Generational Shift – A Guide to Recruit and Retain

(Manufacturing and Heavy Engineering Industry)

Abhishek A Gavane*

Abstract

For several companies in Manufacturing and Heavy Engineering sector among Indian Inc, the current political and economic climate provides only a momentary relief from the "skilled labor shortages" that they are facing for many years. Consequently, today HR's highest priority is no longer how to recruit scarce and rare skills but rather how to identify and retain their top-performers and how to develop a high-performance culture that will position their firm as an employer of choice when things turn around. Following Business circle, the economy will be in the path of recovery and then recruiting top talent will become an issue once again. It has been well proved through experience as well as through statistics that employees seldom quit for financial reasons; instead they quit because other professional needs related to broader working conditions and work culture go severely unmet. This paper presents some best practices in addressing employees' professional needs when it comes to retaining and attracting experienced skilled employees.

Introduction

T.V. Rao has appropriately focussed on the nature of change in HR practices for the modern Corporate by clubbing two quotes, one from Norton and Kaplan and another from Yeung and Berman.

"Dynamic changes in HR measures are urgently required to refocus on priorities and resources of HR functions. Instead of being HR driven that makes sense to most HR professionals, the next generation of HR measures need to be business driven e.g. how HR can impact business success. Instead of being activity oriented i.e. what and how much we do, new HR measures should be impact oriented i.e. how much we improve business results. Instead of looking at what has happened in the past, new HR initiatives should be innovative and forward looking allowing managers to assess and diagnose the process and people's capabilities that can result into the future success of corporations. Finally, instead of focusing on individual HR practices such as

*Mr. Abhishek A Gavane
General Manager, HR Consultancy ARG (Family Business)
Worked at JSW Energy, Lanco Power and Toshiba Corporation of Japan,
Mechanical Engineer, PGDM(HR), NDIM

recruitment practices, training practices etc., future HR should focus on entire HR system taking into account the synergy among all existing practices."

Attrition is the major issue in the modern organization. Replacing new employees is a challenge; it involves costs for recruiting and training new employees. It also creates discontinuity in the operation system when an experienced employee leave the organisation. As employees are asset of the company and more so experienced, better HR policy is perceived to be creating appropriate policies for retention of employees. This research looks into all aspects of employees behavior regarding attrition, such as why employees leave the organization, factors that influence decision of the employee to continue in an organization and also among which age of employees attrition is high.   The paper then suggests measures for retention of employees for each age group.

What triggers the "Quit" bullet ?

Articles, research papers, studies are published and several programs are being conducted almost daily. The outcome of this extensive research falls characteristically into four areas: as follows :

1. Absolute Discontent: Over a period, the employee gets disgruntled beyond repair with work conditions, bosses, policies, culture and as a whole 'Employer Brand'.

2. Pre-Planned Assessment: Some employees have a set plan to quit i.e. better opportunities with a brand tag, pursuing higher education, following spouse's life or job, entering into self business etc.

3. Prospects Outside: This is the most universal ground for attrition, the poaching or fishing network of rivals which is standing by to offer more or anything was thought to be sufficient in the existing company.

4. Spontaneous Decision: Motive is "impulsive". By and large, this is the result of a very negative reaction to a specific action e.g. being passed over for a promotion, scolding in meetings, blames passing, difficulties with a supervisor, etc.

Why employees stay?

It is equally important to recognize why valuable employees stay. As employees partake in their personal, professional and community life, they build up a network of connections and relationships both on and off the job and become embedded in their jobs and their communities. Parting from a job would require breaking or rearranging of these valued social networks. Thus, the more embedded employees are in an organization, the more likely they are to stay. Companies can increase an employee's engagement by providing mentors or buddies, designing work in teams, fostering team cohesiveness, encouraging employee referrals, and providing clear socialization and communication about the company's values and culture as well as financial incentives based on tenure or unique incentives that may not be available elsewhere.

Diverse Generations at Workplace:

In general, today's workplace includes three generations: **Baby Boomers** born approximately before 1962; **Generation X** born roughly between 1963 and 1980, and **Generation Y**, (Millennials) born after 1981. Baby Boomers and older Gen-X'ers are managing top positions in many corporate today. Their values, beliefs and working style are unlike their younger subordinates who will soon be filling key roles as Baby Boomers retire.

Generational gaps are faced by every company for ages; The Baby Boomers had to adjust to prudent ways of their predecessors when they entered the work force – and their superiors had to adjust to them. These managers have traditionally managed employee retention challenges throwing higher salaries/bonuses, or by (rarely) making small changes to working conditions/culture. There was always a big talent sea queued outside the door to be recruited as a replacement. Today with a skilled labor shortage not enough people to fill every company's skill needs.

The Millennial come to work not just for money but also to satisfy their intense desire to speedily get to the stardom. Needs are rapidly sliding down the hierarchy in Maslow's Pyramid. Millennial are expecting 'on the spot' performance feedback,

direction, approval, transparency, work/life balance among many other things. These values might be attributed to their extensive use of technology – tabloids, cell phones, text and instant messaging, etc. Everything happens "now" because technology is the social enabler. Baby Boomers weren't introduced to such technology until well into their working years and even then it was introduced as a business tool only.

Mind-sets Matters:

"One-size-fits-all" retention packages are usually fruitless in convincing a diverse group of key employees to stay. Instead, companies should modify retention approaches to mind-sets and motivations of specific employees as well as to the express nature of changes involved.

Among the key people at risk there are two main groups with two different ages and mind-sets. Baby Boomers think a lot before quitting as relocating would uproot their families and networks. The people in Millennials, more career-driven group didn't mind living and working in remote places or abroad.

The corporate policies to attract and retain staff have changed for meeting needs of Millennial employees. They have to ensure that all employees get the direction, feedback and validation they need from their workplace. These new generation employees expect transparent and speedy HR processes and will vote with their feet in case of disappointment.

Companies that implement key HR best practices, spend less on escalating salaries, bonuses and other financial incentives, and have a better culture and environment to attract and retain fresh or skilled, experienced employees.

Enablers for HR:

Following are four steps for improving the employee retention rates through perks given to them and decrease the impact of attrition in an organization:

1. **Measurement and calculation of costs of turnover** and HR professionals may be struggling with methods of management of turnover and the ability to put retention efforts in place when their organizations are facing tighter budgets. It is important for HR to calculate both the tangible and intangible costs associated with turnover and to educate their organizations on how retention efforts can actually save money in the long-term.

The tangible costs include:

a. Decreased productivity
b. Replacement costs of employees who have left the organization
c. Expense in time and money for training new employees
d. Indirect costs of recruiting and hiring new employees

The in-tangible costs include:

a. Costs of workflow interruptions when employees leave
b. Decline in the quality of service
c. Loss of expertise and business opportunities
d. Impact on job satisfaction and morale of remaining employees
e. Corporate image

Measuring turnover can help determine causes of attrition and best strategies to retain talent in an organization. This is also a perfect opportunity for HR to show the impact it can have on the organizations bottom line and put retention programs in place before a mass exodus begins.

2. **Identify the variables leading to organizational turnover**

Variables of attrition are compensation, benefits, management style, working conditions or a blend of these that are distressing job satisfaction. The best way to gather this information on employee satisfaction is to ask current employees. This can be accomplished through HR instruments such as employee attitude surveys, focus groups, stay interviews, structured interviews or informal feedback attrication variable can distinctly be classificied on the basis of generation groups mentioned earlier.

3. Adopt strategy to support employees

This involves conducting internal and external analyses to determine the fairness and competitiveness of the organization's current compensation and benefits packages. It is necessary to implement recognition and/or reward programs at all levels of the organization. Employees may have very different motivations. It is better to build flexibility into such programs to keep rewards individualized.

a) Promote diversity – The company may authorize diversity training for managers to foster a work environment that encourages individuality and acceptance of unique work styles.

b) Promote a learning environment – It requires introduction of career development plans for employees to obtain knowledge and skills for professional growth within the organization.

c) Implement work/life balance programs to the extent possible – The Company should acknowledge non-work priorities, offer work-scheduling options and make it acceptable for employees to exercise those options.

d) Ensure that performance management system of the organizations is working – Not all retention is good. High performing employees want to know what is expected of them and whether or not they are delivering on those expectations.

e) Keep employees engaged – It is appropriate to conduct surveys on the workforce to find how employees feel about their work, supervisor, and the organization. The bottom line is that engaged employees are more productive and loyal ones.

f) Have fun at work – The concept of fun at the workplace has grown in popularity. Companies hold contests, theme dress days or arranging a surprise picnic. Encouraging employees to have fun at work serves to reduce workplace stress and monotony.

1. Monitor and evaluate the effectiveness of retention programs

Once a new or modified retention program has been implemented, it is necessary to calculate the return on investment by continuing to measure turnover and track improvements that are a direct result of the retention efforts. If rates are not improving, these data can be used to start to identify other possible cause(s) of turnover.

In planning retention programs, HR team of the company should be prepared to work harder to retain top-performing employees. It is necessary to remember that most talented people are the most marketable and likely to move on when the opportunity arises.

Some of the good practices followed by best companies are listed in Table-1 (Talent Attraction Strategies) and in Table-2 (Talent Retention Strategies) in the Appendix.

These best practices described in this paper establishes a complete, credible and integrated employee performance goal setting and feedback loop that brings higher retention rates and recruiting costs are significantly reduced.

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Appendix

Table -1
Talent Attraction Strategies

Baby Boomers	GEN - X	GEN - Y
Thoroughly research and analyze market and close competitors before developing a recruitment strategy	Competitive remuneration / stipend with meaningful perks / "side-bets	Widespread use of Social Media to attract youngsters
Use of localization and customization – Online portals of company with region-wise different contents for experienced professionals	Screening video and actual on-site pictures before conventional ppt, especially for remote plant sites	Participation and Sponsorship in Summits and Conferences targeted for fresh graduates
Really interact with people who show interest in joining your company, both active passive jobseekers – Forget about auto-responders on email	E-hiring, uploading and creating resumes on company websites, online screening tests etc	Conducting Guest Lectures, Quizzes and Sports in institutions
If feasible, offer employment opportunities and other benefits to spouse of prospective candidates to be recruited for remote locations	Keep the company website updated with latest developments, achievements, customer base and career opportunities	New generation coloration of ambience at the training / test centre of company for fresher's
	Reduce the recruitment time cycle to minimum using web-based automated tools	Partaking of company in Job Fairs and Pool Hiring Meets and grant on-spot offers
	Partnership between the brand team, the advertising team and the talent acquisition team within the company for effective recruiting	Extensive Employer Branding – Print / TV / Pop-up ads / Souvenirs

Table -2
Talent Retention Strategies

Baby Boomers	GEN - X	GEN - Y
Make rules that make sense and involve employees - Voice in the process	Find a project for the talent that ignities their passion - The opportunity to be a part of something huge, with enough opportunity to deliver what they've promised	Celebrate Birthdays, Wedding Anniversaries and New-born in the office. May include surprise "afternoon off"
Networking and strategizing within the company - Update employees about future plans, new purchases, policy changes	Performance feedback to be objective, constructive (positive) and on an ongoing basis not an end of the year affair. To be supported by specific examples of behaviour and incidents	Company Offsite - Organize Parties, Picnics, Children Fun Games, Healthy Living Programs etc.
	Introducing new employees to the employees who have gone above and beyond in group meetings	
	Separate annual discussions with your best people onsuccession planning or career development and update that you think there's a path for them going forward	Conduct Employee Satisfaction Surveys, Engagement Surveys, Canteen Satisfaction Surveys etc. and necessary steps taken to curb discontent
	Establish and adhere to priorities for communication methods (e.g. first face-to-face, then voice and printed word, with email being the last option).	
	Small but effective - Open salary accounts with reputed banks that can provide benefits like zero balance, free credit cards, easy loans and deposit schemes	