Case study on google and employee retention a brief discussion

Business, Company

Google is a large multinational organization involved in business of internet search, cloud computing and internet advertising technologies. Headquartered in Silicon Valley, It is one of the most profitable and widely recognized internet companies in the world. The work environment in Google is considered to be the one of the most employee-friendly in the world and it attracts one of the brightest and most entrepreneurial individuals into the organization. However in 2010 it was found that the turnover was on a sudden rise with many of its key employees leaving to either join other competent organizations or start-up their own business. This report shall look in detail the reasons for such turnover and give suggestions to better curb such problems in future.

Google and Employee Retention: A Brief Study

Anyone who has access to computer and the World Wide Web would be well familiar with the company Google. Google is a multinational corporation based in United States that is synonymous today with the Internet search, cloud computing and internet advertising technologies. In addition to it, Google also has a long list of internet based services and products like Google maps and Youtube. com, that have now become part of a daily life of the modern day man. Google also has considerable presence in mobile phone technologies and applications through their open source smartphone software Android, which they acquired after taking over a company by the same name. Their latest major acquisition of Motorola Mobility gives Google its very own platform to venture into mobile phone hardware technologies, a domain the company was previously absent. The company was started in

1998 by two then Stanford University graduate students, Larry Page and Sergey Brin.

Google as an organization, since its genesis in the Silicon Valley, California, has been seen as a very employee friendly company which also encourages them to be creative and innovative in their ideas. The company is largely regarded as to have a very informal corporate culture. It has consistently ranked highly in " Best companies to Work for" lists and is known to have extended unique benefits and perks to its employees, like dry cleaning, free food and Segway transportation for all employees in its Googleplex office. In fact it is estimated that the company spends at least $14 on every employee per day for the food (Lashinsky, 2008). Needless to say, Google also offers excellent salary and benefits to all its employees. In addition to high pay packets, the company also extends stock options to them. And since the company is growing in value by the hour, the stock options are widely sought by potential employees. This works as a major incentive for the company to hire new talent and retain the existing valuable ones.

However, Google in 2010 experienced a rather acute surge in the employee turnover. To this Google took some rescue measure like offer a 10% raise to all its employees and a $1000 tax free holiday bonus. Google realized that these measures were just ad-hoc and more concrete steps were needed to be taken so as to curb the trend. In this report, we shall look into the problem faced by Google in detail and try to point the reasons for such recent trend in turnover. The report shall also suggest some measures for the company to adopt which might help the company to overcome the

problem.

Employee Turnover has been defined by Hong and Kaur (2008) as the cessation of membership in an organization by an individual and their movement out of an organization (p. 2). Turnover can be both voluntary, the kind which is initiated by an individual or involuntary, which is initiated by the organization. The case of Google was that most of its turnover was voluntary where the ex-Googlers moved to rival companies or started their own firms. It is important for an organization to retain its best employees, often argued as the most valuable asset of the company. This is so because it makes more sense for the company to spend its energy in retaining the quality employees they already have than recruiting new ones (Hong & Kaur, 2008, p. 1).

There are many theories and researches done to find out the reasons for the exit of an employee from the company. It is easy to tell that Job satisfaction has an inverse relationship with employee turnover, as an individual not happy at the workplace is most likely to leave it. Classical theories like " The hierarchy of needs" by Maslow (1943) and the motivation-hygiene theory by Herzberg (1959) together with the Expectancy Theory by Vroom and Yago (1978) are all very important and have contributed to the concept and evolution of employee retention strategies.

The primary reason for Google to face the issue of turnover was because of the attractiveness of other competitive employers in the Silicon Valley. As cited by Lashinsky (2008), turnovers are common in Silicon Valley, where early hires get rich enough to do whatever they want. Also entrepreneurship is at the heart of the culture of Google. The company encourages each

employee to take 20% of its office hours and devote to personal projects and ideas. This is where there hugely successful Social Networking website Orkut had come from. However one problem with hiring bright and innovative minds that Google attracts is that once the employee feels he/she cannot contribute to the organization anymore, the more chances exist for him/her leaving it. As the company is growing in size, Google is slowly getting bureaucratized and the freedom once experienced by employees in its start-up phase is now much lesser. However the corporate culture formalizes the entrepreneurship skill of its employees and makes them better at starting their own businesses.

Enough stress has been bestowed upon the importance of organizational culture on the retention of the employees. Allen and Meyer (1990) argue that that organizations with strong employee attachment, or organizational commitment, tend to have lower turnover or intention to leave than would those with weak employee attachment (as cited by Ananthan & Rao, 2011, p. 121). Thus it is important for Google to instill a strong sense of connection between the organization and the employees. Google uses its " 10 things" list to convey the core values to the employees. Also it encourages all its employees to stay " Googley" enough, meaning entrepreneurial, scrappy and outside-the-box thinkers (Ransom, 2011). It also uses Google-O-Meter, the company's charting tool to measure the popularity of suggestion of employees on ideas that reflect upon the changes required in its culture (Ransom, 2011).

Allen, Bryant and Vardhaman (2010) outlined seven factors that organizations can concentrate on to reduce turnover. They are Recruitment,

Selection, Socialization, Training and Development, Compensation and rewards, Supervision and Engagement (p. 57).

Recruitment and Selection: It is important to hire the right candidate first time around. This helps in reducing turnover as the employee is not a misfit, both in terms of desired skills and the culture of Google. Google seeks entrepreneurs and out of the box thinkers. It is an essential component of its culture. Thus it should never compromise on that and continue to hire innovative minds.

Socialization: This is how Google can spread its culture among all its employees. As cited earlier, conformity of an employee with the culture of the organization is essential for his/her prolonged stay with the company.

Training and Development: Training and Development helps employees append their skills and curb the desire to leave. Job-Specific training and linking developmental opportunities to tenure can make a marketable employee stay longer (Allen, Bryant & Vardhaman, 2010, p. 57) This is particularly important for Google as the bright entrepreneurs can be made to stay this way and offered incentives of promotion linked with such programs or tenure. Google had few such programs while starting out but since then has heavily invested on such traditional techniques.

Supervision: It refers to the management's role in effectively leading and building relationships with the subordinates. Manager's should also be trained in retention strategies and be evaluated upon. Google has little hierarchy in the organization. This can sometimes lead to lack of supervision resulting in an employee's wish to leave the company go unnoticed.

Engagement: The engagement of an employee with the company can be

increased by providing a certain level of autonomy, coworker support, and add meaningfulness and variety to the job. Google through its culture and ideology ensures that all employees are sufficiently engaged with the company.

Compensation and Reward: There can be no argument that Google offers one of the best salaries to its employees. Since Turnover is not solely based on pay offered, other factors become doubly important for Google to focus on. These can be the level of trust that exists between employees and the management. Also the fluency and ease of communication and the sense of ownership (apart from just stock options) the employee feels toward the organization are important factors. Sense of ownership can be further encouraged by giving more control to the individual in any new project he/she initiates, cutting through any hierarchy and letting them have more control over their idea.

In addition to the above mentioned techniques, Google also makes use of new and revolutionary approaches befitting the type of business it does. Since 2009, Google has been using mathematical formula and algorithm to predict which of its employees is most likely to quit, and take preventive measures accordingly (Morrison, 2009).

So to sum it up, in spite of setbacks in 2010 with higher turnover, it is unlikely that Google will face mass exodus and not remain profitable. This is due to the bright, vibrant and lively culture they have at the workplace. They try to project Google as a fun place to work in. Google still attracts the brightest minds into the company. The problem with it is of retaining such members. This is where measures like training and development,

supervision, increased and smooth communication and hiring the right employees can help. Providing employees with a sense of ownership, other than just giving stock options, is also an important way of retaining employees. This way the young minds would come into the company and stay much longer and be beneficial to the company.

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