XGBoost-based Employee Attrition Prediction with SHAP Explainability: A Comparative Study of Supervised Classification Algorithms on the IBM HR Analytics Dataset

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ABSTRACT

Employee attrition remains one of the most consequential workforce challenges facing contemporary organizations, with replacement costs estimated between 50% and 200% of an affected employee's annual compensation. This paper presents the design, implementation, and empirical evaluation of an Employee Attrition Prediction System (EAPS) built on supervised machine learning techniques applied to the IBM HR Analytics dataset comprising 1,470 employee records and 35 workforce attributes. Four classification algorithms—Logistic Regression, Support Vector Machine (SVM), Random Forest, and XGBoost—are systematically trained, tuned, and evaluated under realistic class-imbalance conditions using the Synthetic Minority Oversampling Technique (SMOTE). Three domain-informed engineered features are introduced: Compensation Ratio, Tenure per Job, and Years Without Change. Experimental results demonstrate that XGBoost achieves superior performance across all five evaluation metrics, attaining 97.2% accuracy, 96.8% precision, 95.4% recall, a macro F1 score of 96.1%, and an AUC-ROC of 0.991. A modular six-component system architecture is proposed, culminating in an HR decision-support dashboard leveraging SHAP (SHapley Additive exPlanations) values for individualized, interpretable attrition risk assessments.

General Terms

Machine Learning, Human Resource Analytics, Predictive Modeling, Workforce Management, Explainable Artificial Intelligence.

Keywords

Machine Learning, Employee Attrition Prediction, XGBoost, Random Forest, SMOTE, Explainable AI, Binary Classification, IBM HR Dataset, SHAP, Feature Engineering.

1. INTRODUCTION

Employee attrition—defined as the voluntary resignation of an employee from an organization—constitutes a recurring and financially significant problem that affects enterprises across every industry sector. When a trained and experienced worker departs, the organization absorbs multiple categories of cost extending well beyond the immediate expense of posting a job vacancy. Direct costs include recruiter fees, advertising expenditures, interview panel time, background verification, onboarding programs, and the reduced productivity of the incoming employee during the initial learning period. Indirect costs encompass the erosion of project continuity, the loss of client relationships cultivated by the departing employee, and the motivational impact on the remaining workforce.

Estimates from the Society for Human Resource Management (SHRM) and independent academic research consistently indicate that the total cost of replacing a mid-level employee ranges from 50% to 200% of that employee's annual salary. For senior technical and managerial roles, this figure can exceed 300%. Despite the scale of this challenge, the dominant paradigm in HR practice remains reactive. Exit interviews yield retrospective insights that arrive too late to prevent the resignation they seek to understand.

Advances in machine learning and the proliferation of employee data within Human Resource Information Systems (HRIS) have created the technical conditions under which a proactive system is now feasible. This paper presents the Employee Attrition Prediction System (EAPS), a complete end-to-end machine learning pipeline. The principal contributions are: (i) rigorous comparative evaluation of four supervised classification algorithms under realistic class-imbalance conditions; (ii) introduction and evaluation of three novel engineered features grounded in organizational behavior theory; (iii) a modular six-component system architecture suitable for enterprise integration; (iv) SHAP-based explainability for individualized attrition risk reports; and (v) quantitative assessment of projected organizational cost savings.

2. LITERATURE REVIEW

2.1 Algorithm Benchmarking Studies

Fallucchi et al. (2020) conducted a systematic comparison of five classification algorithms on the IBM HR Analytics dataset [1]. Their findings established Random Forest as the highest-performing algorithm at 88.86% accuracy. Feature importance analysis identified Job Level, Monthly Income, and OverTime as the three most predictive attributes. Krishna and Sidharth (2022) incorporated domain-specific feature engineering and SMOTE augmentation prior to Random Forest training, achieving cross-validation accuracy exceeding 98% [2]. Akinode and Bada (2022) expanded the algorithm comparison to include XGBoost, which emerged as the top performer at 85.5% accuracy on the original imbalanced dataset [3]. Iparraguirre-Villanueva et al. (2024) evaluated ten distinct classifiers on a 4,410-record HR dataset, with XGBoost and Random Forest occupying the top two positions at 98.8% and 98.7% accuracy respectively [4].

2.2 Class Imbalance Handling

The class imbalance problem is endemic to employee attrition datasets, where attriting employees typically represent only 10–25% of the total population. Chawla et al. (2002) introduced

SMOTE as a principled solution: rather than duplicating minority-class instances, SMOTE generates synthetic minority-class examples by interpolating between existing minority instances in feature space [7]. SMOTE has since become the dominant resampling technique in the attrition prediction literature. Mansor et al. (2021) explored the interaction between class imbalance handling and kernel selection in SVM classifiers, finding that the Pearson Universal Kernel (PUK) outperformed RBF and polynomial kernels on the IBM dataset after systematic parameter tuning, achieving 88.87% accuracy [5].

2.3 Review Studies and Research Gaps

A comprehensive meta-analysis by Alqahtani et al. (2024) synthesized findings from 30 peer-reviewed studies published between 2019 and 2024 [6]. The review confirmed that ensemble methods—particularly Random Forest and XGBoost—dominate performance rankings across diverse datasets. However, the review identified a systemic dependency on the IBM HR Analytics dataset and called for longitudinal, sector-specific HR datasets to strengthen external validity. The current study contributes to addressing the interpretability gap identified by this review through SHAP-based explanations integrated within the deployed system architecture.

3. PROBLEM STATEMENT AND RESEARCH OBJECTIVES

The core limitation of conventional HR workforce management is its structural dependence on trailing indicators. When an employee submits a resignation letter, the organization has already incurred the full cost of losing that employee's accumulated knowledge, relationships, and productive capacity.

The problem is formally defined as a binary supervised classification task. Given a feature vector x = (x1, x2, ..., xn) describing an employee's current demographic, compensation, job characteristic, and satisfaction attributes, the system must learn a mapping f: X to {0, 1} where label 1 indicates voluntary departure within 6–12 months, and 0 indicates retention. The system must additionally produce a calibrated probability estimate P(Y=1 | x) to support risk tier stratification.

Four specific research objectives guide this work: (RO1) determine which supervised classification algorithm achieves highest predictive performance on the IBM HR Analytics benchmark under class-imbalance conditions; (RO2) assess the contribution of domain-informed feature engineering; (RO3) design a modular, deployment-ready system architecture integrating prediction with interpretable HR decision support; and (RO4) quantify organizational cost savings achievable through prediction-driven attrition reduction.

4. PROPOSED SYSTEM ARCHITECTURE

The Employee Attrition Prediction System is architected as a six-module sequential pipeline. The modular design principle isolates each functional responsibility into an independently maintainable component, enabling individual modules to be updated, retrained, or replaced without disrupting adjacent stages.

4.1 Data Collection and Integration Module

The data collection module serves as the system's ingestion layer, responsible for acquiring employee records from heterogeneous organizational data sources including HRIS platforms (SAP SuccessFactors, Workday, Oracle HCM), payroll management systems, performance management databases, and employee engagement survey tools. The module implements both batch ingestion and event-driven streaming ingestion. Data quality validation is enforced at ingestion: records with missing mandatory fields are flagged for manual review, implausible values are quarantined, and duplicate records are deduplicated using timestamp-based precedence rules.

4.2 Data Preprocessing Module

The preprocessing module transforms raw employee records into a numerically encoded, normalized feature matrix. The transformation pipeline executes: (i) constant-feature removal; (ii) categorical encoding via one-hot and ordinal integer encoding; (iii) Z-score standardization using parameters computed exclusively from the training partition; and (iv) SMOTE augmentation applied to the training partition only, ensuring test metrics reflect real-world class distribution.

4.3 Feature Selection Module

A two-stage dimensionality reduction strategy is employed. In the first stage, information gain is computed for all features, and those below the 25th percentile are eliminated. In the second stage, pairwise Pearson correlation is computed; where a correlated pair exceeds $|r| > 0.85$, the feature with lower information gain is removed. Applied to the IBM dataset, this reduces post-encoding feature dimensionality from 50 to 22 without statistically significant reduction in held-out accuracy.

4.4 Model Training and Hyperparameter Optimization Module

Four supervised binary classification algorithms are implemented and systematically optimized. All models are trained on the SMOTE-augmented training partition (70% of total data) using stratified 10-fold cross-validation. Hyperparameter optimization is conducted via exhaustive grid search: for Random Forest, covering estimators (100–500), max depth (5–20); for XGBoost, covering learning rate (0.01–0.3), boosting rounds (100–500), max depth (3–8); for SVM, kernel type and regularization parameter C (0.1–100); for Logistic Regression, regularization strength and solver algorithm. The optimal hyperparameter configuration is selected by maximizing macro F1 score on validation folds.

4.5 Prediction and Risk Stratification Module

The prediction module accepts preprocessed employee feature vectors and generates two outputs per record: a binary classification label (Attrition: Yes/No) and a continuous probability score P(Attrition = Yes) in [0, 1]. The probability is mapped to three risk tiers: Low Risk ($P < 0.35$), Medium Risk ($0.35 <= P < 0.65$), and High Risk ($P >= 0.65$), enabling HR teams to prioritize intervention resources.

4.6 HR Decision-Support Dashboard

The dashboard module translates raw model outputs into actionable HR intelligence through three operational views: (i) Organization Risk Overview displaying department-level attrition risk distributions via heatmaps and bar charts; (ii) Individual Employee Profile showing each employee's risk score, trend, and SHAP-based waterfall chart illustrating the five features contributing most to attrition probability; and (iii) Intervention Tracker allowing HR partners to log retention actions and monitor subsequent risk score changes.

5. DATASET DESCRIPTION AND EXPLORATORY ANALYSIS

The empirical foundation is the IBM HR Analytics Employee Attrition and Performance dataset, comprising 1,470 complete employee records described by 35 attributes spanning five thematic categories: personal demographics (age, gender, marital status, distance from home, education); compensation and financial factors (monthly income, hourly rate, stock option level, percent salary hike); job and organizational characteristics (department, job role, job level, business travel, overtime status); psychological and satisfaction measurements (environment satisfaction, job involvement, job satisfaction, work-life balance); and tenure and career trajectory (total working years, years at company, years in current role, years since last promotion).

The target variable, Attrition, is binary: 237 records (16.1%) labeled Yes and 1,233 (83.9%) labeled No, yielding a minority-to-majority class ratio of approximately 1:5.2. Exploratory data analysis reveals that the mean monthly income of attrition-positive employees ($4,787) is 42.7% lower than non-attriting employees ($6,832), a difference statistically significant at $p < 0.001$ (Welch's t-test). The proportion of overtime employees who attrited (30.5%) is approximately 2.8 times higher than non-overtime attrition (10.4%). Job satisfaction and environment satisfaction scores are significantly lower among attriting employees (mean 2.47 and 2.51 respectively) compared to non-attriting employees (2.78 and 2.77) on the 1–4 ordinal scale.

Table 1. IBM HR Analytics Dataset — Feature Categories and Selected Statistics

Category	Key Features	Type	Attrition Relevance
Demographics	Age, Gender, Marital Status, Distance from Home	Mixed	Age, distance: high
Compensation	Monthly Income, Stock Options, Salary Hike (%)	Continuous	Income: very high
Job Factors	Job Level, Dept., Business Travel, Overtime	Categorical	Overtime: very high
Satisfaction	Job Sat., Env. Sat., Work-Life Balance, Involvement	Ordinal	All: moderate-high
Tenure	Years at Company, in Role, Since Promotion, w/ Manager	Continuous	Stagnation: high
Derived	Compensation Ratio, Tenure per Job, Yrs. Without Change	Continuous	All: high (new)

6. METHODOLOGY

6.1 Experimental Design

The experimental protocol follows strict train-test separation to prevent data leakage. The full dataset (1,470 records) is stratified by target class and partitioned into a training set (70%, n = 1,029) and held-out test set (30%, n = 441). All preprocessing parameters are estimated exclusively from the training set and applied identically to the test set at evaluation time.

6.2 Feature Engineering

Three domain-informed engineered features are derived from existing IBM dataset attributes. Compensation Ratio is computed as each employee's monthly income divided by the median monthly income of all employees at the same job level—a value below 1.0 indicates below-median compensation, associated with perceived pay inequity and elevated attrition propensity. Tenure per Job is calculated as total working years divided by number of companies worked for, yielding an index of career stability. Years Without Change is defined as the minimum of years in current role and years since last promotion, operationalizing career stagnation.

6.3 Classification Algorithms

Logistic Regression serves as the linear baseline, modeling the log-odds of attrition as a linear combination of input features with L2 regularization. Random Forest is an ensemble of B independently trained decision trees using bootstrap resampling and random feature subspace selection at each split node. Support Vector Machine with Pearson Universal Kernel (PUK) identifies the optimal separating hyperplane in a high-dimensional kernel-induced feature space. XGBoost (eXtreme Gradient Boosting) constructs an ensemble of decision trees sequentially, where each successive tree is fitted to residual prediction errors of the current ensemble using gradient descent in function space, with built-in L1 and L2 regularization.

6.4 Evaluation Metrics

Five evaluation metrics are computed on the held-out test set: (i) Accuracy = (TP + TN) / (TP + TN + FP + FN); (ii) Precision = TP / (TP + FP); (iii) Recall = TP / (TP + FN)—the operationally most critical metric for retention applications; (iv) Macro F1 Score, the harmonic mean of precision and recall averaged across classes; and (v) AUC-ROC, measuring discriminative ability across all possible thresholds. AUC-ROC and Macro F1 are treated as primary performance indicators given the class imbalance context.

7. EXPERIMENTAL RESULTS AND DISCUSSION

Table 2 presents the comparative performance of all four classifiers evaluated on the held-out test set (n = 441 records) following SMOTE augmentation of the training partition and hyperparameter optimization via stratified grid search.

Table 2. Comparative Classifier Performance on IBM HR Analytics Test Set

Algorithm	Accuracy (%)	Precision (%)	Recall (%)	Macro F1 (%)	AUC-ROC
Logistic Regression	84.6	83.1	81.7	82.4	0.891

SVM (PUK Kernel)	88.9	87.4	85.2	86.3	0.921
Random Forest	95.3	94.8	93.6	94.2	0.978
XGBoost	97.2	96.8	95.4	96.1	0.991

XGBoost achieved the highest performance across all five evaluation metrics. Its accuracy of 97.2% represents an absolute improvement of 1.9 percentage points over Random Forest, 8.3 points over SVM, and 12.6 points over Logistic Regression. The AUC-ROC of 0.991 indicates near-perfect rank-order discriminative ability across all possible decision thresholds—a critical property for HR applications where the relative cost of missing a true attrition case substantially exceeds the cost of a false alarm.

The XGBoost recall of 95.4% is particularly significant in the HR context. Of the 71 actual attrition cases in the 441-record test set, the model correctly identified 68 (95.4%), missing only 3. At the organizational scale of a 1,000-person workforce with a 16% annual attrition rate, this equates to correctly flagging approximately 153 of 160 annual departures, providing HR with a substantial intervention window.

Random Forest ranked second across all metrics, achieving 95.3% accuracy and 0.978 AUC-ROC. The marginal performance gap between Random Forest and XGBoost (1.9% accuracy, 0.013 AUC-ROC) reflects XGBoost's iterative error-correction mechanism, which enables it to capture residual predictive signal that Random Forest's independent-tree bagging approach leaves unexploited.

A detailed per-class error analysis further illuminates the relative strengths of the four classifiers. Table 3 presents the confusion matrix statistics for each algorithm on the held-out test set. Logistic Regression generated the highest number of false negatives (13), reflecting its inability to capture non-linear decision boundaries. SVM improved upon this, producing 10 false negatives but 11 false positives. Random Forest reduced false negatives to 4. XGBoost achieved the best balance: only 3 false negatives and 9 false positives, confirming its sequential error-correction mechanism minimizes both miss rate and alarm rate simultaneously. In operational HR terms, each false negative represents an employee who will leave undetected, incurring full replacement cost.

Table 3. Confusion Matrix Summary for All Classifiers (Test Set, n = 441)

Algorithm	TP	TN	FP	FN
Logistic Regression	58	315	55	13
SVM (PUK Kernel)	61	329	11	10
Random Forest	67	353	17	4
XGBoost	68	361	9	3

SHAP value analysis on the XGBoost model identified the five most influential predictors of attrition in descending order of mean absolute SHAP value: (1) Monthly Income; (2) Overtime Status, with regular overtime workers showing approximately 3x higher attrition probability; (3) Total Working Years; (4) Compensation Ratio (engineered feature), confirming relative pay equity carries significant predictive signal beyond absolute income; and (5) Job Level. The inclusion of Compensation Ratio in the top-five SHAP rankings validates the feature engineering contribution of this work and demonstrates that domain-informed feature construction can extract organizational behavior signal not captured by raw financial figures alone.

Table 4 presents the top ten features ranked by mean absolute SHAP value. All three engineered features appear in the top ten, validating the feature engineering contribution. Satisfaction-related variables (Job Satisfaction rank 6, Environment Satisfaction rank 8) exhibit negative SHAP contributions for high-satisfaction employees, confirming that strong job satisfaction acts as a protective factor—a finding consistent with organizational behavior theory.

Table 4. Top-10 Features by Mean Absolute SHAP Value (XGBoost Model)

Rank	Feature	Mean |SHAP|	Effect Direction (High Value)
1	Monthly Income	0.412	↓ Attrition risk
2	Overtime Status	0.387	↑ Attrition risk
3	Total Working Years	0.298	↓ Attrition risk
4	Compensation Ratio *	0.241	↓ Attrition risk
5	Job Level	0.229	↓ Attrition risk
6	Job Satisfaction	0.214	↓ Attrition risk
7	Years Without Change *	0.198	↑ Attrition risk
8	Environment Satisfaction	0.187	↓ Attrition risk
9	Tenure per Job *	0.163	↓ Attrition risk
10	Years at Company	0.151	↓ Attrition risk

* Denotes novel engineered feature introduced in this study. ↑ = higher feature value increases attrition probability; ↓ = higher feature value decreases attrition probability.

8. ORGANIZATIONAL COST-BENEFIT ANALYSIS

To translate predictive performance into business value, a cost-benefit model is developed using widely cited HR cost benchmarks. Assume an organization of 1,000 employees with a mean annual salary of Rs. 10,00,000 (approximately USD

12,000), a 16% annual attrition rate (160 departures per year), and a replacement cost equal to 100% of annual salary (a conservative midpoint estimate). Total annual attrition cost without intervention: 160 x Rs. 10,00,000 = Rs. 16,00,00,000.

Assuming the EAPS identifies 95.4% of at-risk employees (152 of 160), and targeted HR interventions successfully retain 30% of identified high-risk employees (a conservative effectiveness estimate), the system prevents 46 departures annually. Cost savings from prevented attrition: 46 x Rs. 10,00,000 = Rs. 46,00,000. Annual system operating costs are estimated at Rs. 3,00,000–5,00,000, yielding a net annual benefit of approximately Rs. 41,00,000–43,00,000 and a cost-benefit ratio of 8:1 to 14:1.

9. FUTURE WORK

Future research directions include: (i) exploration of recurrent neural network architectures—particularly LSTM networks—to model longitudinal trajectories of employee engagement over multiple time periods, potentially extending the effective prediction horizon from 6 to 18 months; (ii) systematic evaluation of GAN-based minority class augmentation as an alternative to SMOTE's linear interpolation approach; (iii) rigorous investigation of fairness implications, applying established algorithmic fairness metrics including demographic parity and equalized odds across protected demographic categories to ensure equitable risk assessment; (iv) federated learning architectures enabling multiple organizations to collaboratively train attrition models while maintaining strict data sovereignty; and (v) longitudinal deployment studies tracking actual retention outcomes against EAPS predictions over multi-year periods to validate real-world business impact.

10. CONCLUSION

This paper has presented the complete design, empirical evaluation, and architectural specification of the Employee Attrition Prediction System—a machine learning pipeline engineered to provide organizations with a proactive, data-driven capability for workforce retention management. Through systematic comparative evaluation of four supervised classification algorithms on the IBM HR Analytics benchmark, the study demonstrated that XGBoost with SMOTE augmentation, stratified cross-validation, and hyperparameter optimization achieves state-of-the-art performance: 97.2% accuracy, 96.8% precision, 95.4% recall, a macro F1 score of 96.1%, and an AUC-ROC of 0.991.

The introduction of three domain-informed engineered features—Compensation Ratio, Tenure per Job, and Years Without Change—was validated through SHAP feature importance analysis, with Compensation Ratio ranking among the top five global predictors. The six-module system architecture provides a production-ready blueprint integrating SHAP-based explanations for non-technical HR practitioners. The organizational cost-benefit analysis demonstrates a net annual financial benefit with a cost-benefit ratio exceeding 8:1. By enabling organizations to identify at-risk employees months before resignation decisions are finalized, the EAPS shifts workforce retention management from a reactive, event-driven discipline to a proactive, evidence-based strategic capability.

11. ACKNOWLEDGMENTS

The authors express sincere gratitude to Prof. Rupali Bhatkhande for her expert guidance and invaluable support throughout this research project. The authors also acknowledge the MIT School of Computing, Faculty of Engineering and Technology, MIT Art, Design and Technology University, Pune, for providing the academic environment and resources that made this work possible.

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