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Strategies for improving employee retention

Executive summary

This research project has arisen as a consequence of growing concern within the meat processing industry regarding employee retention and turnover. In 2005, Meat & Livestock Australia conducted a number of Industry Forums on Retention, the results of which were summarised in a report entitled "Retention: Exploring the Issues" (MLA, 2005). This report stated that the increasing difficulties in retaining skilled, effective workers amounted to a looming crisis within the industry, and called for the development of effective workforce retention strategies within the industry.

Project objectives

- To document the nature and extent of employee turnover within several meat processing plants
- To collect data relating to underlying causes of employee retention and turnover within these meat processing plants
- To assist these plants in the development of a focused employee retention strategy

Approach

Four types of data (interviews, employee survey, focus groups, turnover records) were collected during site visits to 6 sheep and beef processing plants (2 from New South Wales, and one each from Queensland, Victoria, South Australia and Western Australia). The production workforce employed by each company ranged from just over 100 in the smallest to just under 900 in the largest. Each company received a report and recommendations for improving employee retention specific to its own operations.

Core Findings

The research found that turnover for the 12 months prior to data collection had increased significantly in all plants, with annual estimates ranging from 37% through to 90%. For a medium-sized plant, costs associated with this degree of turnover were estimated to be between $650,000 and $1.3 million per annum. The project found that there was considerable variability in the manner in which data on employee voluntary turnover information was recorded and stored. This severely limited the degree to which plants were able to use this information to accurately monitor turnover trends and to diagnose factors underlying poor employee retention. Some plants collected exit interviews, but the information they generated was not regarded as being particularly useful or useable in most cases.

Measures obtained from a sample of nearly 600 employees indicated that there is considerable scope for firms to improve employee job embeddedness, a factor linked to employee retention, by adopting measures designed to increase employee fit, strengthen links, and intensify sacrifices – both on- and off-job.

Links refer to the formal or informal connections people have, both on and off the job, either between themselves and institutions (e.g. sporting or community organizations; work project teams; financial commitments; home ownership; schools) or with other people (e.g. family, friends and co-workers). Fit is defined as a person's perceived compatibility or comfort with an organisation and with his or her environment. Finally, Sacrifice is defined as the perceived cost of material or psychological benefits that may be forfeited by leaving one's job.

Summary of Recommendations

In addition to a number of specific recommendations made to individual plants, following generic retention strategies are proposed for meat processing plants:

1. Improve collection and analysis of turnover data
2. Modify use of exit interviews

3. Setting targets and establishing managerial accountabilities in respect of retention
4. Developing and communicating an 'employee value proposition'
5. Step up community-based activities in relevant labour markets
6. Select more rigorously, based on 'fit' to the organisation
7. Emphasise teamwork and employee engagement
8. Train more intensively and broadly
9. Increase organisational communication
10. Offer employment security guarantees
11. Reward based on organisational performance
12. Improve job design and working environments

Contents

1 Introduction

This research project has arisen as a consequence of growing concern within the meat processing industry regarding employee retention and turnover. In 2005, Meat & Livestock Australia conducted a number of Industry Forums on Retention, the results of which were summarised in a report entitled "Retention: Exploring the Issues" (MLA, 2005). This report stated that the increasing difficulties in retaining skilled, effective workers amounted to a looming crisis within the industry, and called for the development of effective workforce retention strategies within the industry.

2 Project aims

This project has the following specific objectives:

- To document the nature and extent of employee turnover within several meat processing plants

- To collect data relating to underlying causes of employee retention and turnover within these meat processing plants

- To assist these plants in the development of a focused employee retention strategy

3 Project brief

The original project brief specified the following activities and deliverables for each plant involved in the study:

1. *Collect and collate 12 months of plant turnover data*

   The plant will be asked to give the researchers access to data on employee turnover for the 12 months prior to the current project. This will be used to document the extent of the problem across various categories of employee.

2. *Collect and collate exit interview data*

   The plant will be asked to provide access to data from exit interviews, where available, to shed light on the reasons people give for leaving. Where plants don't systematically collect useful or complete exit information, assistance will be provided to the plant in the form of advice on the design of an exit interview proforma and process.

3. *Conduct focus group(s)*

   1-2 focus groups (10-20 employees) will be conducted on-site with existing employees, focusing on the factors that keep those employees in their current jobs

4. *Administer employee retention questionnaire.*

   A structured questionnaire will be administered to a representative sample of existing employees, focussing on specific work and non-work factors linked with the decision to stay with this employer. The details of the sample and the procedure for questionnaire administration will be determined through discussions with plant management (and other stakeholders, where this is deemed appropriate).

5. Prepare report on ways to promote employee retention

A detailed report will be produced that summarises the findings of the exit interviews, focus groups and survey data, and which identifies key factors that underlie employee retention and turnover at the plant.

6. Provide input to the development of an employee retention strategy

The researcher(s) will meet with senior management (and other stakeholders as requested) to advise them on the use of the report's findings in the development of a targeted retention plan.

4 Guiding Model of Employee Retention

Traditionally, researchers have sought to explain voluntary turnover amongst employees in terms of two factors: perceived ease of movement, and perceived desirability of movement. The dominant underlying premise of such research, reflected in the content of the predictive models it has spawned, is that people generally leave if they are dissatisfied with their job and if job alternatives are available (Lee, Mitchell, Sablynski, Burton & Holtom, 2004). However, while job dissatisfaction and available employment alternatives are clearly potential contributors to an employee's decision to leave a given job, research indicates these two aspects seldom predict more than 10% of the variance in actual turnover behaviour (Griffeth, Hom & Gaertner, 2000). Put another way, it appears that at least 90% of turnover behaviour is unrelated to whether or not a person is dissatisfied in their job, or their perception that they can get a job elsewhere. This somewhat surprising, though consistent, finding has resulted in a number of new directions in turnover research.

One of the most promising recent approaches to predicting employee turnover is the job embeddedness perspective developed by Mitchell & colleagues from the University of Washington (Mitchell, Holtom, Lee, Sablynski & Erez, 2001; Mitchell, Holtom & Lee, 2001). This approach focuses on identifying those factors that constrain people from leaving their present job, both within and outside the organisational space. It takes account of the fact that off-the-job events may have as much to do with turnover as things that happen within the organization itself, and also recognises that people stay with an organization for reasons other than how satisfied they are with the job that they do. Thus, the job embeddedness approach focuses more directly on the problem of retention, by asking the question "why do people decide to stay?", as opposed to "how do they leave?".

Job embeddedness theory argues that the organisation and the community to which the employee belong generate 3 sets of forces that combine to make it more likely that they will stay on in their job:

- the extent to which people have *links* to other people, institutions or activities;

- the extent to which their job and community are similar to, or *fit* with the other aspects in their life space and;

- the ease with which links can be broken – individual perceptions about cost or *sacrifice* if they leave their job or community.
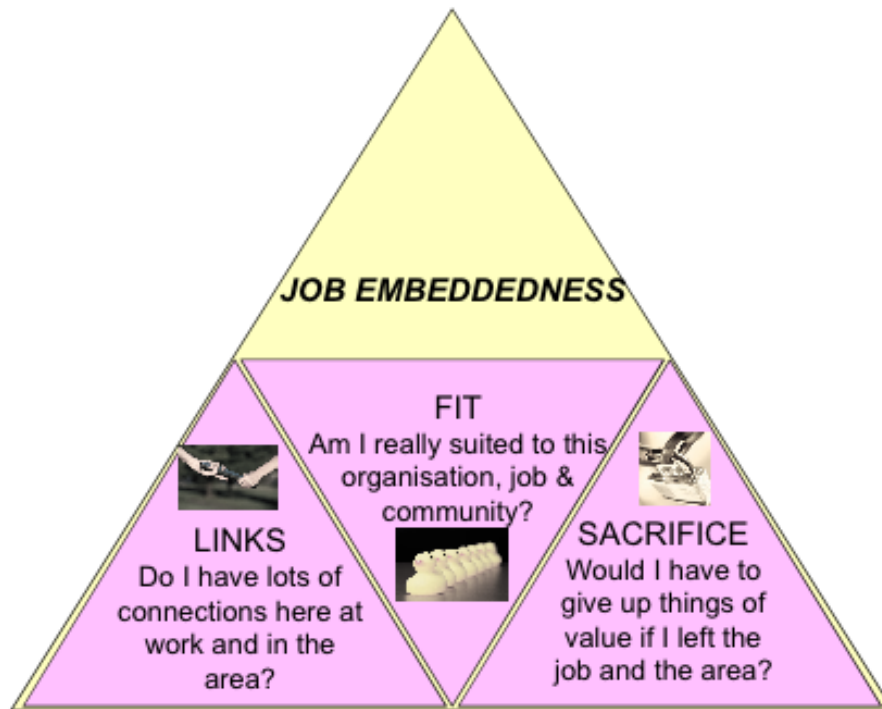
4.1 Links

Links refer to the formal or informal connections people have, both on and off the job, either between themselves and institutions (e.g. sporting or community organizations; work project teams; financial commitments; home ownership; schools) or with other people (e.g. family, friends and co-workers). Such linkages connect an employee and his/her family in a social, psychological, and financial web that include work and non-work friends, groups, the community, and the physical environment in which he or she lives. The higher the number of links, the more likely an employee will feel attached to the organization and community to which they belong, and the less likely it is that they will consider leaving. People who have established various links in their lives are also more likely to stay due to the costs that they may incur when leaving their job or perhaps their home (see *Sacrifice*).

4.2 Fit

Fit is defined as a person's perceived compatibility or comfort with an organisation and with his or her environment. To be 'embedded', an employee's personal values, career goals and plans for the future must fit with the larger corporate culture and the demands of his immediate job. Employees also take into account how well they fit in the community and surrounding environment. For example, an employee may stay in a job that they feel ambivalent about, simply because the lifestyle provided by the community in which they live is highly attractive to them. The better the fit and the comfort with the community, the higher the likelihood that an employee will feel attached to his or her job.

4.3 Sacrifice

Sacrifice is defined as the perceived cost of material or psychological benefits that may be forfeited by leaving one's job. The primary consideration is what the employee has to give up if they were to break the links on and off the job as a result of decision to leave. The more sacrifice

has to be made, the more difficult it is for an employee to break the current links. Examples of sacrifice might be losing seniority at work, or having to sell a house.

5 Job embeddedness and retention strategies

The job embeddedness framework suggests 3 basic strategies for improving employee retention: Improving fit, building links, and intensifying sacrifices[a].

5.1 Improving employee fit (on- and off-job)

Some suggested generic strategies for improving fit are given below:

Dimension	Organisation	Community
Fit	• Attract larger applicant pool. • Selectively hire, based on fit to job. • Selectively hire, based on fit to organisation's culture & values • Improve socialisation practices for new employees	• Focus recruitment activities in local markets, or in close-nit communities • Invest in work-life balance programs, such as flexible work hours, job sharing

5.2 Strengthening links (on- and off-job)

Some suggested generic strategies for strengthening links are given below:

Dimension	Organisation	Community
Links	• Introduce mentor/buddy systems. • Hire and train in groups • Strengthen team approach to work • Involve employees in organisational decision-making	• Provide organisational support for community-based services (e.g. health clubs, childcare) • Sponsor employee sports teams in local leagues

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[a] A number of the suggestions presented below are adapted from Mitchell, Holtom & Lee (2001)

5.3   Intensifying sacrifices (on- and off-job)

Some suggested generic strategies for intensifying potential sacrifices are given below:

Dimension	Organisation	Community
Sacrifice	- Provide financial incentives for staying (e.g. share issues, longevity bonuses, superannuation) - Intensify non-financial incentives (e.g. long-service leave, employee discounts)	- Provide home-buying assistance - Education support schemes - Company-sponsored child and senior care

6   Project sample

Six meat-processing companies were involved in this study. The sample included two plants from New South Wales, and one each from Queensland, Victoria, South Australia and Western Australia. The production workforce employed by each company ranged from just over 100 in the smallest to just under 900 in the largest. Four of the 6 processing plants were medium-sized operations, employing between 300 and 500 employees. Both beef and sheep processing plants were represented in the sample.

7   Project method

Four types of data collection were undertaken at each site, as described below.

7.1   Interviews with HR Managers

An extensive orientation interview was conducted with the HR manager at each site. The proforma for this interview is provided in Appendix 1.

7.2   Employee turnover records

HR managers at each site were asked to provide the researchers with access to their recorded data on employee turnover for the past two years where possible.

7.3   Employee retention questionnaire

A brief survey was administered to all available production employees over a two-day period. Production staff were approached during their scheduled breaks and asked to volunteer to participate in the study. At one site, management asked for the survey to be administered by their own HR staff at a later date, as they were about to run an internal climate survey. Numbers

of respondents varied across plants, with acceptable response rates ranging from 20% to 60% of the available workforce.

Plant	Number of Respondents
A	74
B	88
C	104
D	65
E	123
F	138

The survey contained a number of self-report measures of job embeddedness, as developed by Lee, Mitchell, Sablynski & Holtom (2004). These items are reported in Appendix 2. Except where indicated, a 5-point Likert response format was used (1, strongly disagree to 5, Strongly agree).

7.4   Employee focus groups

At each site, between 3 and 4 focus groups of 4-6 production employees were formed. These groups were constructed such that least one group consisted entirely of production employees from high turnover areas, another of highly valued employees, and another of production supervisors. Each focus group lasted one hour, and was facilitated by the researchers. Focus group discussion centred on the reasons why people joined the organisation, why they stayed, and why they left.   A total of 20 focus groups were run across the 6 plants.

8 Findings

Detailed reports were made in follow-up presentations at all 6 plants. Summaries of those reports are presented in Confidential Appendices A to F.

8.1 Employee turnover rates

Employee turnover is best defined as number of exits that create a vacancy, divided by the average total number of employees. Estimates of overall plant turnover in the 12 months prior to this study ranged from 35% through to 90% across the 6 plants, with an average of just over 58% (median = 56.5%). Human resource managers at all 6 plants reported significant increases in voluntary employee turnover over the past 12 months.

Considerable variation was found in the form in which turnover data was compiled and recorded at each site, severely limiting the degree to which meaningful diagnosis of possible trends and causal factors could be undertaken by management at the 6 plants.

Plant	Turnover information available	Relevant information not available
A	Monthly turnover data provided by work area and gender for 2001-2005.	No linked information available on length of employment, employment status (casual/permanent), working hours or age.
B	Monthly turnover data provided for 2005 by work area, linked to length of employment and employment status	No linked information available on age, gender or working hours.
C	Annual turnover data provided for 2005 only, linked to information on gender, length of employment, age, work area and employment status	No linked information available on working hours.
D	Monthly turnover data provided for 2005 only, analysable by work area, length of employment, and working hours	No linked information available on employee age, gender or employment status.
E	Annual percentage turnover figure provided for the workforce as a whole	No linked information available on work area, employment status, age, gender or working hours
F	Turnover data provided for 2003-2005 by month of departure, work area, employment status, gender and length of employment	No linked information available on age.

With such variability in the quality and scope of turnover data being collected across the 6 plants, there are strong limits to the diagnostic value of such information. Nevertheless, the following general conclusions could be drawn from analyses performed on the various data sets provided.

- Employment status (whether someone is on casual or permanent employment) is the strongest correlate of employee turnover. In those plants where it was possible to link

information on employment status to turnover information, employees on casual contracts were far more likely to leave than those granted permanent status.

- Though age was negatively correlated with employee turnover, this relationship all but disappears once employment status is controlled for in any analyses.

- Turnover rates differ significantly across work areas within plants, with turnover rates significantly higher in boning rooms.

- Turnover rates vary according to working hours, with higher rates in afternoon shifts. In some instances, however, those working shifts were also on casual contracts with variable hours of work (and therefore pay).

- Different turnover rates are observed for males and females, though this generally reflects the impact of employment status, work areas and working hours. Women were more likely to be employed in casual/part-time arrangements, in boning rooms, and on shift-work.

- There are strong seasonal variations in turnover within meat processing plants, in some cases reflecting variations in production demands (e.g. shutdown periods) and associated uncertainties regarding security of employment.

8.1.1 Costs of turnover

Initial estimates of the cost of turnover per employee provided by HR managers at the respective plants varied from $300 to $1500. In the main, all that plants did was estimate some or all of the direct costs associated with replacement (e.g. Q-fever, induction costs, etc). However, all HR managers interviewed accepted that there were significant indirect separation costs not incorporated in these figures (e.g. production/quality impacts; costs of training; payment of casual loadings to new staff), and that the figures they had provided were significant underestimates. While it is difficult to be precise, the real cost of turnover appears likely to be somewhere in the range of $2500 to $5000 per employee. Even assuming the lower bound of this estimate, turnover costs for three of the plants in this study would be in excess of $1 million per annum. Using the average size of the plants studies (450 employees), and the average rate of turnover (58%), it can be estimated that the turnover-related bill for an average plant in 2005 was in the range $650,000 - $1.3 million.

8.2 Exit interviews

Regarding the collection and use of exit interview data, such data was not formally collected in three of the six plants. In Plant E, supervisors, not employees, completed an exit report that asked them to document the employee's reason for leaving, rate their skill levels, attendance, and punctuality, as well as listing any Workcover history. The supervisor was also asked to make a recommendation regarding the potential for re-employment. In the other two plants, Plants B & D, detailed employee exit interview forms (with radically different question content) were filled out, where the employee was available to do so. Only at Plant D were systematic analyses undertaken by management of the information contained in the exit interview forms.

In the one plant where systematic analyses were undertaken of exit interview data, the following categories of reasons for voluntary termination were identified over the past year (listed in order of frequency):

- Lack of rotation among tasks
- 'Other' reasons (disliked the work, illness in family, commute distance)
- Leaving the town
- Concerns about management and way individuals were treated by management
- Lack of training received on the job
- Concerns about ability to progress through levels
- Dissatisfaction with working hours/shifts
- Ill-health or injury

All the HR managers who were interviewed felt that they should be collecting some exit information on a person's reason for leaving, but also questioned the reliability of the information that was typically provided (i.e. people are reluctant to reveal the true reasons behind their decision). Furthermore, in many instances, the employee simply leaves, and there is no opportunity to interview them prior to departure.

8.3 Employee retention questionnaire

8.3.1 Overall job embeddedness

On the basis of the information obtained through the questionnaire, it is possible to obtain an estimate of the overall degree of embeddedness that exists for employees in the various plants studied. Factors affecting a person's probability of staying in a job are summarised in terms of factors within the organisation and external community.

Job Embeddedness

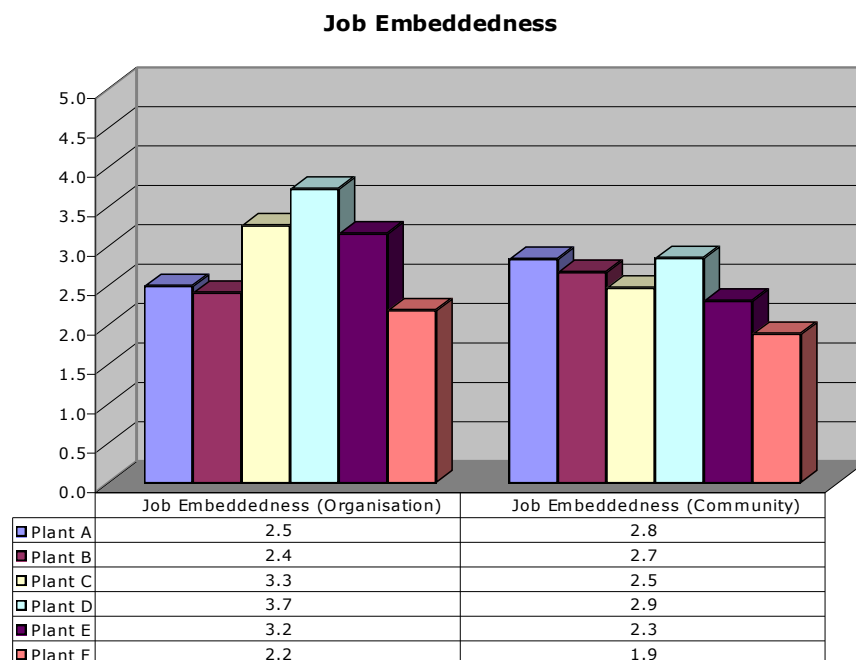|	Job Embeddedness (Organisation)	Job Embeddedness (Community)
Plant A	2.5	2.8
Plant B	2.4	2.7
Plant C	3.3	2.5
Plant D	3.7	2.9
Plant E	3.2	2.3
Plant F	2.2	1.9

Figure 1: Job embeddedness scores across 6 meat-processing plants.

Data summarised in Figure 1 above suggest that there are significant differences across plants in the degree of job embeddedness reported by employees. These differences are statistically significant across the 6 plants for both organisational job embeddedness ($F = 5.58$, $p <. 001$) and community job embeddedness ($F = 6.234$, $p <. 001$).

Further analyses indicate the following statistically significant ($p <. 05$) differences exist between individual plants:

- Organisational job embeddedness – Plant D scores significantly higher than Plants A, B & F.

- Community job embeddedness – Plant F scores significantly lower than Plants A, B & D.

In absolute terms, what does this data suggest about levels of job embeddedness amongst meat industry production employees? There have been no published studies to date using the job embeddedness measures in an Australian context. However, results from 4 overseas studies[b], presented in the table below, may help to provide an indication of typical range of mean scores.

Study	Embeddedness (Organisation)	Embeddedness (Community)
1	2.8	2.9
2	2.8	3.1
3	2.6	2.7
4	2.7	2.9

Four of the 6 processing plants surveyed fell below the range of means for embeddedness (organization) observed in other studies, with the exception of Plants C & D.

On embeddedness (community), none of the mean scores for meat processing plants were above the range of means observed in other studies, and three plants (Plants C, E & F) generated scores below the minimum mean score reported elsewhere.

Data showing the distribution of Fit, Links and Sacrifice (organisation, community) across the six sites are presented in Appendix 4.

The survey data as whole suggest that, leaving aside factors to do with the buoyancy of the external labour market, meat-processing firms are at risk in terms of low employee retention. Looked at another way, there appears to be considerable scope for the majority of plants in this study to improve fit, strengthen links and intensify potential sacrifices – both within the organisational space and outside in the community.

8.4 Employee focus groups

Whilst there were a number of plant-specific issues raised by each focus group, a number of common retention-relevant themes of fit, links and sacrifice were raised by focus groups at all sites. These are briefly described below:

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[b] Sources: Lee et al., 2004; Mitchell, et al., 2001; Holtom & O'Neill, 2004

8.4.1   Issues of fit (organization)

- **Recruits unsuited/unprepared for type of work**. Continual mention was made of the wrong type of people being recruited. Almost universally, focus group members stated that could immediately recognise someone who was not going to stay more than three months, either because of their poor attitude to work, their prior work history (or lack of it), their physical build, or their reaction to the work environment. Many focus groups also expressed the view that one of the responses to employee turnover, specifically the lowering of recruitment standards, had simply made the 'revolving door spin faster', and placed an added burden on experienced, skilled 'stayers'.
- **Initial shock of entry**. It was commonly recognised that entering the meat processing work environment is a major shock for even the most adaptable and suitable new employees – it is a 'full-on', high speed (not-to-mention gory) operation within which new recruits must come up to speed quickly after what is typically a very short induction process. For many, the overall environment is one that doesn't live up to expectations of what a normal workplace should offer its employees.
- **Excessive physical demands**. Even the most seasoned and experienced employees spoke of being broken down by the sheer physical pressure of the job. This was identified as a major factor in the loss of experienced workers, and as something that burned out new, young recruits.
- **Culture of harassment**. Nearly all focus groups identified the 'tough' culture of the workplace as a factor in why many people chose not to stay. Seasoned employees and supervisors spoke of new employees not being able to take the 'rough & tumble" of the work environment, while most young and new employees referred to it as harassment or bullying.
- **Lack of support from supervisors/co-workers**. Once in the workforce, a lack of social support from co-workers and supervisors was seen as a contributing factor to a lack of willingness to stay on. Focus groups spoke of the desirability of buddy and mentor systems as a way of assisting employees as they developed skill and experience in highly demanding production environments. People spoke of difficulties of learning new areas/skills and of coping with the pressures of the job without such support.
- **Lack of employment security**. A number of focus groups pointed out that many young people are not attracted to a job that is not seen as offering a secure future. It was pointed out that most plants start new recruits on casual contracts, often for the first three months.
- **Lack of career opportunities**. Many focus group members pointed to the fact that there are limited opportunities provided by many meat-processing plants. Consequently, the job is seen by many as a stepping-stone, somewhere you work until something offering a better future comes along.
- **Monotonous work**. Though the work is physically challenging, focus groups identified the lack of variety in tasks as a factor constraining most people's natural fit with the work. Highly paced, specialised job designs mean that very few meat-processing workers are able to make full use of a range of valued skills and abilities on the job. Issues of inadequate rotation patterns/frequency were frequently cited.
- **Expectations of training & progression not met**. It was common for focus group members to state that their expectations for training were not being met, leading to frustration and dissatisfaction. Supervisors were commonly blamed for either 'rationing' access to skill development that contributed to pay increments, or exercising favouritism in the process of providing such opportunities.
- **No opportunity to take pride in work/occupation**. This was commented on by many focus groups. Some referred to the abattoir as the place that parents threaten to send their children to work at if they are bad and/or don't do their schoolwork. For many, it

appears that the image of the employer and of the profession is such that they are reluctant to say whom they work for or what they do for a living.

- **Unsociable hours of work**. Getting up early in the morning was a factor associated with a lack of fit for many (especially young) people. However, some viewed the hours as something that had attracted them to the job in the first place, as it enabled them to engage in leisure activities in the afternoon.
- **Lack of incentives**. In some plants, the nature of the reward system was viewed as a factor in attracting and retaining good employees. Though many were attracted to what were seen as good starting rates, there appeared to be few performance-linked incentives provided for employees – especially linked to team or organisational performance.

8.4.2 Issues of links (organization)

- **Lack of employment security**. Focus groups cited the practice of offering 'casual' employment as a contributing factor to turnover. Appointment to 'casual' meant that a person was frequently unable to get a mortgage or personal loan, and sometimes not even a rental agreement. In many plants, employees are routinely appointed to casual contracts for the first three months of their employment. Furthermore, being on casual is symbolic of a low level of attachment to the organization.
- **Limited opportunities for teamwork and involvement in decision-making**. Few of the plants operated any formal teamwork, either in direct production or in project teams. Focus groups reported that those workplaces that had low levels of turnover often were staffed by people with strong social or family connections.
- **Lack of information sharing**. Focus groups frequently spoke about not knowing what was going on, and that the level of uncertainty associated with plant operations was a factor in some people choosing to leave for more certain work environments. For example, employees spoke of not knowing what production schedules were going to be until the beginning of a shift, and of being kept in the dark over plant expansion programs or plans to hire overseas workers.

8.4.3 Issues of sacrifice (organization)

In general, focus groups felt that many of those who decided to leave meat processing would perceive that there was a limited range of benefits to be given up, from the perspective of working in the organisation. In particular, the following issues were raised:

- **Lack of employment security**. For those in the first three months of employment, they would most likely be not be giving up a permanent job.
- **Few benefits or perks**. In many instances, work provided very few valued amenities or ancillary benefits.

8.4.4 Issues of fit (community)

- **Insular local community**. It was commented that many non-local recruits left because they were not readily integrated within the local community, and felt isolated. This problem was becoming greater as plants sought to recruit from further afield in response to acute labour shortages.
- **Lack of infrastructure.** For many more senior workers, a lack of educational and employment opportunities for themselves and their families in the region the plant was

located was cited as a reason why they felt that they no longer fitted within the community.

8.4.5 Issues of links (community)

- **Collapse of local infrastructure**. The collapse of local sporting organisations, bank closures, lack of medical facilities and other aspects of declining rural infrastructure were all cited as factors impinging on the ability of plants to recruit and retain employees.
- **Population decline**. In some areas, a declining population combined with an increasing tendency of young people to move to large towns and cities, was disrupting family and social connections that would ordinarily have acted as a force to keep people in the region.

8.4.6 Issues of sacrifice (community)

When focusing on what people have to give up if they leave communities within which meatworks are located, the focus groups identified relatively few sacrifices that would have to be made. Sacrifices were seen as greatest in areas that had attractive natural resources linked to leisure activities (e.g. fishing, boating, skiing), and where there were still strong social, community and sporting organisations. A common sacrifice that was identified was that of being able to live close to work.

9 Generic Recommendations for Improving Retention within the Meat Processing Industry

Based on the information collected in the course of this project, as well as the discussions held at plant-level, a number of generic recommendations are made for the improvement of employee retention within meat processing plants.

1. Improve collection and analysis of turnover data

Voluntary employee turnover rates should be calculated as number of employees leaving divided by average number of employees. Voluntary employee turnover rates need to be calculated monthly for the plant as a whole, as well for individual work areas. It is also important to be able to analyse (i.e.. plot) voluntary turnover rates by age, gender, employment status (permanent/casual), and length of employment, and to be able to examine seasonal and annual trends.

2. Modify use of exit interviews
Detailed exit interviews have limited value unless conducted post-employment by someone independent of the organization. An alternative, aimed at generating more readily collectable and analysable information on common reasons for leaving, is to get departing employees to complete an anonymous checklist of reasons for leaving that incorporates issues of on- and off-job links, fit and sacrifice. A suggested proforma for this is provided in Appendix 3.

3. Set targets and establish managerial accountabilities
It is desirable to try to manage turnover by holding managers and supervisors directly responsible for calculating and reporting on voluntary turnover rates in their departments. Even if this is not possible, and such information is provided centrally, have managers set specific quarterly goals for improving employee retention rates, and hold them directly accountable for achieving these goals. Information on the likely costs associated with turnover for the plant as a whole should be provided to all employees.

4. Develop and communicate an 'employee value proposition'
Many meat-processing organisations go to considerable lengths to promote themselves to one set of stakeholders, customers, but do not do so in respect of another critical stakeholder group – employees[c]. Plants need to develop and communicate a positive and consistent message regarding the benefits that employment with the organization will deliver to the employee - to be delivered to a wide range of prospective employees, as well as to current employees. This value proposition should focus on both on- and off-job opportunities, and should be made available on the web as well as though other more traditional career & job search outlets. In respect of job-related elements, the value proposition will need to stress financial rewards, employment security, training opportunities, and potential career paths, as these are aspects that are particularly valued by prospective employees. In effect, this value proposition amounts to an 'employment brand' offered by the employer and this 'brand' needs to be established in the labour market in much the same way as any product-based brand. Establishing an employee value proposition also helps the organization define the sort of person who would be a good fit with their mission, values and future goals.

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[c] See Ulrich & Brockbank (2005).

Note that is important that any information provided to prospective employees regarding the experience of working for an employer is <u>realistic</u> as well as positive, since unmet expectations are a major source of dissatisfaction and turnover and will make the value proposition unsustainable. The meat processing industry faces major challenges in this area, as it has an image as an 'employer of last resort' in many labour markets.

5. Step up community-based activities in relevant labour markets

One way to increase the size of the applicant pool is to engage in a range of activities designed to increase awareness of the value and status of the employer in potential labour markets. Such activities may include sponsorship of events and activities (e.g. sporting events, teams) offering educational scholarships, etc. These 'low involvement' recruiting activities have been shown to generate more positive results over time than direct recruiting campaigns, where the employer's reputation is either not well known or positively valued. Such activities also help to build and maintain community linkages for existing employees, thereby reducing turnover probability.

6. Select more rigorously, based on 'fit'

Paradoxically, at the very time an organization is experiencing high labour turnover, it needs to tighten rather than loosen its selection standards. Many meat-processing plants are now using internationally sourced labour (on temporary visas) as a means of dealing with current acute labour shortages. It is suggested that this strategy has the potential to provide a rare and timely opportunity for processing firms to review and re-organise their recruitment and selection systems for the future.

Research consistently indicates that commitment is highest and turnover lowest when people are a good fit to both the job and the organization. While fit to the job can be improved post-employment (e.g. through training and job placement), fit with the organization, its values and culture, generally reflects more stable values and preferences on the part of employees – attitudes and beliefs that are hard to change, and therefore must be possessed on entry to the organization.

Identifying people who are the right match for an organisation's culture and values requires intensive and careful selection decision-making processes. This is generally not something that can be effectively managed by an external employment agency, and so organisations are encouraged to do their employment screening in-house. The employee value proposition, discussed earlier, will help an organization define the sort of person they are looking for – their values, attitudes and beliefs, in addition to prior knowledge, skills and abilities – as well as attracting people who are likely to be a better match. These attributes then need to be translated into a set of selection criteria that can be applied throughout the selection process. Recommendations for improving selection systems to maximise the likelihood of improved 'fit' include:

- Encouraging employee referrals by offering a 'finders fee' to employees who refer successful applicant.

- Involving valued line employees (not just HR and/or production supervisors) in selection interviewing and decision-making.

- 'Pre-inducting' prospective employees – i.e. making the selection decision after induction training.

- Selecting applicants with strong off-job (community) links.

- Asking prospective employees to 'bring a mate' to induction training.

- Creating a buddy/mentor system for new employees

7. Offer employment security guarantees

Wherever possible, plants should look to offer permanent employment (albeit with probation), as opposed to a casual employment contract. The perception that initial employment is 'casual' acts to deter better quality applicants, and also reduces the sense of attachment of new employees. Offering an employment security guarantee also encourages managers to improve their selection systems, facilitates the development of more efficient labour utilisation plans (e.g. scheduling of production), and a stable long-term workforce can act as a source of competitive advantage.

8. Train intensively and broadly

Companies that train their employees extensively (without rationing) generally attract and retain a better calibre of job applicant, since achievement-oriented employees regard the opportunity to develop their own personal human capital as a both a desirable goal, and also a suitable reward for demonstrating commitment to the company and its goals. Training opportunities should be provided for employees at all levels, and its content should be broad (i.e. provide access to different occupational roles), and span both technical (i.e. certificate) and non-technical aspects of work (e.g. teamwork). Non-technical training is also particularly important for supervisory and managerial employees. In many cases, companies need to increase their visible investment in modern training facilities and in the employment of dedicated (on- and off-job) trainers. Employees might be encouraged to train others by being offered financial incentives for training others on-the-job.

9. Increase organisational communication

Employees identify more strongly with companies that keep their employees continually and directly informed about their plans, goals and operations. Plants are encouraged to use newsletters, intranet, and weekly production briefings on both targets and performance. It is also suggested that companies hold regular (e.g. quarterly or biannual) whole-of-organisation briefings on plans, progress and performance. Widespread information sharing leads generally to increased trust in management, and reduced resistance to change, as well as an increased likelihood of employees engaging in extra-role citizenship behaviours.

10. Emphasise teamwork and employee engagement

The stressful impact of high-paced production systems on employees is lessened by the social support that derives from working as part of a cohesive team, and also by the extent to which employees feel that they can exercise some personal control over the pace and demands of work. High commitment work systems generally stress the development of strong working ties ('links) between co-workers by means of the formation of naturally interdependent teams of employees who are collectively rewarded and held accountable for a defined output. Team-based work systems are historically associated with improved quality of production, and reduced turnover (Cordery, 2005).

11. Reward organisational performance

One of the main strategies that organisations have deployed to maximise organisational attachment and commitment appears to be almost completely absent within the meat industry. Some organisations have found that offering high pay contingent on organisational performance is a constructive way of attracting and retaining good quality staff. Rather than individual or team performance-pay schemes, schemes that provide some return to employees based on how well the organization as a whole performs have been consistently found to improve both productivity and retention rates. Ownership patterns within the meat industry mean that one common form in

which this occurs is not always possible (i.e.. share issues), though other forms of gain sharing should be investigated.

12. Act to improve job design and working environment
One of the main challenges the industry faces in trying to develop a positive and marketable employee value proposition is the fact that jobs within the industry are traditionally physically very demanding, monotonous, and frequently undertaken in unpleasant work environments. Some plants have sought to improve the nature of the work experience for employees by providing upgraded modern amenities, though many plants still fail to offer their employees facilities that meet the standards common within other processing industries. Many plants have reasonably new processing facilities, often designed according to ergonomic principles. However, despite decades of technological innovation within the industry, the basic job of a meat process worker still has inherently unattractive characteristics for the average person – that is, it involves physically demanding, externally paced, highly specialised work with little scope for variation in skill use and few opportunities to exercise direct control over work pace and methods.

One of the ways in which this needs to be addressed is by treating employees as an important stakeholder in technological innovation, not simply from a traditional human factors point of view, but in terms of how work meets their basic social and psychological needs. A major goal of all technological innovation projects within the industry should be to facilitate the creation of improved job designs - offering employees the opportunity to:

- exercise reasonable discretion in respect of how the work is performed (e.g. varying timing, methods)

- learn and regularly apply a new skills and knowledge skills

- perform a natural sequence of tasks, i.e. with a clear end product

- come into direct contact with clients and end-users

- judge their own performance levels whilst performing their work

- interact regularly with co-workers

10 Conclusion

This report has sought to demonstrate that, regardless of external labour market conditions, meat-processing plants have the potential to improve considerably their capacity to attract and retain valued employees. A number of generic strategies have been outlined, collectively aimed at improving fit, strengthening links and intensifying sacrifices both on- and off- the job. Given uncertainties associated with the importation of internationally-sourced temporary labour, it would seem that this is an opportune time for forms to put in place a series of human resource management policies and practices that will reduce the potential for high voluntary turnover on the future.

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12 Appendices

12.1 Appendix 1 - HR Manager Interview proforma

Name of site: Contact person:

1. How do you operationalise turnover rate at your site?

("number of exits that create a vacancy divided by the average total employees")

2. What is the current annual turnover rate for the plant overall?

3. Is turnover rising or falling? Why? Has anything happened in particular that has affected turnover over the past year?

4. What areas have higher turnover than others?

5. What would you regard as acceptable turnover?

6. How do you calculate your turnover rates? Does it include
        Permanent employees leaving the company
        Contract employees leaving and creating a vacancy?
        On-site transfers that create a vacant position
        Retirees
        Retrenched employees
        Employees who are sacked
        Deceased persons
        Internal transfers to off-site positions

7. Do you have any trend data on turnover? If so, what form does it take? Can we get assess to this?

8. Do you cost turnover? How?

9. In your opinion, what are the main reasons for people leaving?

10. What HR policies do you have in place to control turnover – what was mean to work but hasn't?

11. Workforce characteristics

Categories	No	Typical work pattern	Turnover rate (relativity?)
Production			
Non-production			

12. Do you collect exit interview data? If so, can we have the form? Who do you collect it from? What do you do with the data?

13. Do you offer any bonuses linked to company performance? Retention bonuses?

14. Where do most of your employees come from? What is the typical recruitment process for a production worker?

15. Do you operate teams?

16. Roughly how many hours of training per annum do you provide for new employees, current employees

17. Do you operate shifts? 8 hours or 12 hours?

18. Do you provide any job security guarantees?

19. Does your firm have a particular set of values that it strongly promotes?

20. Do you provide employees with detailed information on company performance? What form?

12.2 Appendix 2 Job embeddedness survey items 4

Fit, community
I really love the place where I live.
I like the family-oriented environment of my community.
This community I live in is a good match for me.
I think of the community where I live as home.
The area where I live offers the leisure activities that I like (e.g. sports, outdoors, cultural, arts).

Fit, organization
My job utilises my skills and talents well.
I feel like I am a good match for this organization.
I feel personally valued by this organization.
I like my work schedule (e.g. shift).
I fit with this organisation's culture.
I like the authority and responsibility I have at this organization.

Links, community
Are you currently married?
If you are married, does your spouse work outside the home?
Do you own the home you live in? (mortgaged or outright).
My family roots are in the community where I live.

Links, organization
How long have you been in your present position? (years).
How long have you worked for this organization? (years).
How long have you worked in the meat industry? (years).
Ho many co-workers do you interact with regularly?
How many co-workers are highly dependent on you?
How many work teams are you part of?
How many work committees (ie safety, social) are you on?

Sacrifice, community
Leaving this community would be very hard.
People respect me a lot in my community.
My neighbourhood is a secure environment.

Sacrifice, organization
I have a lot of freedom on this job to decide how to pursue my goals.
The non-salary benefits this company is providing to me are outstanding.
I feel that people at work respect me a great deal.
I would incur very few costs if I left this organization.[4]
I would sacrifice a lot if I left this job.
My promotion prospects are excellent here.
I am well paid for my level of performance.
The benefits are good on this job.
I believe the prospects for continuing employment with this company are excellent.

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[4] Reverse scored

12.3 Appendix 3 – Suggested brief exit interview survey
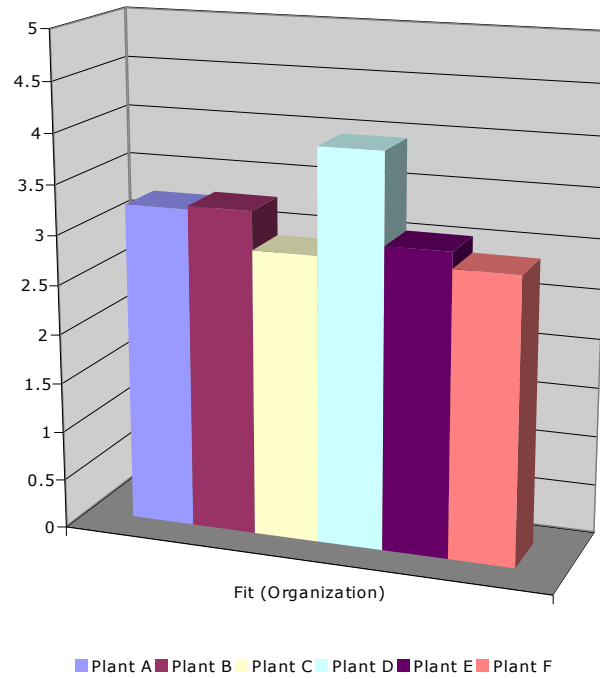
Which of the following were important factors in your decision to leave? Tick all those that apply.
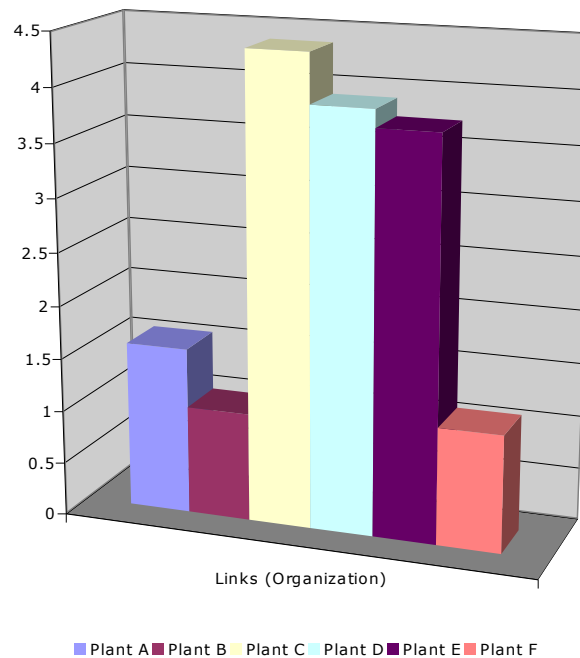1. I am no longer enjoying my job.
2. I feel that this company hasn't delivered on its promises to me.
3. As far as my personal goals and ambitions are concerned, I feel I've gone about as far as I can with this company.
4. I won't be sacrificing much financially by leaving this organisation.
5. I feel confident I can find a better job elsewhere.
6. I haven't really developed any strong personal friendships or ties here
7. I'm seeking better pay and conditions.
8. I'm looking for a more interesting and challenging job.
9. I'm leaving for family reasons, unrelated to work.
10. No real reason, I just feel like doing something different for a change.
11. I don't like where I'm living.
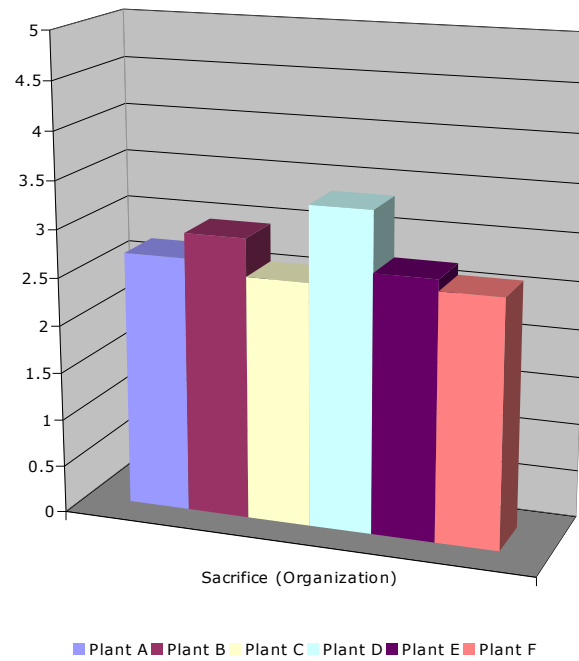12. I feel I don't really fit in here.
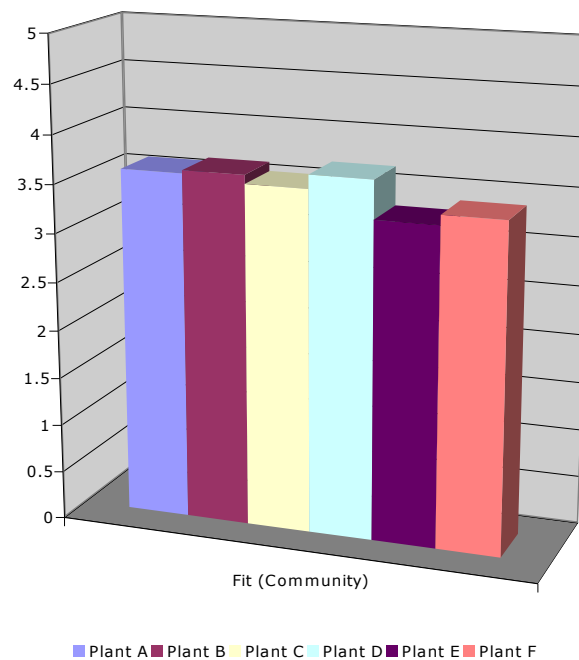
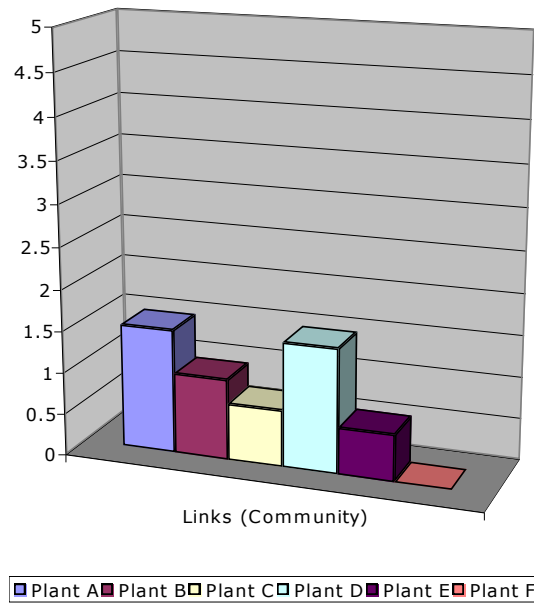## 12.4 Appendix 4

Fit, organisation

Fit (Organization)

Plant A Plant B Plant C Plant D Plant E Plant F

Links, organisation

Links (Organization)

Plant A Plant B Plant C Plant D Plant E Plant F

Sacrifice, organisation

Sacrifice (Organization)

■ Plant A ■ Plant B □ Plant C □ Plant D ■ Plant E ■ Plant F

Fit, community

Fit (Community)

■ Plant A ■ Plant B □ Plant C □ Plant D ■ Plant E ■ Plant F

Links, community

Links (Community)

Plant A Plant B Plant C Plant D Plant E Plant F

Sacrifice, community

Sacrifice (Community)

Plant A Plant B Plant C Plant D Plant E Plant F