Case 1

TeleSouth

Location: Birmingham

Employees: Approximately 400

Industry: Cellular and land-based telecommunications

*Background*

TeleSouth was established in Birmingham in March 2002 and began commercial operations in mid-2003.  TeleSouth operates a cellular telephone network based on digital technology in competition with Telecom Cellular and Telecom land-based systems.  The parent company is TeleSouth Corporation of Atlanta.  The company has grown rapidly since start-up and by mid-2006 employed 383 people, mostly at its prominently located Birmingham headquarters.  Further growth was planned to around 400 employees.

Like many start-up and Greenfield site companies, TeleSouth placed a great deal of emphasis on its recruitment and selection process.  Staff were recruited to a number of different functions - sales, marketing, information technology, finance, engineering, customer services, human resources, and legal.  Recruitment was rapid; 227 people were recruited during 2005.  Sixty per cent of those recruited were aged under 30 and for many of them TeleSouth was their first employer.  The average length of service of the whole work force is less than two years.  Fifty-five per cent of employees are female and the proportion of female mangers is 43 per cent.

*Approach to HRM*

The following is a summary of the company's approach in the HRM areas shown.

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| --- | --- | --- |
| Recruitment/Selection  | Induction/Orientation  | Socialization  |
|  Company's public image  Job advertisement  Word of mouth  Telephone interview  Observations in reception  1st and 2nd interview  Psychological assessment  Medical  Verbal references  Verbal offer  |  Formal orientation course  First days on job -- Mechanics/ housekeeping, desk, phone, introduction to department  |  Integration into work group  Assimilation into culture of department/organization  Development of task skills  Understanding of role/ responsibilities and fit   with organization goals  Career anchor  Organizational loyalty    |

*The Selection Process*

TeleSouth had no difficulty in attracting a large number of applicants for the vacancies.  It had a progressive dynamic image and was in a leading new product market area.  As the company was growing rapidly, management structures were loose.  TeleSouth therefore sought employees who did not require detailed day-to-day supervision, but who would be able to work in an uncertain, ambiguous fluid environment.  In the selection process the employee characteristics being sought included intelligence, flexibility and energy.

Survey work done by the company revealed that employees had a high regard for the selection process. Through it they were made to feel special individuals on whom a lot of time and effort was being expended.  Coming through the extensive rigorous process successfully, confirmed them as special people coming to work for a special company.  The formal two-day orientation course also treated new employees as special people.  However, in the socialization phase employees reported that they received much less individual attention and support and had the sense of being thrown in at the deep end.  They felt that their managers were so busy doing their jobs that they could not deal with the individual concerns of the new employees.

*Results*

TeleSouth found that despite their carefully structured recruitment and selection process, their well organized and presented orientation course, and their attempts at socialization, they suffered what they considered a rather high turnover rate.  Moreover, analysis of turnover revealed that it was rising and that it particularly applied to people who had only been in the company a short time.  Nearly a quarter of the turnover was in the first six months and 50 per cent in the first year.  People who stayed beyond those early months tended to fulfill two years' service before there was another peak of turnover.  Analysis of reasons for leaving revealed that the main reasons were for career advancement, to travel and work elsewhere, for a complete career change, and because of dissatisfaction with the job role.  Career advancement was not for higher pay for the same job, but to move on to a similar job at a higher level.  TeleSouth employees were highly regarded in the labor market.  Mobility and travel was seen as an almost inevitable part of the lifestyle of younger employees seeking to experience a bit more of the country.  The reasons for career change were varied, but such changes could suggest a lack of good fit in the first place.  Dissatisfaction with their role meant that the actual job did not turn out as the employees expected.  More conventional reasons for leaving, such as dissatisfaction with pay, family, or dismissal, were not significant in this case.

The Human Resource Manager was rather concerned with these findings.  It was estimated that, at a minimum, the combined direct and indirect cost of this turnover was $20,000 per person.