

Attracting & Retaining Gen-Y Resources Professionals – Findings from an Industry Wide Survey

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The Australian mining industry holds the dubious honour of having the highest rate of employee turnover of any sector within the Australian economy (CRM 2003) – even ahead of traditionally transient sectors such as retail and hospitality. More worryingly, this honour persists, regardless of economic conditions; boom or bust, our industry has a problem.

Excessive turnover conservatively costs a small to medium sized mining operation \$2.8 million annually (CRM 2003) and the real figure far exceeds this. As we are forced to cut costs in light of the global financial crisis, a strategic approach to reducing excessive employee turnover is an obvious place to begin.

Anecdotally, the demographic which seems to be the hardest to retain is Generation Y (who for the purposes of our study are those professionals born between 1978 – 1994). Much has been written about this generation, yet generally in a vacuum, and rarely in the context of the unique working conditions within the Australian minerals industry. In order to address this gap in knowledge, a minerals industry wide web-based survey was conducted. The survey ran for one month and closed on the 18 December 2008. The study's aims were to:

- Prove or disprove common assumptions regarding Generation Y, especially regarding their reaction to the global financial crisis.
- Quantify and qualify the attraction and retention issues within the Australian resources industry.
- Develop solutions to the problems of attracting and retaining professionals in site-based roles.

Importance of Branding

One of the key concepts to arise from the survey is the need for employer and employee branding. Branding is a concept our industry has typically not bothered itself with, as primary industries are generally price takers - selling product to a select group of smelters and refiners with little interaction with a mass market.

However, when attracting and retaining staff, or when a professional seeks employment, branding is becoming increasingly important. Today's interconnected world means we can discover nearly anything about a potential employee or employer in a matter of minutes. It is because of this phenomenon that 70% of S-X Professionals (Silent to X Generation Professionals – those born before 1978) found their current job through

contacts or being head hunted by contacts. The situation is similar amongst Gen-Y Professionals with contacts also proving the most utilised medium when searching for a job (39% of all respondents) as shown in Figures 1 & 2.

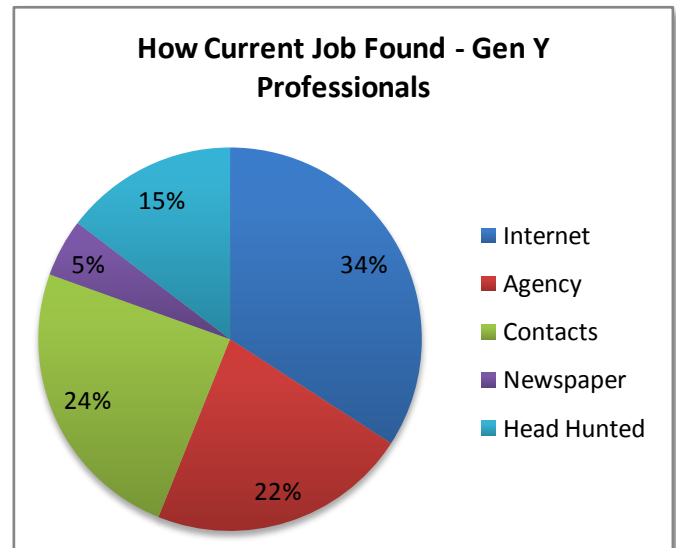


Figure 1

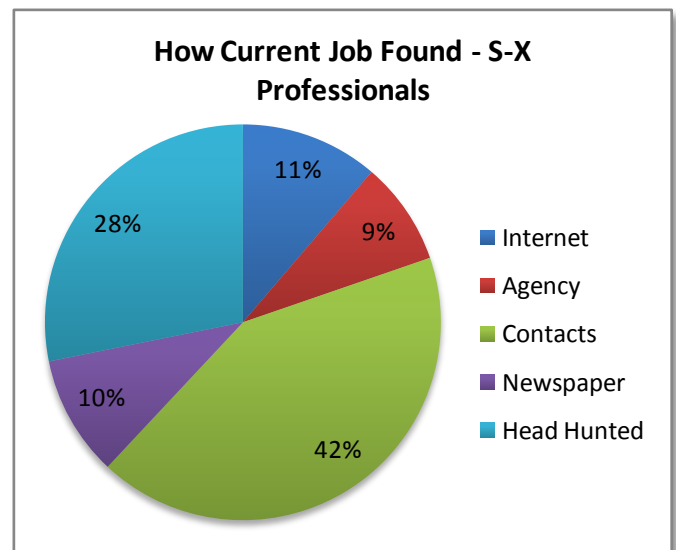


Figure 2 - Note the ineffectiveness of other recruitment mediums, particularly newspaper advertisements - 10% for S-X Professionals, 5% for Gen-Y Professionals.

The study revealed there are numerous benefits to a strong employer brand. For example, figure 3 shows the extent of a brand's ability to attract city-based professionals to work in site-based roles. Incredibly strength of a brand is the most effective method of attracting eligible city-based resources professionals to site-based roles.

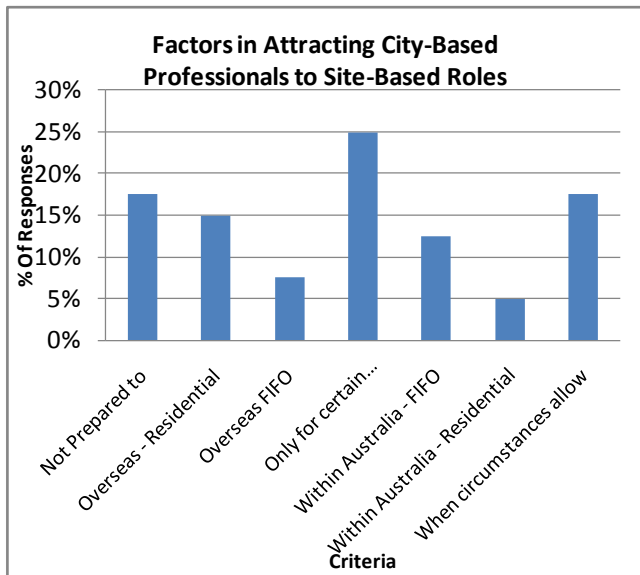


Figure 3 - The response 'If working for a certain boss/company' equates to the strength of an employer or employee's brand.

For a premium to be placed on any brand, whether it is a brand of washing machine or an employer, trust is a major component.

Ominously for resources employers, the number one reason amongst Gen-Y Professionals for leaving their previous employer was their failure to honour commitments (23% of all respondents). For S-X Professionals, pursuing career opportunities (21%) was the largest factor when deciding to leave their previous employer, followed by a failure to honour commitments (14%). It is understandable during a boom that experienced professionals would leave to pursue career opportunities. However, it is a serious indictment of how our industry manages people when a failure to honour commitments rates higher than, remuneration, location or family considerations when choosing to leave an employer.

Ultimately if the industry wants to retain all generations of professionals it needs to honestly communicate to prospective employees the commitments they are prepared to offer and honour.

This need for honesty is particularly important to Gen-Y Professionals as they are the most marketed to generation in history (Lindstrom 2004). This makes Generation Y a sceptical generation, who place a high value on trust. Honouring commitments breeds trust which enhances an employer's brand. Trust also facilitates greater engagement, retention and finally attraction of resources professionals.

Since recognising the importance of branding, we need to ask where we prioritise recruitment spending. Currently tens of thousands of dollars are spent per professional placement through increasingly ineffective

mediums (Newspapers especially). If these resources were instead diverted to retention initiatives, huge branding advantages would be realised.

Initiatives such as improvement of on-site facilities, providing on-site entertainment, improved training and delivering on commitments would all be effective. These initiatives would not only retain employees, they would also allow current employees to attract contacts with far greater effect.

Macro Issues & Managing the Financial Crisis

Historically, resources professionals have been far more likely to have been raised in rural areas (MCA 1998). The survey data confirmed that little progress has been made in this area, with resources professionals 2.5 times more likely to have been raised outside a capital city. Whilst rural areas have served the industry well in the past as a recruitment pool, the demographics of Australia - indeed the world - are slowly changing. Australia is one of the most urbanised nations on earth and the number of people who live in rural Australia continues to decline. In the 1920's, 40% of Australians lived in rural areas, today it is just 12% (ABS 2009). Over the long-term, the industry has a serious problem if professionals are continually sourced from this shrinking demographic.

Despite this, there were some encouraging trends in dealing with this historic problem. Promisingly, professionals raised in a capital city are almost as likely to work in a site-based role compared to professionals raised outside a capital city (45% vs 50% respectively). As society is becoming more mobile, moving to site-based roles is becoming less intimidating than it once was. This intimidation can be further allayed through industry continuing to employ vacation students. Such a measure will allow resources professionals to become more familiar with site-based roles when they graduate and give employers an advantage by exposing students to their employer brand early in their career.

The mining industry is not alone in the quest to encourage professionals to live in rural and remote Australia. This is an issue also pertinent to the health, agribusiness, government services, oil & gas and agricultural industries. Together these industries form the backbone of Australia's economy. Therefore a co-ordinated approach to attract suburban students to rural areas would no doubt be effective. However any campaign needs to be well designed, targeted and based on sound data regarding Generation Y's preferences.

The global financial crisis has dramatically changed the industry's fortunes in a short space of time and respondents were questioned extensively on their attitude towards the crisis.

Overwhelmingly Gen-Y Professionals see the crisis as the largest threat to the industry. Interestingly S-X Professionals rate the crisis and a lack of professionals equally as the industry's largest threats (figure 4).

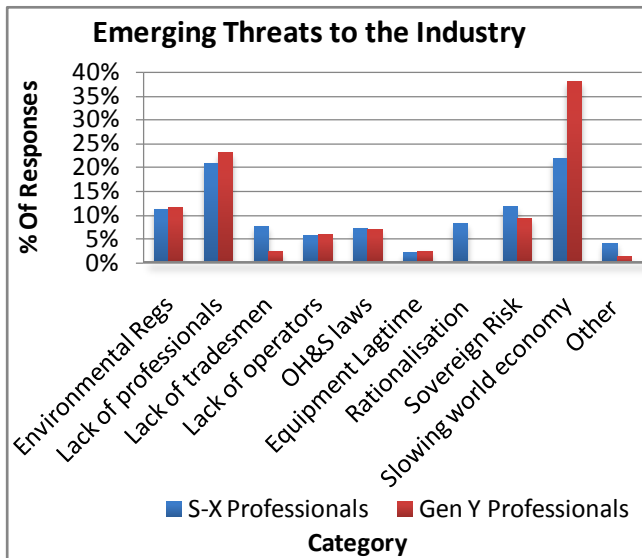


Figure 4

Thankfully the global financial crisis has not curtailed Gen-Y Professional's commitment to their career. Seventy five percent of Gen-Y Professionals plan to have a career in the resources industry for their entire working life compared to 79% of S-X Professionals. It is important that this commitment be encouraged during the current slow down to prepare the industry for its next upswing. This will offer insurance against the skills shortages endured from 2003-2008.

Appealing to Different Generations

The survey revealed numerous other findings that will assist employers create significant value through evidence based attraction and retention strategies specific to the resources industry. To download the full report visit www.Fuzionscape.com.au.

Conclusion

Personal contacts and an employer's brand are key elements to any successful attraction and retention strategy. This feature of the industry will continue to grow and both employees and employers need to adapt to the new paradigm by developing a brand suitable to their circumstances.

The global financial crisis provides an opportunity for organisations to assess the true cost associated with the turnover of professional personnel. It also provides an opportunity to assess the relevance of increasingly ineffectual recruitment programs against the increasing importance of an employer's brand. In most cases retaining a strong brand which is more than skin deep

provides a cheaper, long-term and far more effective solution to the costs of employee turnover.

In the immediate future, industry can adapt the following measures to attract and more importantly retain Gen-Y Professionals:

- Open and honest communication, with all commitments made being honoured. Our survey data shows this is currently not occurring on a large scale.
- Actively develop your site(s) brand and co-ordinate recruitment efforts with other industries within the geographical area of your operation(s).
- Regular auditing of an employer's brand.
- Encourage vacation student programs. In light of the survey's findings a recruitment website has been built to host vacation job adverts and centralise this currently uncoordinated process. For information email info@fuzionscape.com.au.
- Recognise that Gen-Y Professionals are committed to a career within the resources industry and are therefore safe to develop in preparation for the industry's next upswing.

As part of a long-term recruitment strategy, these measures will ensure the industry's success well into the future.

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