measure the outcomes of their targeted programs. The problem lies in overlooking of such an important and inevitable step that is an under-served niche and undermined because of its incorrectly assumed indirect impact on the fresh recruits. Many companies still tend to focus on archaic ways of dealing with talent. The overriding goal remains indoctrinating new employees into the organizational culture instead of integrating the disparate HR initiatives to synthesize a result driven retention policy, by giving weightage to every possible element of talent management.

Organizations are now increasingly waking up to this fact and focussing their attention not only on the best prevailing or imaginative hiring practices, but on retaining their talent pool through attraction rather than coercion and thereafter treasuring talent as a valued possession, which holds the key to competitive advantage and hence long term success. The first extensive exposure of a newcomer to an organization is the phase of 'onboarding', which determines whether the employee is convinced enough to stay put or not. A lot of companies have started paying attention to effective onboarding practices and that's why those bunch of companies remain to be the known existing successful talent management players in their respective industries. It seems that there is a pretty clear connection between successful onboarding and a successful employee. With this background, the paper presents the significance of the practice of onboarding. Authors reviewed vast existing literature on talent management, talent retention and concept of onboarding for the purpose of this article.

The article delves into the significance of onboarding and analyses its application. It reviews why onboarding must be introduced in all establishments for organisational socialisation of new employees. This paper looks into how Onboarding: The first line of engagement, serves as a critical instrument of talent management to retain newbies.

Keywords: Employee Retention, Onboarding, Organizational Socialization, Talent Management.

Introduction

In a world where more worldwide IP traffic is forecasted to traverse global networks than all prior “internet years” combined, we can imagine how change is hitting us faster than ever with respect to technology. This change is going beyond just technology, creating an unprecedented backdrop, invading into demographics, more geographically dispersed employee population, social vicissitudes etc. Amongst such marketplace dynamics, in spite of an overriding population surplus, a parameter that would remain constant is the pursuit for skilled manpower and talent.

The “war for talent” was officially launched in 1998 when McKinsey & Company, America's largest and most prestigious a-consulting firm, published their now-famous report proclaiming that “better talent is worth fighting for” (Chambers et al., 1998: 45). Their data came from a year-long study of 77 companies from a variety of industries and nearly 6000 managers and executives, supplemented by case studies of 20 companies widely regarded as being rich in talent. McKinsey's research concluded that the most important corporate resource over the next 20 years would be smart, sophisticated business people who are technologically literate, globally astute, and operationally agile. According to McKinsey, talent is ... “the sum of a person's abilities... his or her intrinsic gifts, skills, knowledge, experience, intelligence, judgment, attitude, character and drive. It also includes his or her ability to learn and grow” (Michaels et al., 2001: xii). For McKinsey, talent refers to “the best and the brightest” and many organizations adopted the term to refer to their “A Level” employees who rank in the top 10 to 20%. In the popular book, *Topgrading*, Bradford Smart (2005: xviii) defines talent as “A players [that] are the top 10% of talent available in all salary levels, best of class.” Robertson and Abbey also focus on the best and the brightest, in *Managing Talented People* (2003). They describe an elite group of high-impact, but high-maintenance individuals who can deal with more complexity but are more complex in themselves.

In 2000, McKinsey updated their study, finding that 89% of respondents thought that it was even more difficult to attract talented people than 3 years before — 90% believed it was more difficult to retain them. They also found companies doing the best job of managing their talent were delivering far better results for shareholders with “A players” — the top 20% or so of managers — raising operational productivity, profit and sales revenue much more than average performers (Axelrod et al., 2001)

A 2013 research report by global management consulting firm Hay Group predicted that globally, employee turnover will see its sharpest increase in 2014. By 2018, around the world 49 million more employees will be heading out the door than in 2013. Katie Bardaro, lead economist at PayScale, Inc. says that “Gen Y essentially doesn't have the same feelings toward employers like their parents did. Overall, employee loyalty is not what it used to be. Numerous studies have put employee loyalty to companies at an all-time low. In this environment, companies will need to evaluate what causes employees to leave and improve their retention policies.”

That explains why onboarding remains as a great whiteboard yet to be effectually designed within majority of organizations because it goes way beyond simple induction programs highlighting the company's achievements and broad explanation of job responsibilities. With the current changes in the employment landscape, companies now need to restructure their onboarding programs to compete to

retain their best talent, and get rid of the obsolete archaic ways of the past. This is an imperative prerequisite as it ultimately depicts how a company values the people function and reflects the mission and the culture of the organization. More importantly it has a significant role to play in the long term success of an organization through talent retention.

Human capital has evolved to become a critical tangible of this era, shifting the focus to retention strategies in Talent Management. According to HCI (Human Capital Institute) an estimated 70% of new hires make the decision to stay at or leave an organization within their first six months. So the need of the hour is to develop and implement a customized, integrated and comprehensive Talent Management strategy incorporating the entire talent lifecycle from need identification to attraction, engagement, deployment and retention with a focus on their motivation by providing careers rather than mere jobs. Here, onboarding is an embodiment of attraction and engagement. Research has proved that when organizations have effective onboarding programs, the 3-year retention rates of employees jumps up by 58% which indicates that investing in effective onboarding is vital in gaining long-term commitment and pays dividends for years to come. Hence, onboarding has become a crucial strategic priority in new hire assimilation for a growing number of companies.

“If you treat an individual as if he were what he ought to be and could be, he will become what he ought to be and could be.”

- Johann Wolfgang Von Goethe

The term “Onboarding” refers to a structured framework of new hire assimilation focused on integrating and engaging new employees in the organization, of preparing them to succeed at their job and becoming productive members of the organization. This process goes way beyond a basic orientation that can be done in a few days. An onboarding program should aim to build loyalty, accelerate performance early on, and eventually improve overall retention and productivity.

LITERATURE REVIEW

A similar self-fulfilling dynamic operates at the organizational level: “...if you believe that only 10% or 20% of your people can ever be top performers, and use forced rankings to communicate such expectations in your company, then only those anointed few will probably achieve superior performance” (Pfeffer and Sutton, 2006: 96). Great systems are often more important than great people. People's performance depends on the resources they have to work with, including the help they get from colleagues and the infrastructure that supports their work.

Organizational socialization is the process of learning (Chao, O’Leary-Kelly, Wolf, Klein, & Gardner, 1994; Feldman, 1981; Ostroff & Kozlowski, 1992) through which newcomers move from being outsiders to becoming effective insiders (Bauer, Morrison, & Callister, 1998; Wanberg, 2012).

Organizations that accelerate the transition of newcomers into their new roles are at a competitive advantage, because they can start benefiting from the newly hired employees sooner. More than 80% of organizations participating in a recent Society for Human Resource Management (SHRM, 2011) survey stated that they had formal or informal programs in place for effective socialization of new employees.

Organizational approaches to newcomer socialization are thought to range between individualized socialization approaches, in which individuals are responsible for their own socialization and/or experience informal and unstructured approaches, and institutionalized socialization, in which the organization uses formal and structured procedures for socializing newcomers (Jones, 1986). The socialization literature proposed that because newcomers seek to reduce uncertainty and stress, they tend to conform to organizational expectations rather than to “rock the boat” (Van Maanen & Schein, 1979). Meta-analyses have shown that institutionalized approaches tend to result in greater role clarity and more positive job attitudes (Bauer, Bodner, Erdogan, Truxillo, & Tucker, 2007; Saks, Uggerslev, & Fassina, 2007)

Institutionalized tactics have important advantages for learning to adjust to a new role because the structured approach facilitates uncertainty reduction (Saks & Ashforth, 1997a). As previously noted, institutionalized tactics involve a specific time frame, order of learning events, and a cohort approach, which results in greater clarity and learning, thus reducing uncertainty. For example, in organizations where institutional approaches were used, newcomers’ values were more likely to change to be aligned with those of the organization, suggesting that newcomers were learning to be members of the specific organization (Cable & Parsons, 2001).

Many studies have shown that institutional approaches are positively related to role clarity (Bauer et al., 2007; Saks et al., 2007) and fitting with one’s job (Riordan, Weatherly, Vandenberg, & Self, 2001), suggesting that newcomers are also learning their role and job. Finally, Cooper-Thomas and Anderson (2002) have shown that institutional tactics are positively related to information acquisition in social, interpersonal, organization, and role domains

NEED OF ONBOARDING

There are several statistics that point to the necessities of an onboarding program. In their book *Successful Onboarding*, Mark Stein and Lilith Christiansen offer:

- Nearly 1/3 of people employed in their current job for less than 6 months are already job searching.
- Almost 1/3 of executives who join organizations as an external hire miss expectations in the first 2 years.
- With 10-15% annual attrition, companies turn over upwards of 60% of their entire talent base within 4 years.

Different researches have estimated that losing an employee can cost upto 20% to over 213% of the individual's annual salary. Again it involves the loss of all the time spent in training a newcomer. Where such employees were trained to work on specific projects, their departure puts the entire project team under the pressure of deadlines, with limited staff. The recruiting function of a lot of companies routinely places talent on-site with clients, which entails recruits as a part of the product for clients. This results in a direct link between recruitment and retention and the services that the organization provides—impelling the need of a process to identify and secure cultural and personality fit. The reputation of a business may be negatively impacted when an ex-employee talks adversely about his or her experience to professional colleagues, networks and friends. Last but not the least; high employee turnover always evokes unwanted ignominious perspectives about the company from other elements, adversely affecting their Brand image in the market with other consequences to follow.

Employee loyalty serves as a linchpin in a successful organization and this attribute needs to be fostered from the moment an employee decides to join a particular organization. The primary interface of newcomer and organization of substantial duration is that of onboarding. An effectual onboarding program goes beyond mere induction and encourages proactive efforts by the employee in building strong relationships that keeps them engaged and productive at work. Due to all this we are faced with a growing challenge of redesigning onboarding programs to ensure employee retention.

The drivers for early employee departure can be many, ranging from unclear job role, lack of affiliation with organization, feeling of dejection, lack of support or counseling, foreseeable lack of growth in organization etc. But a successful onboarding program features the potential solutions to all such problems reinforcing talent retention.

REINVENTING EMPLOYEE ONBOARDING

Every step in an onboarding program should be designed to focus on facilitating the new employee's ability to contribute to the organization. So, first and foremost, an employee needs to feel welcome, get acclimatised and have substantial comfort level in the new role. A suitable onboarding would reinforce an employee's decision to join the organization, encourage commitment and employee engagement and subsequently enhance his/her productivity. Following features compose an ideal onboarding program.

- Effort should be put in making an employee's first day at job a great one. An onboarding experience should exploit the excitement for the new job with introduction videos, tours, events, lunches with coworkers etc.
- The program should focus on familiarizing the new employee to the culture, team, work environment, policies and procedures in the organization.
- Logistics like allocating the basic minimum infrastructural provisions like office space, laptop or minimum equipment is a very rudimentary yet significant step in signaling how company values the employee.

- Administration should take care of some of the new hire paperwork drudgery that takes up the initial weeks' time on the job. Employees should be informed about work hours, overtime pay, contact numbers for the employees, etc.
- Orientation should include an entire introduction to the lay of the land, and not just the concerned department of the employee. An employee should know where he is working.
- Onboarding should include clear explanation of the function and success factors of the given role and help an Employee understand how and why their job is essential and where their role fits in the company's large-scale organizational goals.
- The program must provide comprehensible information on job expectations, job description, company's performance management and appraisal process.
- Keeping the employees role as focus, any required or optional training should be arranged for by the organization.
- Training should be an integral part of any successful onboarding program. Many companies skip giving any form of training in their onboarding process. The main function of an onboarding process is to teach new hires how to thrive in the company. Training should be imparted as a blend of modalities that will be more effective and engaging, like workshop, self-paced online Learning, simulations, etc.
- A mentor or a peer should be assigned to help the newbie get to know their colleagues and steer through the first couple months on the job. Research says that having a peer as a part of onboarding program increases 1st year retention.
- During onboarding, an employee must be integrated into the organization by his supervisor via Employee Development Planning and should be enlightened with a likely career path he/she shall have working with the organization. This encourages an employee to develop dedication and induces loyalty for the organization.
- Onboarding should communicate clear performance benchmarks and milestones to the employee. This way employeewill know how he/she will be judged and how they're doing in the organization. Simultaneously, employers will be able to judge employees' performances more concretely.
- Newcomers shouldn't be expected to downplay their own identities to accept an organization's identity, at least while they are at work. Subordinating one's identity and unique perspectives is psychologically depleting and hence uncalled for in the long run for either the organization or the individual. Moreover, newcomers actually may not internalize the organizational values even if they appear to comply through external behaviors. Instead of mere seeming portray of compliance to please their superiors, what managers need is employee engagement if they want employees to contribute on their own and in ways that are not programmed.
- Analysis must be done to ensure that the onboarding practices in a business are driving the required outcome. Sound recruitment and hiring practices ensure that a company has the right talent on board. So, formally measuring the productivity and success of new employees will specifically bring out the reason for the gaps in output. This may indicate some facet of an onboarding program that needs modification or rectification.
- Other than obtaining formalized feedback on the onboarding experience, timely and relevant feedback should be incorporated to see how new employee is fitting into the organization. This is crucial in ensuring that the employee has the the right training and development opportunities to match that feedback. Follow-ups are also needed to ensure smooth employee transition.
- Benchmarking should be done with other organizations to follow cutting-edge best practices but the organization specific needs should be catered for.

- There should be increased departmental accountability, involvement and support in an onboarding program than considering it as a mere HR function. Onboarding should be customized by managers to make it specific to their team or respective department. This may call for more detailed and extensive explanation about their role, performance expectations, immediate co-workers or the tools they will use to do their jobs.
- Technology should be used as a referral tool in onboarding. It can be in the form of a website serving as a portal on information, as a resource center for employees, to keep content fresh and accessible to all participants, help manage new hires starting on different days, jump start newbie's awareness and knowledge of the organization etc. While onboarding isn't all about technology, taking advantage of technological tools can streamline the process and make it consistent across the organization.
- For ideal results, an onboarding program should continue go beyond the first week or month, for a period of 6-12 months, with continuous monitoring and sustainment activities involved.

EPILOGUE

The initial experiences of new employees have a direct impact on the productivity and profitability of an organization making onboarding a competitive necessity. But, onboarding doesn't confine its pursuance to first time recruits. When an ex-employee of a competitor joins an organization, he has high expectations that the culture and environment of the latter will be a step up from his former employer. The onboarding program makes or breaks that impression. By integrating onboarding with the company's talent management processes, and thus looking at the talent lifecycle in a holistic manner, organizations can better their performance. Therefore, onboarding can become a big driver for any organization's success by placing a focus on identifying and developing the key for an employee's engagement and loyalty.

Irrespective of the size of the organization, onboarding is a fundamental component of strategic talent management because the impact from a positive or negative onboarding experience reverberates throughout an employee's career, affecting retention, performance, and succession opportunities.

REFERENCES

“A New Report Ranks America's Biggest Companies Based On How Quickly Employees Jump Ship”.*Business InsiderIndia*. 26 July 2013. Retrieved 03 July 2015

Axelrod, B., Handfield-Jones, H., Welsh, T., 2001. War for talent, part two. *McKinsey Quarterly* 2, 9–11.

Bauer, T. N., Bodner, T., Erdogan, B., Truxillo, D. M., & Tucker, J. S. (2007). Newcomer adjustment during organizational socialization: A meta-analytic review of antecedents, outcomes, and methods. *Journal of Applied Psychology*, 92, 707-721.

Bauer, T. N., & Green, S. G. (1998). Testing the combined effects of newcomer information seeking and manager behavior on socialization. *Journal of Applied Psychology*, 83, 72-83.

Cable, D. M., & Parsons, C. K. (2001). Socialization tactics and person–organization fit. *Personnel Psychology*, 54, 1-23.

Chambers, E., Foulon, M., Handfield-Jones, H., Hankin, S., Michaels III, E., 1998. The war for talent. *The McKinsey Quarterly* 3, 44–57.

Chao, G. T., O’Leary-Kelly, A. M., Wolf, S., Klein, H. J., & Gardner, P. D. (1994). Organizational socialization: Its content and consequences. *Journal of Applied Psychology*, 79, 730-743

Cooper-Thomas, H., & Anderson, N. (2002). Newcomer adjustment: The relationship between organizational socialization tactics, information acquisition, and attitudes. *Journal of Occupational and Organizational Psychology*, 75, 423-437

Feldman, D. C. (1997). Socialization in an international context. *International Journal of Selection and Assessment*, 5, 1-8.

Jones, G. R. (1986). Socialization tactics, self-efficacy, and newcomers' adjustments to organizations. *Academy of Management Journal*, 29, 262-279.

Michaels, E., Handfield- Jones, H., Axelrod, B., 2001. *The war for talent*. Harvard Business School Press, Boston, MA.

Ostroff, C., & Kozlowski, S. W. J. (1992). Organizational socialization as a learning process: The role of information acquisition. *Personnel Psychology*, 45, 849-874.

Pfeffer, J., Sutton, R., 2006. *Hard facts, dangerous half-truths, and total nonsense: profiting from evidence-based management*. Harvard Business School Press, Boston, MA

Riordan, C. M., Weatherly, E. W., Vandenberg, R. J., & Self, R. M. (2001). The effects of pre-entry experiences and socialization tactics on newcomer attitudes and turnover. *Journal of Managerial Issues*, 13, 159-176.

Robertson, A., Abbey, G., 2003. *Managing talented people*. Momentum/Pearson Education, Essex. (June).

Saks, A. M., & Ashforth, B. E. (1997a). Organizational socialization: Making sense of the past and present as a prologue for the future. *Journal of Vocational Behavior*, 51, 234-279.

Saks, A. M., Uggerslev, K. L., & Fassina, N. E. (2007). Socialization tactics and newcomer adjustment: A meta-analytic review and test of a model. *Journal of Vocational Behavior*, 70, 413-446.

Smart, B., 2005. *Topgrading: How leading companies win by hiring, coaching, and keeping the best people*. Penguin Group, New York.

"The Talent Acquisition Lifecycle: From Sourcing to Onboarding" .Aberdeen Group.

Van Maanen, J., & Schein, E. H. (1979). Towards a theory of organizational socialization. *Research in Organizational Behavior*, 1, 209-264

Wanberg, C. (2012). *Oxford handbook of socialization*. New York, NY: Oxford University Press.

Websites:

www.convergedigest.com

<http://onboardingmargin.com/>

<http://clearpointco.com/working-ideas-blog/2013/01/26/the-real-costs-of-losing-an-employee-staffing-agencies-houston-tx/>

BIBLIOGRAPHY

Adkins CL (1995) Previous work experience and organizational socialization: A longitudinal examination. Acad. Management J.38 (3):839-862.

Angle HL, Perry JL (1981) An empirical assessment of organizational commitment and organizational effectiveness. Admin. Sci.Quart. 26(1):1-14

Baker EH, Feldman DC (1990) Strategies of organizational socialization and their impact on newcomer adjustment. J. Management Issues 2(2):198-212.

Bauer TN, Bodner T, Erdogan B, Truxillo DM, Tucker JS (2007)Newcomer adjustment during organizational socialization: A meta-analytic review of antecedents, outcomes, and methods.J. Appl. Psych. 92(3):707-721.

Davis RV, Lofquist LH (1984) A Psychological Theory of Work Adjustment (University of Minnesota Press, Minneapolis).

Dutton JE, Roberts LM, Bednar J (2010) Pathways for positive identity construction at work: Four types of positive identity and the building of social resources. Acad. Management Rev.35(2):265-293.

Griffeth RW, Horn PW (2001) Retaining Valued Employees (Sage, Thousand Oaks, CA).

Kramer M (2010) Organizational Socialization: Joining and Leaving Organizations (Polity Press, Cambridge, UK).

Michel AA (2007) A distributed cognition perspective on newcomers' change processes: The management of cognitive uncertainty in two investment banks. Admin. Sci. Quart. 52(4):507-557.

Morrison EW (2002) Newcomers' relationships: The role of social network ties during socialization. Acad. Management J.45(6):1149-1160.

Ostroff C, Kozlowski SWJ (1992) Organizational socialization as a learning process: The role of information acquisition. Personnel Psych. 45(4): 849-873.

Reichers AE (1987) An interactionist perspective on newcomer socialization rates. Acad. Management Rev. 12(2):278-287.

Vandenberg RJ, Seo JH (1992) Placing recruitment effectiveness into perspective: A cognitive explication of the job-choice and organizational entry period. Human Res. Management Rev.2(4):239-273.