

Best Practices in Employee Attraction, Recruitment and Retention in Manufacturing

WORKING GUIDE

"We are where we are and will never move."

A Nova Scotia manufacturer is committed to staying in business here

Executive Summary

The manufacturing sector is an important contributor to the Nova Scotia economy. Manufacturing jobs are high-quality jobs that pay 22 per cent more than the average hourly wage. 95 per cent of manufacturing jobs are full-time. For this reason, it is good policy to encourage continued growth in this important sector.

In the Halifax Regional Municipality (HRM), the Greater Halifax Partnership's SmartBusiness study of over 1200 local businesses revealed that 62 per cent of local manufacturers had problems attracting, recruiting and retaining the right staff – one of the highest rates for any local sector.

Labour studies show that the Nova Scotia workforce faces severe challenges. They include the oldest workforce in Canada; an inadequate supply of skilled workers; regional difficulty in finding unskilled workers; and, difficulties in retaining staff in the face of attractive jobs offshore or in Western Canada. All of these challenges fall into the general area of human resource management.

Some large local manufacturers have skilled human resources (HR) personnel on staff to help them attract and retain the best employees. But even those who are financially able to hire staff are often overwhelmed by day-to-day HR demands and have no time to focus on HR planning. Companies that are too small to have HR assistance or cannot afford it face an even tougher situation.

With Service Canada funding and with the co-operation of Canadian Manufacturers & Exporters, Nova Scotia Division (CME), the Greater Halifax Partnership researched best practices in employee attraction, recruitment and retention in manufacturing. The result of this research is a working guide. This guide aims to be an easy-to-use reference to help manufacturers conquer common HR challenges.

The information in this document will be most useful to small- or medium-sized Nova Scotia manufacturers, especially those without a defined human resources function. The document is written to give basic information to any manufacturer in need of quick, practical information.

Research Process

Beginning in June 2006, Partnership staff conducted secondary research, interviewed experts and surveyed local manufacturers. This research was tested and reinforced by the SmartBusiness team's thorough one-on-one interviews with manufacturers, which were completed in late September.

Data analysis started in mid-September. Participants in three October focus group sessions gave considerable feedback and helped determine the direction of the final guide.

The following working guide is an overview of the best advice from all the research gathered.



Recruitment, Attraction and Retention Strategies

1. General Human Resource Planning

Strategic planning for HR is good for the bottom line.

- » **Create an HR function that will help you develop a strategic plan. If you can't afford an HR department, you must do a strategic corporate plan including, at least, some basic human resources planning.**

A basic HR plan should cover the following topics: salary benchmarking, exit interviews and staffing, recruitment, hiring, retention, training and recognition plans and programs. Any plan should also measure the success and efficiency of all your HR programs.

An HR plan need not be complicated or difficult. A recent Cornell University study found that small organizations create 22 per cent sales growth, 23 per cent higher profits and a 66 per cent drop in turnover when they implement three very simple HR strategies at the same time:

- 1) Organization-fit. Go beyond job-fit in hiring. Hire employees that can do the job and fit into your organization's culture.
- 2) Family-like atmosphere. Create an environment that provides employees with more than just money. Find ways to foster friendships at work and make employees feel that they are part of a family.
- 3) Self-management. Give employees clear expectations – and feedback on when they are, and are not, meeting them. Then, leave them alone to do their jobs. Involve employees in decisions that affect them, too.

You can also find good basic advice on general HR planning at: www.hrmanagement.gc.ca

- » **Create a strategic plan, communicate it, live it and execute it – with the full involvement of all staff.**

Your HR plan is just one part of an overall strategic plan.

As an introduction to strategic planning, you can find a good, basic online planning resource at: www.bdc.ca/en/my_project/Projects/growth/strategic_planning.htm

2. Recruitment Strategies that Work

- » **Continue initiatives to hire young people and immigrants but target other populations as well.**

To succeed in recruitment and attraction, you must work hard at attracting many different populations of employees at once. Even unprecedented levels of immigration will not fill staffing requirements, nor will trying to recruit young people exclusively. You should try to recruit multiple populations, including underrepresented populations such as First Nations people, people with disabilities and mature workers.

- » **Use selected Internet job banks.**

Response to the federal government's Job Bank is mixed, but many employers still use it. It can be found at: www.jobbank.gc.ca

Canadian Manufacturers & Exporters are also finalizing a new online job bank for manufacturers. "iCME" ("Innovative Careers in Manufacturing") is slated to be "the one-stop site for jobs, information and human resource-related information for Canada's largest business sector." It is scheduled to go online in January 2007 at: www.cme-mec.ca

- » **Maximize use of available apprenticeship programs in your workplace.**

Many local employers expressed concerns with the Nova Scotia apprenticeship system. And a recent CME survey showed that only 18 per cent of Canadian manufacturers use apprenticeship programs.

However, it remains one of the few government-supported training initiatives available to manufacturers. On Nov. 1, 2006, the Nova Scotia government announced changes to the apprenticeship system to make it more responsive to industry. Employers may also get a tax credit for hiring apprentices soon. Draft amendments to the Income Tax Act supporting this initiative are now being considered. For these reasons, employers should still investigate the apprenticeship option thoroughly.

- » **Ask your own workers to find your new employees.**

An employee referral program is sometimes called the gold standard of low-cost recruitment solutions.

Ensure that this is not just a 'friends and family' hiring exercise. Encourage your employees to recommend top professionals in their field. If a successful hire results from their suggestions, offer employees a bonus, if financially possible.

“ Having employees understand the challenges facing employees – and having employees communicate with us about what would keep them content in their jobs.”

Jack Miner, President of Atlantic Crane, says that these two measures are the most important ones you can use to improve workplace quality

» **Find employees through local co-operative education programs at high schools, universities and colleges and use local colleges and universities’ employment offices.**

If an employer takes great care in selecting the right young employee, it can be a win-win situation for both parties. One employer who has successfully turned co-op students into permanent hires sees hiring students as an investment: “I look upon their term with us as a three-month job interview.”

» **Consider using new NS Department of Education initiatives.**

With its new O2 (Options and Opportunities) program, the Nova Scotia department of Education has started special skills-related and employment-related education in 27 high schools in the province. Co-operative job placements are mandatory in this program. You can get involved in this new training initiative – and perhaps find new employees – by logging on to and registering at: www.investinyouth.ca

Of interest to manufacturers, the O2 program emphasizes the teaching of soft, non-technical jobs skills known as ‘employability skills.’ (Many employers are concerned that young workers lack a good work ethic. Teaching employability skills – such as basic interpersonal and communications skills; punctuality; the desire to work hard; basic literacy and numeracy; taking responsibility for one’s work; problem-solving and critical thinking – may be one way to find new employees with a good work ethic.)

You can also find more information on relevant Department of Education programs at:

O2 (Options and Opportunities) www.ednet.ns.ca/O2/e/index.shtml

Work It NS (promoting the trades for young people): www.workitns.ca

» **For specialized, hard-to-find technical skills, consider offshoring.**

Some local companies have enjoyed great success outsourcing highly technical, hard-to-find skilled jobs to be performed in other countries.

3. **Attraction Strategies that Work**

» **Become known as an attractive employer by better defining your organization’s mission.**

Vision-driven companies – companies with a clearly defined mission or vision that is lived every day – outperform their non-visionary competitors by a factor of 15 to 1.

Having a vision statement or a set of company principles to refer to gives employees a foundation to guide them and keep their priorities focused during their daily work lives. This document will also act as a guide to follow when circumstances call for creativity.

But don’t write your values down if you don’t intend to live them. This applies to everyone from the CEO to the production line employee.

Many of the companies researched rely upon their good reputations to attract employees. But by actively ‘selling’ their company through promotion of their vision, mission or brand, companies can be much more successful at attraction, recruitment and retention.

» **Become well-known for a positive working atmosphere.**

Lack of a positive working atmosphere is the top reason people leave jobs. Improving work atmosphere is a proven tool to increase employee retention.

Some of the ways to create or improve a good workplace are:

- Offering varying work assignments
- Flexibility in wages, benefits and hours of work
- Performance-based raises and bonuses
- Promoting social activities designed with different employee groups in mind i.e. family events, events targeted at younger employees
- Being part of a team with a mission
- Committing to a healthy, clean, safe and well-lit workplace
- Offering training and professional development opportunities
- Offering healthy workplace initiatives, including gym membership subsidies
- Access to deferred profit-sharing plans and/or share purchase plans
- Closing for Christmas/December holiday period
- Offering special summer working hours

Find employees with a good work ethic

“This may seem like the only issue [to employers], but it may be more in understanding Generation X and Y that we fail.”

Sandra Greer, CEO of AMIRIX, comments on the perceived ‘lack of a work ethic’ in younger workers

» Adjust your company vision to appeal to workers from a variety of ages.

Many employers seek the elusive under-30 employee. However, there are not enough of these young employees available to fill all staffing needs. Employers need to consider all ages – young, mid-career and older workers – and find places for them in the workplace.

Employers also need to appreciate the skills and experience of older workers on the job while ensuring that training options meet their needs.

» Get used to the reality of a workforce with differing values.

Employers must understand that many younger workers – and older ones – are motivated by work with a purpose and work-life balance, rather than just a paycheck.

Within reasonable limits, employers should also try to be open to different styles of dress or physical appearance with younger employees.

» Hire employees from underrepresented groups such as immigrants, First Nations people, African-Canadians, older workers and/or people with disabilities.

Many local employers have achieved success by widening their employment net to include underrepresented groups such as the above. Access to the Service Canada website (www.servicecanada.gc.ca) can give you, the employer, ideas on how to reach these populations.

Additionally, many manufacturers wish that the immigration system worked more quickly and efficiently. There are, however, local resources you can use to help you with immigration-related concerns. Foremost among them is MISA, the Metropolitan Immigrant Settlement Association. It can help employers with recruitment, cultural sensitivity training, employment services and other matters. For instance, it offers employers a free six-week unpaid work placement for immigrants. You can find out more about this and MISA’s many other services at: www.misa.ns.ca

The Nova Scotia Office of Immigration also helps to

expedite immigration-related paperwork and gives information about the Provincial Nominee Program for Immigrants.

You can find out more about the Office and its programs at: www.novascotiaimmigration.com

» Offer “flex benefits” – benefits and/or incentives that appeal to different ages. This is called the “cafeteria approach” to benefits.

Benefits that appeal to 25-year-olds might not appeal to 50-year-olds. Many employers are offering flexible benefits, such as a set health care expense account and other options. Your benefit provider can discuss innovations that could save you time and money.

» Develop a work ethic that works for your organization by providing unskilled workers with training.

All workers in all workplaces should have training options. But some employers have become creative by training inexperienced, entry-level hires from the ground up. By offering unskilled workers training and advancement opportunities, these companies have created loyal members of the workforce who stay working for them. Some local employers have developed trades people by training members of their unskilled labour pool in certain jobs and then offering them apprenticeships in various trades.

Future workplace training programs may also have to include the teaching of employability skills.

“We’re working to improve our work ethic by pitching our company as an industry leader which needs employee participation and teamwork.”

Robert MacLellan, HR Manager, Marener Industries Inc. in Halifax

» Consider cultural sensitivity training for the new multi-ethnic workplace.

Many employers want to hire immigrants and make a place for them in their company. However, some have had challenges in combining multiple nationalities in one workforce. This is where cultural sensitivity training can be helpful.

Halifax’s Metropolitan Immigrant Settlement Association (MISA) offers such training and many other services bridging the employer and immigrant communities. Their website is at: www.misa.ns.ca

To see if your workplace is truly ready to accept immigrant workers, consult a very useful self-assessment tool at: www.hireimmigrants.ca

“I don’t know if the federal points system is the answer but better immigration policies and more welcoming employers and communities would certainly help.”

AMIRIX CEO Sandra Greer

Finding employees with the right skills

» Use varied training options.

- In-house training
- Partnering with educational institutions

• Have senior staff mentor junior hires.

In-house training can be partnered with a formal mentoring program. A good, properly evaluated mentoring program has the added advantages of increasing retention of both older and younger workers. Mentoring programs cut training costs and help document the institutional memory of a company.

» Make a corporate commitment to training.

In today’s competitive marketplace, training must be considered an investment. In fact, companies that place a premium on training are more profitable than those that don’t. Investing in training and professional development is a clear signal that a company cares about its workers.

» Cultivate ‘alumni’ employees – or leave the option of returning open.

Many employees who leave on good terms are often willing to refer other employees to your workplace. Also, many employees who leave your company may later wish to return. If they are valued employees, keep the option of returning open. Some companies losing staff to Alberta are finding this option very useful.

Finding experienced employees

» Employ in-house training, partnered training or mentoring programs.

» Consider forming an alliance with businesses like yours – or joining a sector council.

Rather than viewing other companies in the same sector solely as competitors, manufacturers in similar sectors are considering alliances to bring specialized training or skilled employees to the local area. In this way, manufacturers can boost the chance of success of the whole sector in the Atlantic region.

Membership in a sector council, which is co-ordinated

through Service Canada, is free. You can find more information on them at the following website: www.councils.org/

The CME also has a national program to develop a consortium of like-minded firms and sector councils. You can get more information by contacting the CME in Nova Scotia at: (902) 422-4477.

Dealing with labour shortages

Although 89 per cent of employers surveyed report difficulty in finding skilled workers, only 38 per cent of manufacturers questioned have any existing plan to deal with these shortages. Future staffing problems can be solved with some investment in advance planning.

» Create a workable succession plan before you have a staffing problem. If you already have a labour shortage, act immediately.

Succession planning should be part of your company’s overall strategic plan. Senior management should devise a succession plan on how to deal with expected and unexpected vacancies. Any plan should include strategies on handling the loss of personnel in key positions, scheduled retirements, identifying top performers and finding new workers for the industry. It also should include internal postings (of between five to ten days) of all jobs before they are advertised externally. A good succession plan should include on-the-job training options. It should also encourage employees to seek trade or professional designations and certifications.

Management should stay aware of employment trends in their business in order to foresee any hiring or recruitment problems before they occur. Management should also make talented employees aware of opportunities for advancement in the company. In the annual performance review, discuss the employee’s future goals and the organization’s future needs – and find ways to accommodate both.

The Business Development Bank of Canada’s website is a very good source for basic, user-friendly information on succession planning. You can find this resource at: www.bdc.ca/en/my_project/Projects/articles/succession_plan.htm

4. Retention Measures that Work

“Many research studies have proven that money is a short-term incentive. The best way to keep good employees is to empower them and give them autonomy in their responsibilities.”

Alice McCarron, Chief Administrative Officer for Medical Waste Management in Dartmouth, talks about employee retention.

» Introduce a basic retention program, if you don't have one.

It can be easier to train and motivate a current employee rather than to support costly staff turnover. Firms should introduce some basic retention programming as part of an overall human resources strategy. This should include salary benchmarking; regular employer surveys; annual performance reviews; reviewing wages and benefits and an overall human resources strategy with succession planning.

Gerald Walsh and Associates, a leading Atlantic Canadian recruitment firm, offers a free online salary guide that covers six common job categories. You can order a copy of the free guide at the following website: www.geraldwalsh.com/search_employ_salary.html

In November 2006, Mercer HR Consulting completed its most recent CME Compensation Survey Suite. This suite of materials, now available to the public, represents pay data for 13 geographic areas across Canada (including Atlantic Canada). For more information, see the following website: www.imercer.ca/CME-MEC

» Start or enhance a low-cost, low-maintenance recognition program.

Recognition programs are one of the best ways to create a team atmosphere and a good work environment. A program need not be complicated but it must be genuine. Many recognition measures are effective, ranging from thank you notes, coffee gift certificates and merchandise to free vacations. All are variations on a simple theme: “Thank you.”

For example, the Canadian offices of Graybar, the international electrical and data/communication wholesale distributors, recently adopted a very successful, simple recognition program. Each manager is given a supply of merchandise coupons and a log sheet. As the accompanying memo states, “Whenever an employee demonstrates excellent customer service, teamwork, or goes above and beyond the call of duty,

simply present a coupon to the employee, along with your thanks, and record the information on the log sheet.” When all of the coupons are distributed, the manager returns the log sheet – and gets a new supply of coupons.

» Ensure that managers get ongoing leadership training.

Many companies find that ongoing leadership training saves money by increasing staff satisfaction and retention.

In Gallup Poll research, 49 per cent of workers say that they have left jobs because of a bad boss. Ensure that your company is not one of the ones being deserted.

» Vary job assignments of workers who seek constant change and challenges.

If you are able to offer varying assignments due to the nature of your operation, the first challenge is to identify those on your staff who can benefit most from new job assignments or lateral transfers. In this way, you can meet staff shortages by retooling and redeploying one of your own employees.

Varying jobs within the organization can also help with retention, as employees are likely to stay interested, motivated and stimulated at work. They can also learn new job skills in a process called “cross-training.” For instance, the United Steelworkers of America is now training 3,000 experienced workers in a secondary discipline. One example of this cross-training would be teaching a pipefitter how to run a press.

» Promote from within.

It's not possible to do so in all workplaces. But if you can, offering advancement opportunities within your company can spur better job performance and increase worker loyalty.

» Consider a short-term or temporary contract with a qualified HR consultant or student to introduce some basic HR programming to your workplace.

Even small firms with budget constraints can benefit from a short-term placement with a consultant. The services of a qualified HR student may also pay off in better productivity and lower turnover – which makes an immediate impact on the bottom line.

Capable young HR students are also available on work terms from Nova Scotia Community College's Human Resource Management program or St. Mary's University's HR Management program.

Some local and national companies offer another

approach to human resources management services. After a needs assessment is made, employers can contract these firms for a part-time, ongoing HR professional to work in the company. He or she is charged with making recommendations on, and carrying out, ongoing improvements in any or all HR areas.

For more information, consult the "HR services" section of the website for the Human Resources Association of Nova Scotia at: www.hrans.org. You can also check the Yellow Pages under "Human Resources Consultants."

» **Use employee wage, benefit and training packages creatively.**

As one commentator titled an article, "That hard-to-find employee is your new boss."

Because of labour shortages, the employer must now attempt to meet the needs of employees to an unprecedented level.

Some options that Canadian Manufacturers & Exporters have cited are flexible work schedules; time off for hours worked; short leave time for personal issues; support for worker education and training; flexibility to deal with child care issues; compressed work weeks; permanent part-time work; job sharing, and employee wellness programs.

Some newer approaches allow for unpaid or paid leaves of absence, sabbaticals or time off for volunteer work. These initiatives can give an employee a new perspective on life and work. Likewise, employers get back a more productive, refreshed employee.

Bonuses and incentives should only be given for good performance. If workers are rewarded for doing mediocre jobs, it removes any incentive for other employees to excel on the job.

Policy action items

Survey respondents, one-on-one interviewees and focus group participants had much to say about what policies would help the manufacturing sector thrive.

All of the Greater Halifax Partnership's research resulted in a list of policy concerns requiring immediate attention.

The following list underscores 11 important matters. But the first four issues highlighted in the following list are the most urgent concerns of local manufacturers – the ones that they would like to address most immediately, given adequate time, resources and support:

1. **Nova Scotia apprenticeship programs should be reformed, expanded and/or streamlined to better meet manufacturers' needs.**
2. **Immigration of skilled trades people should be made easier and quicker.**
3. **The federal government should increase tax credits for work-related bonuses and training.**
4. **Governments, sector organizations and the private sector should continue and expand incentives to encourage young people to pursue manufacturing careers.**
5. A multi-party Task Force on outsourcing HR duties and responsibilities should be created.
6. Resources should be expanded to support manufacturers in decreasing expenses and increasing profits.
7. Tax reform of business, payroll and other taxes should continue.
8. With the influx of more immigrants, general cultural sensitivity training should be expanded.
9. All levels of government should create incentives to keep skilled trades people and leadership staff in Nova Scotia.
10. The profile, knowledge of and membership in, sector councils should be encouraged.
11. The problem of outmigration to Western Canada must be addressed at all three levels of government.

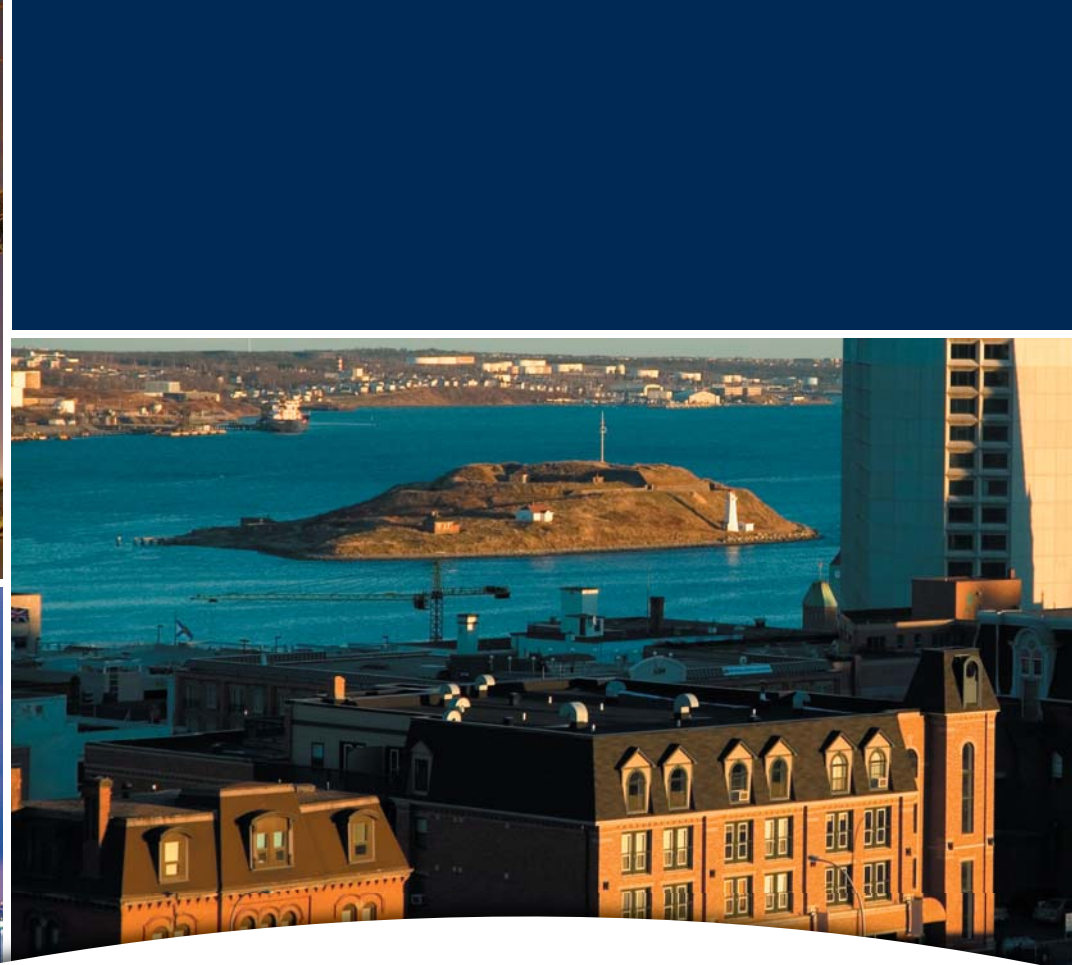
If you want to be involved in direct efforts to address these important issues, contact staff at: Canadian Manufacturers & Exporters, Nova Scotia Division at (902) 422-4477.

Employer self-assessment tool

The Greater Halifax Partnership has created an online tool that pinpoints problem areas for employers and directs them to immediate practical solutions. You will find it in January 2007 on the Greater Halifax Partnership website: www.greaterhalifax.com

In January 2007, you can also find the self-assessment tool by going to the CME national website (www.cme-mec.ca), then clicking on the Nova Scotia flag.

A full-length research report, from which this guide is excerpted, will now accompany the online assessment tool. It will also be available in January 2007 at both the GHP and the CME websites.



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