

LAB University of Applied Sciences

Business Administration

International Business

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**Recruitment of the suitable administrative personnel
for the company X.**

Thesis 2020

Author: Antipina, Ekaterina	Type of publication: Bachelor's Thesis	Published: Autumn 2020
	Number of pages: 50	
Title of publication: Recruitment of the efficient administrative personnel for the company X.		
Name of degree: Business Administration, International Business		
<p>Abstract</p> <p>The goal of the research paper is to complete a requested task from the managers of the case company X. The issues covered in the paper are related to turnover of the administrative staff, retention of the employees and the recruitment process. The aim of the research is to answer questions about the improvement of the company's processes related to the human resource management.</p> <p>The structure of the thesis is the following:</p> <ol style="list-style-type: none"> 1) Introduction, 2) Theoretical aspects of the stated issues, 3) Methodology, 4) Results of the empirical data collection, 5) Suggestions on the improvements of the situation for the given period of time. <p>The methodology for collecting the primary data is questionnaires, personal interviews; the secondary data has been researched through the special literature and other sources.</p> <p>The results of the research include the description of the employees' experiences, suggestions and desires. In addition, the results contain possible solutions for improving the company's retention rate and recruitment processes.</p>		
Keywords: Recruitment, Retention, Turnover		

Table of contents

Table of contents	2
1 Introduction	4
1.1 The topic	4
1.2 About the company	4
1.4 Background, aim, motivation of the study	4
1.5 Research questions	5
1.6 Theoretical framework	6
1.7 Resources used	7
1.8 Delimitations of the study	7
2 Theory and practice	7
2.1 Attraction-Selection-Attrition	8
2.2 Recruitment basics	8
2.3 High volume recruitment in Russia	8
2.4 Turnover basics	11
2.4.1 Early turnover	12
2.4.1 Drawbacks of high turnover	12
2.4.2 Costs of a turnover: version 1	13
2.4.4 Costs of turnover: version 2	14
2.4.5 Costs of turnover: conclusion	18
2.5 Retention basics	19
2.5.1 What factors affect personnel retention?	19
2.5.2 A Culture of Commitment	20
2.6 Conclusion for the theoretical aspects	21
3 Methodology	22
3.1 Timetable	22
3.2 The administrator is responsible for the service	23
3.2.1 Job description of an administrator	23
3.2.2 Job requirements	23
3.2.3 Key performance indicators for the administrators	24
3.2.4 Salary of the administrators	24
3.2.5 Selection process for the administrators	25
4 Conducting the research among administrative staff	26
4.1 Practical details of the interviews	26
4.1.1 Questionnaire	26
4.1.2 Personal interviews	27
4.2 How do the resigned administrators explain their choice?	28
4.3 Questionnaire for administrators who quit their job within the first five months	29
	2

4.4 What do experienced administrators think about their job experience?	31
4.4.1 Questions for the personal interview with the experienced administrators	31
4.4.2 Results of the interviews with experienced administrators	31
4.4.3 Statistical data of the interviews with experienced administrators	33
4.5 Interview with the Head Manager of Customer Service	37
4.5.1 Questions for the interview with the Head Manager of Customer Service	37
4.5.2 Quotes from the interview with the Head Manager of Customer Service	37
5 Results	38
5.1 The turnover of the administrators	38
5.1.1 How big is the turnover?	40
5.1.2 Is the turnover rate in the case company as high as it seems?	40
5.2 What can be done in order to improve the administrators' experience?	42
5.3 Problematic issues, according to the employees	43
5.4 Retention rate	44
5.5 Conclusion	45
6 Conclusion	45
References	47

1 Introduction

“An organization is a reflection of its people and the success of the organization depends on the quality of the talent employed by the organization.” (Goldstein, Harold W. 2017, p. 4).

The human resource is the most precious resource there is. If there are no people doing the job, the point of the business is lost. A human force, a human mind, a human soul is what makes the progress of the modern world possible.

This study is dedicated to the analysis of the retention and turnover of the administrative personnel in the case company. Plenty of various topics are covered in this research: why do employees leave? why do employees stay? how to improve the employees' job experience? All of these questions are vital not only for the particular company, a subject of the research, but also for all kinds of businesses.

1.1 The topic

The topic of the thesis is *Recruitment of the suitable administrative personnel in company X*.

1.2 About the company

The research is made for a company working in the beauty industry. The company X is a Russian chain of nail salons. The company's operations are spread in Saint Petersburg as well as in several other Russian cities. The first nail salon was opened in Saint Petersburg in 2014, and since then, there have been over 40 salons opened.

A regular nail salon offers different varieties of manicure, pedicure and nail art. The number of clients who can be serviced simultaneously can vary from 10 to 25 people. The prices for the manicure and nail design vary from 1400 rubles to 3000 rubles.

The personnel of a single nail salon consist of one manager of the salon, 10 to 30 manicurists and pedicurists, 4 to 6 administrators and 2 cleaning persons.

1.4 Background, aim, motivation of the study

The request for the analysis of the recruitment and training process, and the turnover of the administrative employees came from the Head of Human Resource department and the Head Manager of Customer Service.

From November 2018 to November 2019, I used to be an acting HR manager in the company. I was assigned to recruit the administrators in April 2019. Before that, for four months (December 2018-March 2019), the company did not have resources to set an individual HR manager who would be hiring the administrators. As a result, the managers of the nail salons were responsible for completing their own staffing requirement. However, after four months, this system has shown too many weak sides. The managers did not have enough skills and, most importantly, time to do the recruiting job. Therefore, both the quality and the quantity of the hired administrators appeared to be unsatisfactory. A constant loss of the administrative employees became critical in March 2019. As a result of repetitive talents' quit, the company faced a number of problems related to the quality of service, a company image on a labor market, and high recruitment and training costs.

After I was engaged in the responsibilities of the recruitment of the administrators, one of the top managers of the company, the Head Manager of Customer Service, felt the need to make a thorough research on the several topics I am covering in the study.

The suggested research points were the following:

- Why do employees leave the company within the first five months?
- What can be done in order to improve the turnover?
- How can the company recruit the employees who would stay for longer than seven months and who would show great performance?

The final research questions are stated in the next chapter.

1.5 Research questions

There are administrators in the nail salons who do their job successfully, have high service rates and stay in the company for more than seven months. At the same time, a big number of administrators leave the job within the first five months. The goal of the Human Resource department and the Head Manager of Customer Service is to recruit efficient employees who would perform well and stay in the company for longer

than a year. In order to achieve this goal, the following questions are needed to be answered:

- 1) What factors affect personnel retention rate?
- 2) Why does a certain percentage of the administrators leave the place within the first few weeks every month?
- 3) How to find the best candidates for the position of administrators who will stay in the company for longer than seven months?
- 4) How to find employees who would be successful at their job?

1.6 Theoretical framework

Concluding from the aforementioned research questions, the three basic concepts could be displayed in the theoretical framework: 1) recruitment, 2) turnover, 3) retention.

- 1) **Recruitment** is the process of searching for applicants for job openings, from among whom the right candidates will be selected (Łącka-Badura 2015, p. 2).

Another, perhaps more elaborative definition, is that recruitment *“is the process of finding and attracting capable applicants for employment. The process begins when new recruits are sought and ends when applications are submitted. The result is a pool of applicants from which new employees are selected”* (Aswathappa 2007). (Łącka-Badura 2015, p. 2).

The recruitment can be executed internally, from the current employees, and externally, from the outside candidates (Łącka-Badura 2015). In case of the company X, all the recruitment for the administrative positions is done using the external resources.

- 2) **Employee turnover** “refers to the percentage of employees leaving the organization for whatever reason(s).” Turnover rate refers to the rate of individuals leaving (Phillips and Connell 2011, p. 3).

The theory and practice prove that a high turnover rate might negatively result a company’s operations including high financial costs, productivity losses and workflow interruptions, job satisfaction of remaining employees, etc. (Phillips and Connell 2011, p. 6).

- 3) **Retention** is “a function of the HR department tasked with reducing the number of employees leaving the company by improving key processes and conditions.

The ultimate aim is happier, loyal employees that actively want to remain with the company” (HR Zone 2020).

Why is retention important? When considering whether to retain the current employees, it is important to take in notice the cost and difficulty of finding a replacement and, of course, the value of the employee’s contribution. (Branham 2000, p. 16).

1.7 Resources used

The most commonly used resources covering the issues of recruitment, turnover and retention in the research are the following works:

- Arthur, D. (2001) *The Employee Recruitment and Retention Handbook*,
- Phillips, Jack J. and Connell, Adele O. (2011) *Managing Employee Retention: A Strategic Accountability Approach*,
- Branham, F. Leigh (2000) *Keeping the People Who Keep You in Business: Twenty Four Ways to Hang on to Your Most Valuable Talent*,
- O’Meara, Bernard and Petzall, Stanley (2013) *Handbook of Strategic Recruitment and Selection: A Systems Approach*.

1.8 Delimitations of the study

The research paper obtains certain delimitations. The research covers the case of the company X. The questions required to be answered are related to the issues of recruitment and retention of the administrators. In order to do the research within the company, it was decided to use the forms of questionnaires and personal interviews. As long as it would be unrealistic to plan conducting the empirical research among all the employees of the company (more than 1500 people), it was decided to narrow down the communication with the respondents to 12 former administrators, 5 current administrators and the Head Manager of Customer Service, as she is one of the most interested parties. The time of the research covers the period from April 2019 to November 2019.

2 Theory and practice

The goal of this chapter is to provide a scientific point of view on the discussed issues. The theoretical knowledge on recruitment, turnover and retention should be useful for

creating solutions for the stated issues: problematic retention and turnover rates; finding suitable administrative employees.

2.1 Attraction-Selection-Attrition

In order to get a better understanding of the process of recruitment and retention, it is required to designate the stages of how people become part of an organization. According to Shneider's theory of Attraction-Selection-Attrition (Goldstein, Harold W., et al 2017, p. 4), there are three main forces that make people a part of the company. The first one, Attraction, describes a process of a person choosing a place to work; "individuals only select certain organizations to which they apply for employment" (Goldstein, Harold W., et al 2017, p. 4). The second, Selection, refers to a process of an organization selecting a suitable match for them according to internal criteria. The third force is Attrition, which means that "an organization will retain people who are congruent with its characteristics" (Goldstein, Harold W., et al 2017, p. 4). This model could be helpful to all the stakeholders working with the personnel:

- HR managers: selecting the candidates on the first round,
- training administrators: responsible for the training and adaptation periods.
- salon managers: selecting the candidates on the second round; responsible for the training and adaptation periods; responsible for the overall job experience.

2.2 Recruitment basics

As it is stated in Business Dictionary (2020),

Recruitment is the process of finding and hiring the best-qualified candidate (from within or outside of an organization) for a job opening, in a timely and cost effective manner. The recruitment process includes analyzing the requirements of a job, attracting employees to that job, screening and selecting applicants, hiring, and integrating the new employee to the organization (Business Dictionary 2020).

Another similar term for recruitment would be "staffing". Staffing can be seen as the process by which individuals and organizations become matched to each other. The outcome of this is an employment relationship. (O'Meara and Petzall 2013, p. 5).

2.3 High volume recruitment in Russia

Based on the researcher's personal experience, the high-volume recruitment in Russia consists of several steps:

High-volume recruiting is a process that involves hiring a high number of employees in a short amount of time (Erica 2018).

- 1) **Analyzing the requirements of the job.** The internal client, usually, the manager of the entity where the employees are needed, describes the image of a desired employee. The recruiter combines the requirements from the client and the position objectives (schedule, salary, selection process, etc.) and creates a job description.
- 2) **Publishing the information about the vacancy.** After the job description is completed, the description of the vacancy is created. Creating a job advertisement is a sensitive matter which is seen as one of the most important phases of the attraction of the candidates. Job advertisement, according to Brown and Swain (2004) is “placing press, online or other media advertising to attract potential candidates to respond” (Łącka-Badura 2015, p. 4). As Cooper at al. (2003) states, “the content of job adverts is probably the most important determinant of their success in attracting well-matched candidates” (Łącka-Badura 2015, p. 6). All of the vacancies in the company X are published online. The following job websites are used: hh.ru, worki.ru, rabota.ru, avito.ru. The content of the job advertisement can vary depending on what kind of features a certain job service offers to companies. Speaking about the basic-level vacancies, it would be definitely appropriate to use photos, pictures, emojis or informal language.
- 3) **Selection, stage 1.** A recruiter is required to select the most suitable candidates based on the client’s request. When searching for the resumes on the websites, or screening the candidates’ responses to the published vacancy, a recruiter cancels out the obviously irrelevant ones, for example, basing on age, work experience, candidate’s salary and schedule expectations.
- 4) **Selection, stage 2.** After a certain number of CV’s or resumes are selected, a recruiter contacts the candidates or receives their calls or texts. The goal of this particular stage is to briefly screen the candidate in order to understand how well they fit in. Usually this stage is done on the phone. Judging from the researcher’s experience, it is crucial to cover the basic areas of company’s interest: background, motivation, expectations, personal features. The examples of the questions that might be asked during the conversation:
 - What is your job experience?
 - Where did you study? Why did you choose your degree?
 - Why did you leave the last place of work?

- Why did you consider applying for the position?
- What are the most important aspects of the job that you pay attention to: schedule, salary, closeness to home, etc.?
- What are your nearest career goals?

5) Selection, stage 3. If a candidate successfully passes the stage 2, a recruiter continues the process with the second interview. Generally, the second interview is done by the client who requested a new employee. In most cases, the interview is done in person at the potential workspace in order to 1) meet a potential employee, 2) show a potential workplace. The personal interview is usually broader and can include various questions devoted to getting to know a person's motivation and ambitions, figure out possible risks and establish a stronger connection with the company brand.

6) Signing a service agreement with a suitable candidate. While recruiting in high volumes, the client rarely takes time to conduct several personal interviews and select the best candidate. As long as the positions which are reviewed in this paper do not require a special education, skills or experience, it is usually easier to make a choice. After the personal interview, the client informs the recruiter about their decision on a particular candidate. In case the client is ready to accept the candidate as an employee, the recruiter contacts the candidate and offers them a position. If a person is ready to start working, the recruiter invites the candidates to the office to sign a service agreement or a labor contract. It is vital for a recruiter to make sure the candidate understands the details of the offer and is able to start the training. After the contract is signed, the recruiter contacts the particular workplace or department where the candidate is accepted, to inform the client and managers that the candidate is ready to start the training.

7) Training. The training is usually a required part of lower level positions as the candidates seldom have the needed experience. Depending on the company and the position, a person responsible for leading the training is either the manager or a special employee whose duties also include training of new employees. Usually the training lasts from several hours to several days. In most cases, the training has a designated schedule, key performance indicators, and it ends with some sort of evaluation, for example, an exam or a

test. After the training is completed at a decent level, a new employee starts their responsibilities in a normal mode.

As it can be seen from the described process, the recruitment part of the interaction with candidates and employees is vital for a company. At this stage, the future of the company shapes.

2.4 Turnover basics

According to the definition by Cambridge Dictionary (Cambridge University Press 2020), employee turnover is “the rate at which employees leave the company and are replaced by new employees”. “Turnover”, as Jack J. Phillips and Adele O. Connell (2011) state, “refers to the percentage of employees leaving the organization for whatever reason(s).”

The internal reasons for turnover are the following:

- Lack of company loyalty.
- Desire for challenging and useful work.
- Need for autonomy, flexibility, and independence.
- Need for performance-based rewards.
- Need for recognition for participation, accomplishments, and contributions.
- Desire for all types of benefits.
- Need to learn new skills.
- Career growth in all directions.
- Desire to be on the leading edge.
- Desire for competitive compensation.
- Need for a caring, supportive environment.
- Need for work/life balance (Phillips and Connell 2011, pp. 10-12).

Although the reasons why employees choose to change the workplace may seem reasonable and relatable to some extent, it is a common misconception that high turnover rate is normal and acceptable. Despite the fact that high turnover brings financial loss and loss of expertise (Phillips and Connell 2011, pp. 4-6), it is also surrounded by various myths. As an example, the misconception which is commonly met in big chain beauty services industries is that high turnover rates are accepted as an industry problem. For example, the retail sales industry has an average turnover rate of 130 percent, and fast food an even higher one. It is a serious mistake to accept

a high turnover, believing nothing can be done about it (Goldwasser, 2000). (Phillips and Connell 2011, p. 13.)

Using the theory of Phillips and Connell (2011), it is easy to determine the parties who are responsible for a certain reason behind a turnover.

- 1) Improper selection system is the area of responsibility of an HR manager and a salon manager.
- 2) Ineffective orientation system side belongs to a salon manager and a training administrator.
- 3) Inadequate socialization process of adaptation also lays on a salon manager and a training administrator.

Combining this finding with the theory of Attraction-Selection-Attrition, it can be clearly seen that these three steps are the most crucial on the company's way to developing a perfect employee.

2.4.1 Early turnover

"Early turnover is often a function of improper selection systems, ineffective orientation systems, and inadequate socialization processes to adapt the employee to the organization". (Phillips and Connell 2011, p. 44).

Although, according to Phillips and Connell (2011), the early turnover for entry-level unskilled employees is considered to be 30 days, the internal employee development standards of the company X require a minimum five months practice in order to become a professional administrator. As the Head Manager of Customer Service says: "judging from a ten-year experience in various service companies related to the beauty industry, I can say that only after five or six months a person is fully independent and adapted to the job in customer service." That is why five months is used as a benchmark in the administrators' career path in the case company.

2.4.1 Drawbacks of high turnover

The fact of a high turnover itself is not necessarily a cause for a worry. The real issue comes as a consequence of the employees' quit. According to the book "Managing Employee Retention: A Strategic Accountability Approach" by Jack J. Phillips and Adele O. Connell, there are several negative sides of a high turnover. It is not possible to cover all the side effects of the turnover in this study; therefore, few main problems have been selected:

- High financial cost,
- Poor service quality. “Turnover of front-line employees is often regarded as the most serious threat to providing excellent external customer service (Phillips and Connell, 2002).”
- Loss of expertise,
- Loss of business opportunities,
- Job satisfaction of remaining employees,
- Image of the organization (Phillips and Connell 2011, pp. 4-6).

2.4.2 Costs of a turnover: version 1

As it was stated in Chapter 2, the first and the most important drawback of a turnover is high financial cost. The cost of a turnover is calculated by the formula below.

1. Annual wage: _____ × .25 = _____
2. Annual wage: _____ × .30 = _____ × .25 = _____
3. Total turnover cost per employee (add Lines 1 and 2): _____
4. Total number of employees who left: _____
5. Total cost of turnover (multiply Lines 3 and 4): _____

Figure 1. The formula of calculating the cost of a turnover (Arthur 2001, p. 219)

In order to calculate an approximate yearly cost of a turnover, it is required to estimate an average yearly salary and the number of employees who left the company in the period of time from November 2018 to November 2019. Speaking of the number of employees who left the company, the average estimated number for the given period of time is 50 people. As for the salary, the basic salary before the bonuses is 19 980 rubles. Knowing that, it is possible to estimate costs of a turnover:

1. $19\,980 \times 12 = 239\,760 \times 0,25 = 59\,940$
2. $19\,980 \times 12 = 239\,760 \times 0,30 = 71\,928 \times 0,25 = 17\,982$
3. Total turnover cost per employee = 77 922

4. Total number of employees who left = 50 people
5. Total cost of turnover = 77 922 x 50 = 3 896 100 rubles a year.

Following the formula by Diane Arthur, the estimated total cost of turnover for the period from November 2018 to November 2019 is almost 3,9 million rubles. “Simply stated, high turnover represents financial loss.” (Arthur 2001, p. 220)

2.4.4 Costs of turnover: version 2

Another example of calculating the costs of the recruitment could be found in F. Leigh Branham’s book “Keeping the People Who Keep You in Business: Twenty Four Ways to Hang on to Your Most Valuable Talent”. The author suggests a more straightforward way of turnover costs’ estimation by calculating direct and indirect costs.

<i>TURNOVER COSTS</i>	<i>ACTUAL or ESTIMATED COSTS</i>
Direct Costs	
■ Recruitment Advertising	\$ _____
■ Agency/Search Fees	\$ _____
■ Internal Referral Bonus	\$ _____
■ Applicant Expenses	\$ _____
■ Relocation Expenses	\$ _____
■ Selection Testing	\$ _____
■ Medical Exam	\$ _____
■ Drug Screening	\$ _____
■ Background Check	\$ _____
■ Recruiter’s Expenses	\$ _____
Indirect Costs:	
■ Employment Office Overhead	\$ _____
■ Staff Salary and Benefits for Processing Time	\$ _____
■ Management Time	\$ _____
■ Direct Supervisor’s Time	\$ _____
■ Orientation Time	\$ _____
■ Training Time/Resources	\$ _____
■ Lost Opportunity Cost (Estimated)	\$ _____
■ Learning Curve Productivity Loss (Estimated)	\$ _____
■ Customer Service Disruption/Defections/Lost Business (Estimated)	\$ _____
TOTAL	\$ _____

Figure 2. Turnover costs (F. Leigh Branham 2000, p. 7)

In practice, it is highly unlikely to get an accurate turnover cost using this system, however, it is possible to calculate a rough estimation of what the turnover costs per person. The period of time taken for these calculations is five months, as this is the company X's term of an early turnover. The unaccessible indexes are marked as "not applicable" (N/A). The calculations below are made in rubles.

Turnover costs per person	Comments	Actual or estimated costs per month (₽)
Direct Costs		
Recruitment/Advertising	Monthly, the company spends around 150 000 rubles on maintaining the vacancy websites. Approximately, there are 150 vacancies published per month. A single publication costs 1000 rubles. As far as a vacancy for an administrator is usually multiplied on different websites, the cost for at least 10 various publications should be considered.	10 000 rubles
Agency/Search Fees		N/A
Internal Referral Bonus		N/A
Applicant Expenses		N/A
Relocation Expenses		N/A
Selection Testing		N/A
Medical Exam		N/A
Drug Screening		N/A
Background Check		N/A
Recruiter's Expenses	Average monthly salary for a recruiter working with administrative positions = 40 000 rubles. In general, they cover about 10	20 000 rubles

	administrative and 10 office positions monthly.	
Indirect Costs		
Employment Office Overhead		N/A
Staff Salary and Benefit for Processing Time	Average salary: 29 980 rubles/month.	29 980 rubles
Management Time		N/A
Direct Supervisor's Time	According to internal statistics, on average, a salon manager spends $\frac{1}{3}$ of their work time on interaction with the employees. A $\frac{1}{3}$ of an average salary divided by an average number of employees (21) →	3 968 rubles
Orientation Time		N/A
Training Time/Resources	A training administrator is paid per a training	5000 rubles
Lost Opportunity Cost		N/A
Learning Curve Productivity Loss		N/A
Customer Service Disruption	<ul style="list-style-type: none"> • According to the service contract signed with each administrator, a person is allowed to notify the manager about the quit three days prior to their leave. • The staffing requirement note takes place on the next day after an employee informs the manager about their quit. • On average, a search for a new employee takes five 	949 rubles per hour x 7 days (14 hours x 7) = 93 002 rubles

	<p>days.</p> <ul style="list-style-type: none"> • The interview and training processes take five days. • Therefore, a single salon works in a state of personnel shortage for seven days minimum. • A shortage of personnel can negatively influence the customers' satisfaction and the overall work of the salon. • The formula for calculating a customer service disruption is presented below (1) 	
TOTAL	161 950 rubles per person	

Table 1. Turnover costs per person: Direct and Indirect

(1) In order to calculate the cost for customer service disruption while the salon works without one administrator on site, the formula for calculating the cost of downtime can be used. Although this formula is created in the context of a web-service provided to clients. it is possible to apply it to the company itself. The calculations are made per hour.

Cost of Downtime (per hour) = Lost Revenue + Lost Productivity + Cost to recover + Cost of intangibles (i.e. reputation cost)

Figure 3. Cost of downtime (McCoy 2016)

1. *Lost Revenue*: used as a measure in part 4, Cost of intangibles.
2. *Lost Productivity*: hourly wage divided by two as one person does twice as much. Average hourly wage (bonuses included) = 166 rubles/hour. Lost productivity = **83 rubles**.
3. *Cost to recover*. It is possible to include to this index the sum of the direct and indirect costs spent on the search for the required employee per month:
 - recruitment websites: 10 000 rubles,
 - recruiter expenses: 40 000 rubles,
 - salon manager's time: 3 968 rubles,
 - a bonus for training costs: 5000 rubles.

The sum of the direct and indirect costs spent on the search for the required employee per month = 58 968 rubles. In order to get an hourly cost, this index should be divided by the number of hours per month, having in mind that all three parties taking part in the search and training of employees work 40 hours a week = $58\,968/160 = \sim\mathbf{386}$ rubles.

4. *Cost of intangibles (e.g. reputation) + Lost Revenue.* One of the most important performance indicators of the work of the salon is customer satisfaction rate. The scale is from 1, the lowest, to 5, the highest. The acceptable and average rate of customer satisfaction is 3.8. The rates below 3.0 are considered unacceptable. If one of the administrators is not present on shift, it may cause the delays in service, lack of attention to each client, unsolved issues and, as a result, a lower customer satisfaction rate. In 2018, the marketing department of company X collected data of the percentage of clients who never returned to the services within 6 months. Generally, the company loses around 20% of customers each month. Considering the average bill being 2000 rubles and the average number of customers in the salon 56 people per day, it could be estimated that each salon loses 672 000 rubles monthly. As the salon is opened for 420 hours monthly, the hourly cost of unsatisfied customers is **1600 rubles**. However, not all the customers who never come back to the salon have a reason to be unsatisfied with the customer. According to the survey by the marketing team in 2018, only 25% of customers are not happy with the provided service. It can be assumed that the percentage slightly increases when only one administrator is present on site, so the hourly loss for 25-30% unsatisfied customers who are never to return to the salon is **400-480 rubles** per hour.

Cost of customer service disruption (per hour) = Lost Productivity (83) + Cost to recover (386) + Cost of intangibles & Lost Revenue (480) = **949 rubles per hour**.

2.4.5 Costs of turnover: conclusion

Using two methods of calculating the costs of turnover, it can be clearly seen that the company's loss of each employee is a relatively huge number.

- Costs of turnover, version 1: Total turnover cost per employee = 77 922 rubles.

- Costs of turnover, version 2: Total turnover cost per employee = 161 950 rubles.

Although the difference between these methods is massive (84 028 rubles), it is understandable, as the first approach does not take into consideration various kinds of costs whereas the second approach arguably involves too many different aspects. Nevertheless, it is still definite that a certain percentage of these costs can be cut. That is why the higher management of the company X pays such a drastic attention to the turnover rate.

2.5 Retention basics

“Retention is the percentage of employees remaining in the organization”, state Phillips and Connell (2011). Another way to describe retention is to say that “employee retention refers to the various policies and practices which let the employees stick to an organization for a longer period of time” (Management Study Guide 2020). Without a doubt, it is crucial for a company to maintain employee retention on a decent level. “Becoming an employer-of-choice often involves the issue of acquiring the best talent for the organization, motivating employees to improve performance, keeping them satisfied and loyal, developing employees so they can grow and contribute skills, and ultimately retaining those employees (Fitz-enz, 2000)” (Phillips and Connell 2011, p. 3).

2.5.1 What factors affect personnel retention?

It is possible to distinguish several factors that directly or indirectly affect the retention of the personnel. The first group of factors can be characterized as tangible or monetary. The second group includes various intangible factors. According to O’Meara and Petzali (2013), one of the most basic ways to ensure high level of retention in the company is to provide for equity between employees and ensure salaries and wages remain competitive in the marketplace.

The **tangible factors** influencing personnel retention could be the following (Stone 2008):

- Provision of childcare centers and services, particularly valued by female employees with children.
- EAP (Employee Assistance Programs), which include counselling on drug and alcohol dependency, marital, family and financial problems.

- Preventive health programs, which emphasize physical fitness, stress reduction and weight loss as well as cessation of smoking.
- Flexible working hours;
- Plans to purchase company shares at a discount, profit-sharing.
- Income protection insurance.
- Study leave. (O'Meara and Petzali 2013, p. 87).

The intangible factors might include (Stone 2008):

- Alignment of strategy and internal staffing requirements.
- Development of employees who can be promoted, to provide an internal supply of talent to fill positions resulting from resignations, retirement and growth.
- Decreasing turnover.
- Tapping into employee potential — having specific career goals encourages employees to better use their abilities.
- Reducing hoarding — without career planning, selfish managers may hoard talented employees.
- Satisfying employee needs for esteem, recognition and growth
- Helping members of minority groups to prepare for more important jobs. (O'Meara and Petzali 2013, p. 88).

2.5.2 A Culture of Commitment

A culture of commitment is described as when the employees are committed to “creating so much value for customers that there will be plenty left over for employees and investors.” (Reichheld 1996). According to the author, in order to achieve a high retention rate, companies need to see their employees as assets which require investments. In this case, the employees feel their own value and do not desire to seek for other job opportunities. (Branham 2000, p. 25).

Branham (2000) suggests a checklist to determine if the company promotes a culture of commitment.

A Culture of Commitment:

- _____ Views employees as partners.
- _____ Recognizes the human needs of all employees.
- _____ Invests in people as the primary source of competitive advantage.
- _____ Communicates clear corporate mission, vision, strategy, goals, and objectives.
- _____ Commits to long-term strategy and the people needed to carry it out.
- _____ Reward system and management styles support the mission and strategy.
- _____ Focuses on “managing the performance contract,” not controlling the people.
- _____ Puts a premium on employee involvement in new ideas and innovation.
- _____ Focuses on results, not on who gets credit.
- _____ Trusts employees enough to delegate.
- _____ Tolerates “intelligent error” and experimentation.

Figure 4. A Culture of Commitment (Branham 2000, p. 26)

This method might help a company to define areas for improvement and find ways to build a strong collective. The benefit of the Culture of Commitment checklist by Branham (2000) is that, if a company is truly devoted to employees’ development, it can be applied basically to any position there is, from top managers to administrators of a nail salon.

2.6 Conclusion for the theoretical aspects

In the chapter devoted to theoretical aspects of the issues of recruitment, turnover and retention there were definitions, theories and scientific approaches covered. Thanks to the works by Branham (2000), Reichheld (1996), O’Meara and Petzali (2013) and others, the research questions requested by the researcher and the managers of the company X are becoming more coherent and explicit.

3 Methodology

The research paper combines both quantitative and qualitative approaches to the collected data. The preliminary data used in the thesis has been collected using the following methods:

- Questionnaire,
- Semi-structured personal interviews.

The format of questionnaire was chosen because it was required to interrogate a group of people. In order to get clearer and more precise answers, it was decided to use the questionnaire which would allow the respondents to quickly choose the answer and save time both for the interviewees and the researcher. In addition, it was crucial to involve a larger number of respondents, and it would not be harder to conduct personal interviews with each of them. The questionnaire contains ordinal scale questions (*“How satisfied were you with the job on the scale from 1 to 5, where 1 is not satisfied at all, and 5 is completely satisfied?”*) and open question (*“Name from 1 to 3 reasons why you decided to leave the company.”*). When analyzing and presenting the answers of the questionnaire, the frequency tables, the arithmetic means were used. To present the data, pie charts are demonstrated.

The interviews were chosen as a format of getting information from two groups of respondents: experienced administrators and the Head Manager of Customer Service. It was crucial to get explicit data from these two sources as they are providing the vital knowledge, experience and information needed in order to resolve the stated issues. The number of people taking part in the interviews appeared to be reasonable: 5 experienced administrators whose aim was to tell their job experience as retained employees, and the Head Manager of Customer Service who is a key figure in the research implementation. The interviews were semi-structured: while having prepared questions during the interview, most of the time the conversations were rather natural than formal. As a result, it was easier to get more required information. When analyzing and presenting the answers of the questionnaire, the frequency tables, the arithmetic means were used. To present the data, pie charts are demonstrated.

3.1 Timetable

The timetable of the research is the following:

1. September 2019: preparing the questionnaires and interviews, contacting potential respondents,
2. October-November 2019: collecting statistical and empirical data, conducting questionnaires and interviews,
3. November 2019-September 2020: analyzing the data, gathering theoretical data, combining the findings.

3.2 The administrator is responsible for the service

The main responsibility of the administrator is to provide the clients with a high level of service. The goal of the company is to make a client's visit to a nail salon a pleasant and comfortable experience, and the administrator is a key figure in that process.

3.2.1 Job description of an administrator

Responsibilities of the administrator in the nail salon:

- Provide a high level of service to the clients,
- Consult the clients about the prices, offers; provide with any necessary information,
- Coordinate the work of the manicurists,
- Inform the manicurists about an awaiting client,
- Schedule appointments for the clients,
- Calculate the final price for the manure and pedicure according to the price list,
- Receive the payments,
- Open and close the salon,
- Coordinate the work of the cleaning person.

3.2.2 Job requirements

Requirements for the administrator during the shift:

- Neat look, light make-up, fresh manicure,
- Dress code: black dress, tights, black shoes,
- Clear speech, positive attitude,
- Following the established customer service guidelines.

Requirements for a candidate for the position of administrator:

- Age: from 18 to 32 years,
- Work experience: none or any position related to the work with clients,
- Neat look, clear speech, positive attitude.

3.2.3 Key performance indicators for the administrators

There are two major key performance indicators used to evaluate the job of the administrators in the salon. The bonus payments of the administrators are based on the monthly results of the KPI's.

The first KPI is a *customer satisfaction rate*. This index is calculated as an average evaluation mark from all of the marks left by the customers through the link. The customer satisfaction survey consists of ten questions covering the main aspects of the manicurists' and the administrators' job. A customer is required to rate the statements from 1 to 5. The link with the survey is automatically received as SMS on the client's phone number.

The monthly average customer satisfaction mark of the salon more than 4 out of 5 is considered to be the highest performance rate. If the rate is from 3 to 3.9, it still counts as acceptable. The rates from 2.9 are a cause for a concern.

The second KPI is the *completion of the plan for the sales revenue*. A monthly sales revenue plan is created by the top management. A salon is required to complete the plan by a certain percentage in order to receive a bonus payment. The highest result is ranked from 90% and higher. The second place is a 70%-89% completion of the plan. If the plan is completed to a lower than 69% state, employees of a salon receive a warning.

3.2.4 Salary of the administrators

The salary of an administrator consists of two parts: firstly, the hourly wage-rate; secondly, the monthly bonus for executing the KPI (key performance indicators). For the period of time of the study, the hourly wage-rate is 111 rubles an hour. The key performance indicators include two parts: 1) customer satisfaction rate, 2) percentage of completing the requirements for the sales revenue. A layout of the administrator's salary is provided below.

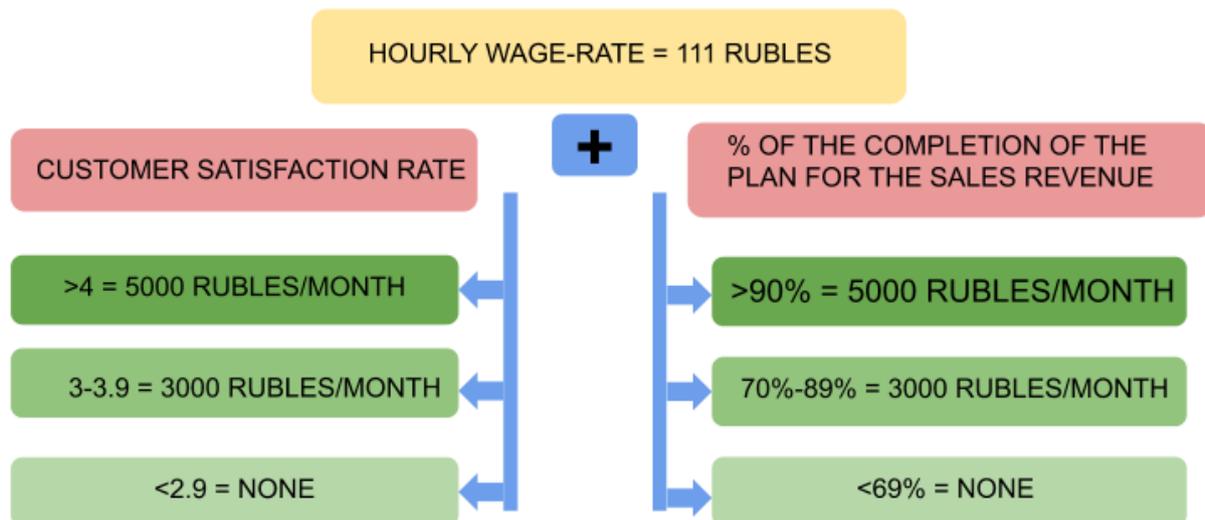


Figure 5. Salary of the administrators

Using the layout, the lowest and the highest possible monthly salaries can be calculated.

- The lowest salary only consists of the hourly wage-rate, no bonuses.
 $111 \text{ rubles/hour} \times 12\text{-hour shift} = 1332 \text{ rubles.}$
 The usual schedule of an administrator is 2/2: two work shifts are followed by two days off. Approximately, there are 15 shifts a month.
 $1332 \text{ rubles} \times 15 \text{ shifts} = \mathbf{19\ 980 \text{ rubles/month.}}$
- The highest salary consists of the hourly wage-rate and the highest bonuses for both KPI's.
 $19\ 980 \text{ rubles for the shifts} + 5000 \text{ rubles for the } >4 \text{ points customer satisfaction rate} + 5000 \text{ rubles for the } >90\% \text{ of the completion of the plan for the sales revenue} = \mathbf{29\ 980 \text{ rubles/month.}}$

3.2.5 Selection process for the administrators

As long as the study focuses on the recruitment process and retention of the administrators, it is crucial to describe the selection process of the candidates.

The selection process for the candidates who applied for the position of administrator consists of four major parts. The stages of the process and a staff member responsible for each stage are listed in Table 1.

Stage of the process	Responsible employees
Phone interview with the candidate	HR manager
Personal interview with the salon manager	HR manager; manager of the salon
4-day field training with an experienced administrator (training administrator)	Manager of the salon; training administrator
Exam	Manager of the salon; training administrator

Table 2. Stages of the recruitment process

4 Conducting the research among administrative staff

The most important aspect of the research was collecting the empirical data via questionnaires and personal interviews. As long as the research is made for a particular case, it is important not only to use theoretical knowledge but to make emphasis on people's personal experience.

4.1 Practical details of the interviews

This chapter provides information about handling the empirical data. The process and details about the questionnaire and personal interviews is described thoroughly.

4.1.1 Questionnaire

The aim of this part of the research was to collect the data about the reasons why the employees left the company within a short period of time and their overall experience at the workplace. For the first group of the respondents, 12 resigned administrators, the format of a questionnaire was used. The questionnaire contains an open question and seven ordinal scale questions. The full version of the questionnaire is presented in chapter 4.2.1.

As long as the company and the employees the research was made with are Russian, the original version of the questionnaire and the answers are in Russian. It was translated to English in order to include the conclusions and data to the research

paper. The questionnaires were handled in electronic format via Google Forms. When the respondents were designated, the link for the questionnaire was sent via messengers. The message to the respondents contained the purpose of the research, the deadline for the answers, the link to the questionnaire and contact details in case the help was needed. The answers should have been sent back to the researcher within 24 hours. Luckily, all twelve people who were contacted and offered the participation took time to answer and returned their responses. The questions were prepared mainly based on the book by Arthur, D. (2001) *The Employee Recruitment and Retention Handbook*.

4.1.2 Personal interviews

The personal interviews were held with the two groups of respondents: seven experienced administrators and the Head Manager of Customer Service.

- **Interviews with the experienced administrators.** The interviews were held in a semi-structured format. The information to collect was related to the issues of the respondent personal work experience, their comments on the operation processes. It was crucial to get the understanding of who the top KPI performers are; what (or who?) is placed behind the successful figures and results. The interviews were done in person in the salons and in the head office. On average, the interview took about 30-40 minutes. The conversations were recorded on the phone recorder and the results are presented anonymously. The questions for the interview were prepared based on various theoretical sources and the researcher's personal experience.
- **Interview with the Head Manager of Customer Service.** The interview was held in a semi-structured format. The Head Manager is the key figure of the research as she initiated the completion and she is one of the main stakeholders when it comes to customer service rates and, therefore, administrators' performance. The purpose of the interview was to show the top manager's point of view on the stated issues and gain the perspective of the vision she has for the company and employees in particular. The interview was done over the phone as the Head Manager left for vacation while the active part of the research was conducted. The conversation was recorded on the phone recorder. The results are interpreted in a format of quotes and a brief summary.

The questions for the interview were prepared based on various theoretical sources and the researcher's personal experience.

4.2 How do the resigned administrators explain their choice?

This paragraph contains the results of the questionnaire for the administrators who left the job within the first five months. According to the Head Manager of Customer Service, the period of the first five months is the most vulnerable time for the new administrator. "In order to become fluent in the language of customer service in the beauty industry, one has to constantly practice and improve the skills. If we are talking about an average administrator who does their job decently, it is required at least half a year to reach that level. Those people who leave the position earlier than five months most likely did not have a proper experience as an administrator.", says the Head Manager of Customer Service. Following her practice and experience, the period of five months has been chosen as a borderline for the second part of the empirical research.

The resource used for creating the questionnaire for administrators who quit their job within the first five months is The Employee Recruitment and Retention Handbook (Arthur 2001). According to the author, the reasons for high turnover are the following:

- Incompatible corporate culture,
- Feelings not being appreciated or valued,
- Not feeling part of the company,
- Not knowing how they are doing (review, coaching, results),
- Inadequate supervision,
- Lack of opportunity for growth,
- Lack of training,
- Unequal salaries and benefits,
- Lack of flexible work schedules,
- Unsatisfactory relationships at work,
- Too much work, not enough staff. (Arthur 2001, pp. 222-224)

The goal while creating the questionnaire was to introduce such reasons in form of the questions and use the theory in order to support the practical meaning. The former employees who worked in the company in the period from April 2019 to November

2019 were contacted and offered a participation in the survey. As a result, 12 former administrators who worked for the period of time from 1 to 5 months were engaged.

4.3 Questionnaire for administrators who quit their job within the first five months

1. Name from 1 to 3 reasons why you decided to leave the company.
2. How satisfied were you with the job on the scale from 1 to 5, where 1 is not satisfied at all, and 5 is completely satisfied?
3. How satisfied were you with the management style on the scale from 1 to 5, where 1 is not satisfied at all, and 5 is completely satisfied?
4. How satisfied were you with the pay on the scale from 1 to 5, where 1 is not satisfied at all, and 5 is completely satisfied?
5. How satisfied were you with the working schedule on the scale from 1 to 5, where 1 is not satisfied at all, and 5 is completely satisfied?
6. How satisfied were you with the following working conditions:
 - 1) availability of the required supplies,
 - 2) requirements for the physical appearance and uniform,
 - 3) amount and timing of breaks during the shift,
 - 4) physical load?
7. How satisfied were you with the relationships with the fellow employees?
8. How satisfied were you with the training preparing you for the job?

The results of the questionnaire for administrators who left the company within five months are the following. Based on the persons' answers, for the first question "Name from 1 to 3 reasons why you decided to leave the company", the four main reasons for leaving were finalized:

1. Working conditions,
2. Management style,
3. Salary,
4. Schedule.

Working conditions	Management style	Salary	Schedule	Not applicable (Other)
5	1	2	2	2

Table 3. The reasons for leaving the company

The results for the first question show that the working conditions is the most popular reason for exiting the job. The next questions of the survey help to analyse which working conditions are seen as the most unsatisfying.

For the next questions, the respondents were required to scale their satisfaction with the various sides of the working environment from 1 to 5, where 1 is not satisfied at all, and 5 is completely satisfied. As long as the aim of this research is to draw out the most problematic areas of the workflow of the administrators, the levels of satisfaction from 1 to 3, being the lowest ratings, were shown in the final results.

How satisfied were you with the job?	How satisfied were you with the management style?	How satisfied were you with the pay?	How satisfied were you with the working schedule?
scale 1-3: 8 out of 12 66%	scale 1-3: 7 out of 12 58%	scale 1-3: 9 out of 12 75%	scale 1-3: 10 out of 12 83%

Table 4, part 1. The lower levels of satisfaction with the job (indexes from 1 to 3)

Did you have enough supplies?	How satisfied were you with the requirements for the physical appearance?	How satisfied were you with the amount and timing of breaks?	How satisfied were you with the physical load?
scale 1-3: 2 out of 12 16%	scale 1-3: 4 out of 12 33%	scale 1-3: 7 out of 12 58%	scale 1-3: 12 out of 12 100%

Table 4, part 2. The lower levels of satisfaction with the job (indexes from 1 to 3)

How satisfied were you with the level of stress?	How satisfied were you with the relationships with the fellow employees?	How satisfied were you with the training you received?
scale 1-3: 9 out of 12 75%	scale 1-3: 6 out of 12 50%	scale 1-3: 7 out of 12 58%

Table 4, part 3. The lower levels of satisfaction with the job (indexes from 1 to 3)

Judging from the answers, the weakest points of the working conditions are 1) the physical load (100% of the respondents consider the physical load to be unsatisfying),

2) the working schedule (83% unsatisfied with the shifts), 3) the pay (75% unsatisfied with the level of payment), 4) the level of stress (75% of the respondents consider the level of stress unsatisfying).

4.4 What do experienced administrators think about their job experience?

In order to understand the strongest sides of the employee experience, it was necessary to hear the feedback of experienced administrators who have shown a high performance level.

4.4.1 Questions for the personal interview with the experienced administrators

1. What is your work background?
2. Why did you decide to apply for the job here?
3. What do you like about this job?
4. What would you change in your everyday process?
5. What were the best moments of your career in the company? What are you the proudest of?
6. Where do you see yourself in a year?

Five administrators who were currently working in the company for more than 7 months were interviewed. Three of them were engaged in a training process for the newcomers. Their responsibilities were welcoming the new administrators, supervising them through their first three days of the training, teaching all the necessary information and knowledge and preparing them for an entrance test. Two of the experienced administrators were not involved in the training process.

The list of the respondents:

- Employee A - 8 months, has been training the newcomers since August 2019,
- Employee B - 13 months, does not do the training,
- Employee C - 7 months, does not do the training
- Employee D - 16 months, has been training the newcomers since August 2019,
- Employee E - 1,5 years, has been training the newcomers since August 2019

4.4.2 Results of the interviews with experienced administrators

Employee A

After the interview I got a feeling that Employee A is satisfied with her job. She shows herself as a light-hearted, easy-going person who is not afraid of hard work. Although she came to the company for purely pragmatic reasons ("The first reason was the

closeness to home. ... Secondly, the 2/2 shifts allow me to plan my personal life more conveniently.”), she stayed for much more: “I like to think that me as a customer service provider contributes to the happiness of our clients.”

Employee B

Employee B has a background in a high-level management position but after having a child she had to take a job which would not require much responsibility over people. “To be honest, I am not a customer service person but a person can adjust to anything, if needed”, she says. When Employee B was asked a question about improvements on their everyday duties, she told that in her opinion, the main issue lays in the core of management system: the flow of information within the company is “too chaotic”, therefore, the employees in the salons do not get proper understanding of the situation in the company and their goals. “Sometimes it seems like the office staff has never even been to the salons”, she mentions.

Employee C

Employee C has reached her 7 months mark right before the day of the interview. She is a student in an online management school, so she was interested in the job of the administrator because it allows her to spend time on her studies. Employee C seems to be ambitious and highly motivated to get high results. In the months when the research was done, she was going for an interview to become a training employee. She explains that “having a raise not only benefits me financially, but also gives me an opportunity for professional and personal development.”

Employee D

Employee D is a former nail artist. She still works as a manicurist part-time but her main job is administering the salon. In fact, she has been employed in company X for almost three years but, at the moment of the interview, her experience as administrator started a year and four months ago. Employee D was one of the first who took the position of training administrators. Not only because she is the one of most experienced employees, but also due to high rates in customer service. “In future, I want an office job. Maybe I will take a position of Head Manager of Customer Service one day! I know what I am capable of, and I see the areas for development in our company’s operations”, she states.

Employee E

Employee E has been an administrator for a year and six months. Being the most experienced respondent, she has given a proper explanation for all of the issues that

has been raised during the interview. According to Employee E, one of the biggest problems in the company's operations is high turnover of the administrators. When she was asked what seemed to be a reason for that, she said that the company required a better training and adaptation system. "Sometimes I saw how a new administrator, who has only been employed for two days, already is given serious responsibilities such as designing a schedule or calculating the final price for a customer. In my view, this is unacceptable. Although the practice is the best teacher, if the company wants to have higher customer service rates, new employees need guidance on every step of their first months."

4.4.3 Statistical data of the interviews with experienced administrators

The goal of the interviews with the experienced administrators was to see if there are some certain patterns, backgrounds or a mindset that would unite the successful employees. Basically, the question is - is there "a type" of an administrator in the company X which the managers could apply to the candidates when conducting a selection part of the recruiting process? According to the collected data during the interviews, there are not so many similar patterns between the respondents. However, it is possible to track a few common features.

1. The previous background is different for almost all of five interviewees:

- Employee A: part-time hair-dresser,
- Employee B: former office employee, mother,
- Employee C: student in management field,
- Employee D: part-time nail artist,
- Employee E: a university graduate, no previous job experience.

The answers could be sorted into the following categories:

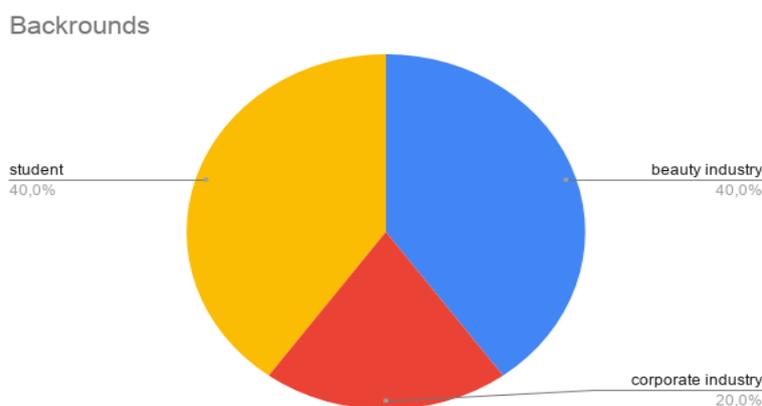


Figure 6. Background of the experienced administrators

2. However, the reasons for applying for the job showed some similarities:

- Employee A: location and work schedule,
- Employee B: work schedule and relatively easy duties,
- Employee C: work schedule,
- Employee D: career perspectives and ambitions,
- Employee E: interest in the field of nail art industry and customer service.

The categories for the reasons for applying are sorted in the way:

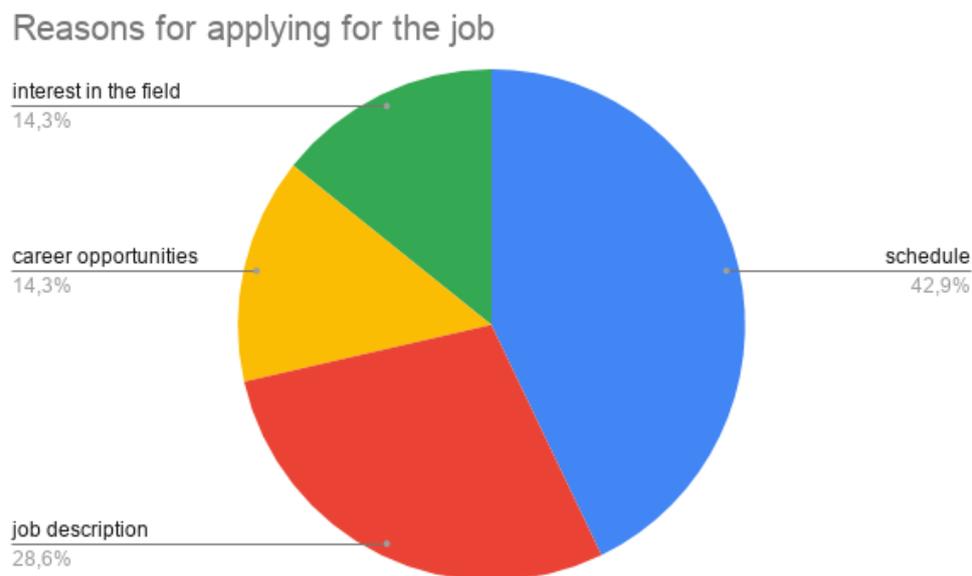


Figure 7. Reasons for applying for the job

3. When talking about positive personal experience at this job, everybody had their own realities:

- Employee A: customer's positive feedback, fellow employees, achievements on the training position,
- Employee B: stable job, knows what to expect, fellow employees,
- Employee C: career prospects, rewards from the salon manager, opportunity to learn and grow,
- Employee D: career prospects, work schedule (ability to combine with the position of a nail artist),
- Employee E: career prospects, fellow employees.

The categories for the positive aspects of the job:

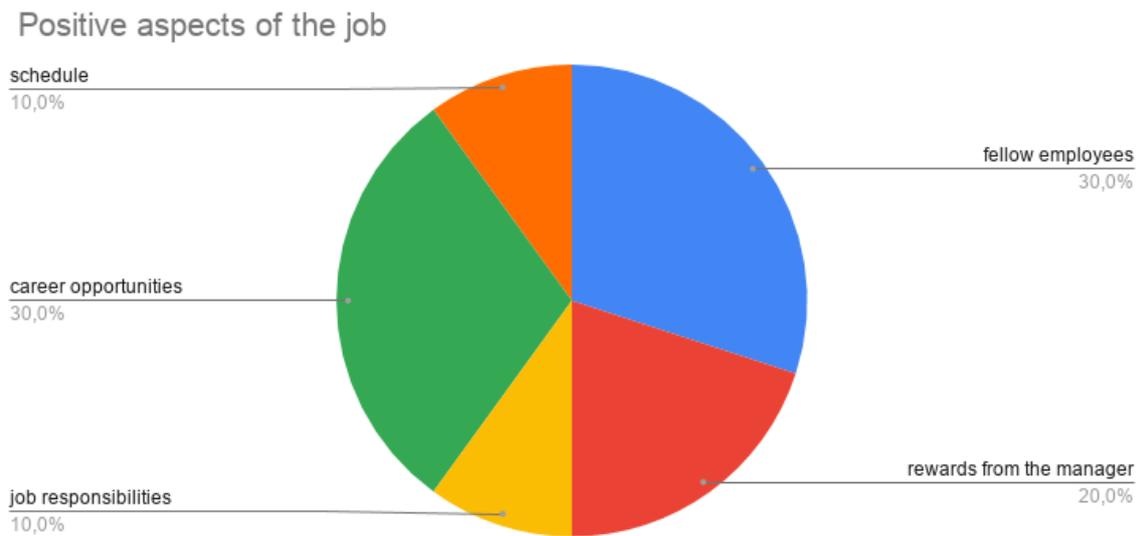


Figure 8. Positive aspects of the job

4. As for the possible changes and improvements in their everyday processes, the opinions were the following:

- Employee A: higher salary, extra payments for personal customer service/sales score, lack of necessary supplies,
- Employee B: “chaotic” management style within the company, lack of internal communication and clear goal setting,
- Employee C: higher salary, shorter working hours, paid transportation when working late,
- Employee D: improved training system, lack of communication within the company, lack of corporate events which would allow meeting people from different departments,
- Employee E: improved training system, lack of necessary supplies.

The suggestions for the improvements can be grouped as followed:

Areas for improvement

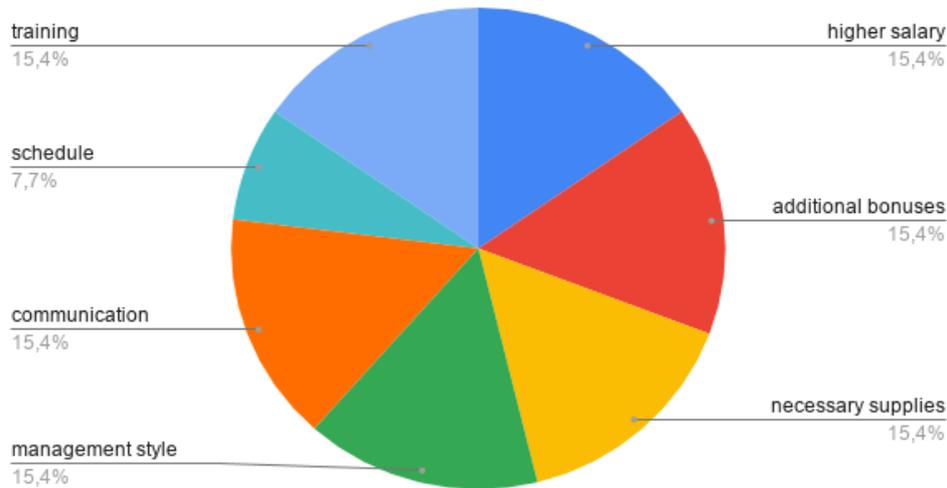


Figure 9. Areas for improvement

5. Speaking about the nearest future, most of the respondents agreed that career development is part of their plan:

- Employee A: take more shifts in order to get higher salary,
- Employee B: leave the company to focus on family,
- Employee C: making it to a training position and possibly applying for a salon manager position,
- Employee D: becoming an office employee in the field of customer service,
- Employee E: applying for a salon manager position.

Plans for the future are divided into:

Plans for the future

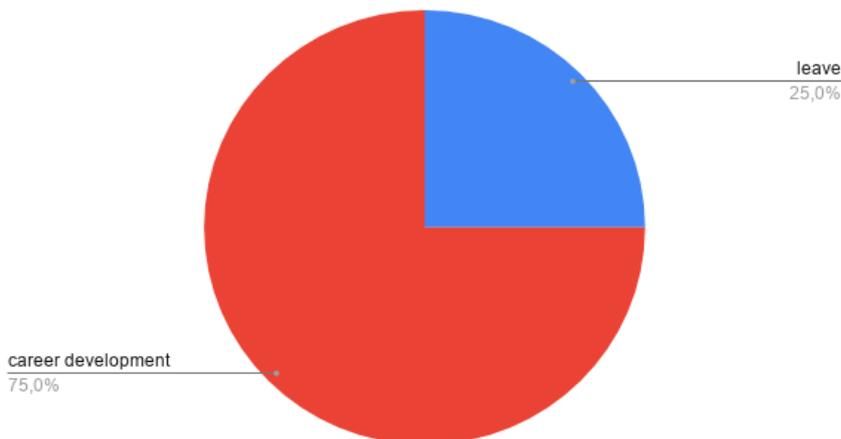


Figure 10. Plans for the future

4.5 Interview with the Head Manager of Customer Service

The results of the interview with the Head Manager of Customer Service are presented in the forms of quotations and paraphrases.

4.5.1 Questions for the interview with the Head Manager of Customer Service

- 1) What was your journey within the company?
- 2) For how long have you been working as the main person responsible for the customer service?
- 3) In your opinion, what is customer service and why is it important to maintain a high level of customer service?
- 4) What problems do you see regarding the position of an administrator?
- 5) What are the changes in customer service approach you are thinking of making in the next year?
- 6) What do you appreciate in the current situation with the level of customer service and the administrators' performance?
- 7) What is the vector of development the company is planning to implement regarding the positions of administrators and customer service performance indicators?

4.5.2 Quotes from the interview with the Head Manager of Customer Service

- “I grew up in the company professionally. For the last four years, I have been doing all the possible jobs from cleaning the first opened salon in 2014 to taking part in the meeting of shareholders.”
- “I was put in charge of the customer service for the company which employs 1500 people and counting because I know how to make the customer happy. I realize that I might have a natural gift for it but, at the same time, I believe that a decent attitude and basic techniques can be learned. My goal is to teach every single employee how to smile in such a way, so the customer would book the appointments for the next 6 months.”
- “The main goal for the customer returning is money, for sure. The sense of victory and satisfaction comes second but definitely not the last.”
- “While creating KPI's for the administrators, I thought that tangible motivation in a form of monthly bonuses would be a great desire and a motivation.

However, it seems like the employees are not mostly motivated with money but rather with intangible rewards.”

- “In my opinion, my personal experience with the clients might be not correct enough already as I rarely take part in everyday salon activities. However, I monitor the performance reviews, and the statistics for the customer service rate rises almost every three months. I believe that this is a great improvement.”
- “Our goal or, perhaps, a dream is to be outstanding when it comes to customer service. I perfectly realize that it is a challenging purpose as the company has a branch of 40 salons in Saint Petersburg only, but I am sure there is nothing impossible in that.”
- “Some can call the company “the McDonald’s of a nail industry” all you want: everybody goes to McDonald’s because it is delicious and pleasant to be in. No one can argue that the customer service in fast food chain restaurants is always on point.’
- “I appreciate every single girl at the reception table. I know they are doing their best. My duty and goal is to navigate the way, teach the managers the service and make sure the knowledge the most experienced staff members have is passed down the line.”
- “As for the problematic points of the administrative position, I would say that it is the physical load and long working shifts. Although it is obvious that a tired employee cannot really be successful, the schedule norms are not to be changed in the next year. Other than that, I consider the work terms of the administrators to be adequate.”

5 Results

The main goal of this chapter is to provide the requested results of the study and answer the research questions. The following conclusions and findings are aimed at helping the managers of the company to solve the stated issues and showing the overall picture of the turnover of the employees.

5.1 The turnover of the administrators

In this chapter, the aim is to provide data of the personnel understaffing. For the period of time from April 2019 to November 2019, the distribution of the administrators among the 40 nail salons in Saint Petersburg was the following:

- The 10 biggest salons with the highest customer flow require 6 administrators (3 people for every shift).
- The 30 standard salons require 4 administrators (2 people for every shift).

In the following table there is data of the administrators' turnover for the research period from April 2019 to November 2019. The first column is *the month* when the data was collected. The final count of the employees and the staff requirement is always counted on the 27-29 dates of every month. The second index is the *total staffing requirement* for the 40 nail salons in Saint Petersburg. The number is always the same: 180 people, as stated earlier. The next column, *actual number of employees*, shows the number of currently employed administrators. The index of *staffing demand in numbers* is calculated by subtracting the number of actual number of employees from the total staffing requirement. *The percentage of staffing demand* is the same index as staffing demand in a form of a percentage of understaffing from a total staffing requirement. *The number of newly hired employees* as well as *the total number of resigned employees* is tracked at the end of the month. *A total number of resigned employees* is an overall index of administrators who left the company during the month.

Month, 2019	Total staffing requirement	Actual number of employees	Staffing demand (number)	Staffing demand (%)	Number of newly hired employees	Total number of resigned employees
April	180	130	50	27,7%	20	21
May	180	129	51	28,3%	31	18
June	180	142	38	21,1%	28	22
July	180	148	32	17,7	19	20
August	180	147	33	18,3%	14	38
September	180	123	57	31,6%	32	23
October	180	132	48	26,6%	21	18
November	180	135	45	25%	25	17

Table 5. The number of administrators in the nail salons

5.1.1 How big is the turnover?

According to Jack J. Phillips and Lisa Edwards, “the definition of total turnover is the total number of employees leaving the organization during the month divided by the average number of employees during that month.”

In order to calculate an average turnover for the given period of time, certain steps are required. First of all, it is needed to calculate a turnover for each month. The results are shown on the table below.

Month	Number of employees (start of the month)	Number of employees (end of the month)	Number of resigned employees	Turnover (number of resigned employees / number of employees at the end of the month)
April	130	150	21	0,14
May	129	160	18	0,11
June	142	170	22	0,13
July	148	167	20	0,12
August	147	161	38	0,24
September	123	155	23	0,15
October	132	153	18	0,12
November	135	160	17	0,10

Table 6. Calculating the monthly turnover

Secondly, in order to calculate the average turnover, the sum of the results of monthly turnover indexes should be divided by the number of indexes. As a result, **the average turnover rate is 0,14.**

5.1.2 Is the turnover rate in the case company as high as it seems?

In order to estimate the level of a turnover in company X, it is needed to find some kind of a standard to compare to.

For example, the turnover level target levels can be used as a comparison. As Phillips and Connell (2011) state, there are targets for a turnover rate for non-management employees. The annual turnover rate less than 10% is considered to be the Stretch Goal, almost impossible to achieve. The annual turnover rate from 11% to 15% is considered to be a Desired Rate, an acceptable mark for an ordinary company. The turnover rate from 16% to 18% is a maximum acceptable target. Any results for a turnover higher than that are cause for an action.

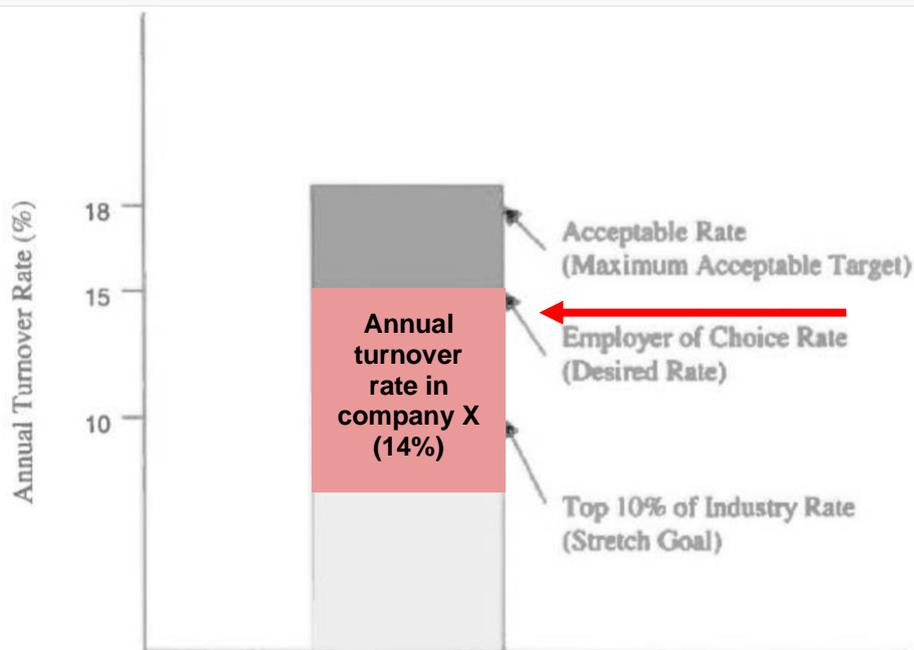
In order to evaluate the target level for a company X, it is required to calculate an annual turnover rate. Unfortunately, the data on the amount of employees who left the company throughout the year from November 2018 to November is not accessible. As stated earlier, the research only focuses on the period from April 2019 to November 2019. However, as long as the average turnover rate for a given period of time (April 2019 - November 2019) is 0,14, it can be roughly assumed that the turnover rate from November 2018 to March 2018 would be about the same. Therefore, the approximate annual turnover rate for administrative employees in company X is 14%. According to the graph by Phillips and Connell (2011), this percentage of turnover actually lays on the level of the Desired Rate. “Some organizations striving to be employers of choice set their turnover rates at a value below the maximum acceptable rate. These organizations focus much attention on attracting and retaining employees.” (Phillips and Connell 2011, p. 45).



Dysfunctional Turnover Rate for All Non-Management Employees
Figure 3-3. Targets for turnover rate.

Figure 11. Targets for turnover rate (Phillips and Connell 2011, p. 45)

Using the given graph, it is possible to place the result for the annual turnover rate in company X.



Dysfunctional Turnover Rate for All Non-Management Employees

Figure 3-3. Targets for turnover rate.

Figure 12. The annual turnover rate in company X placed on the graph by Phillips and Connell (2011)

As a result, according to the theory of targets for turnover rate, the company X's turnover rate seems to be in an acceptable position.

5.2 What can be done in order to improve the administrators' experience?

Table 2-2
Tools to Diagnose Turnover Problems

Diagnostic tools
Demographic analysis
Diagnostic instruments
Focus groups
Probing interviews
Job satisfaction surveys
Organizational commitment surveys
Exit interviews
Exit surveys
Nominal group technique
Brainstorming
Cause-and-effect diagram
Force field analysis
Mind mapping
Affinity diagrams

Figure 14. Tools to Diagnose Turnover Problems (Phillips and Connell 2011, p. 29)

According to Phillips and Connell, there are several useful ways for improvement the administrators work experience. In this research, the exit interviews and job satisfaction surveys were completed. However, it would be useful to broaden the research limits in the future and use some other instruments on diagnose and evaluation of the turnover problems and employee satisfaction.

5.3 Problematic issues, according to the employees

There are ten major indexes that appear to be problematic, according to the respondents' answers:

- management style,
- payments,
- schedule,
- supplies,
- requirement for the physical appearance,
- breaks during the shift,
- physical load,
- level of stress,
- relationships with the colleagues,
- training.

It is possible to distinguish the indexes that cannot be changed, therefore, are perceived as constant, and the indexes that can be improved. For example, it would be unmanageable to change “management style”, “requirements for physical appearance” or “relationships with the colleagues”: those criteria are either fundamental and would require a reorganization of the structure of the company, or too subjective, and, therefore, would not be suitable for a proper analysis or changes.

However, it would be reasonable to reconsider certain approaches to the position of the administrators. Based on the results of the questionnaire, the satisfaction with the training is definitely an area for development: only 42% of the respondents estimated the quality of the training they received before the start as 4 (“mostly satisfied”) and 5 (“completely satisfied”). According to Diane Arthur, who is mentioning a survey on the

most important factors of the job for the employees, “entry-level nonmanagement IS (Informational System) workers who had less than three years’ experience agreed that training was most important, followed by alternative work schedule and high salaries.” (Arthur 2001, p. 35). The quality of the training might be developed. This issue is to be addressed to the Head Manager of Customer Service, as the main stakeholder of the administrators, and the Head of the HR Department, as a person responsible for the employees’ development.

Possible variations for the improvement of the training process:

- 1) Provide the training administrators with the latest trends, information and practices for the employee education,
- 2) Improve the motivation system of the training administrators: whereas in the period of time when the research was made, the training administrators were paid a fixed amount of money as a bonus for their additional responsibilities. Perhaps, the training administrators would be more motivated to achieve better results in training if the bonus depended on the performance and retention of the new employees,
- 3) Conduct a survey among the candidates who have just completed the training and ask for their feedback,
- 4) Consul with the salon managers about the content of the training as they are the ones who practice in field much more than the office staff.

5.4 Retention rate

The retention rate is defined as the percentage of employees who remained on staff from the beginning to the end of a time period (ForUsAll 2018). The given time period is from April 2019 to November 2019.

Month, 2019	Actual number of employees (including newly hired)	Total number of resigned employees
April	130	21
May	129	18
June	142	22
July	148	20
August	147	38
September	123	23
October	132	18
November	135	17
Result	For the given period of time, the retention rate is (sum of total number of resigned employees)/(actual number of employees in April) x 100 (ForUsAll 2018) = retention rate is 136%	

Table 7. Retention rate for the given period of time

According to the calculations based on the formula provided by the website ForUsAll, **the retention rate for the given period of time is 136%.**

5.5 Conclusion

The key indicators of the company's health in terms of employee management are 1) turnover rate, 2) retention rate. As it was calculated, the turnover rate of the company X is 14% which is a relatively solid result. However, at the same time, the retention rate which is 136% should be considered as a priority if the company has a goal of improving the personnel experience.

The results of the questionnaires and interviews should also be taken into consideration as the statistics show that there are few aspects in the administrators' work experience which could be changed or improved.

6 Conclusion

The conducted research contains a massive amount of data, piles of personal experiences, loads of expected and unexpected conclusions. The future of any company belongs to the employees. For sure, the top managers are the ones who

make Big Decisions and the influence of their leadership should not be underestimated. At the same time, the dozens of employees who might not have the same experience or vision as their bosses do the everyday work which affect all the parties involved from the customer to aforementioned top managers. As far as they are the reason the company operates on an everyday basis, it is crucial to pay extreme attention to their requests, needs and ambitions. In order to become even more successful on the market, it is vital not only focus on the current profits and monetary perspectives of the nearest future, but also be attentive to the long-term investments in the most precious assets such as employees.

Speaking of the tangible and intangible results, thanks to the research, the company has been given:

- 1) Areas for development (training process, everyday operations),
- 2) Key concepts of the human resource management processes: recruitment, turnover, retention,
- 3) Understanding of the opinion of their former and current employees,
- 4) Suggestions for the improvements.

In conclusion, it would be rightful to remind a reader about the power of leadership which could be a solution for a wide set of issues. "People don't quit companies, they quit bosses." (Kaye and Jordan-Evans, 1999) Good leaders affect every aspect of the retention solution. For this reason, leadership cannot be overemphasized (Phillips and Connell 2011, p. 205).

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