

## EXECUTIVE SUMMARY

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**QUESTION:** With recent changes to hourly pay (such as pay rates at fast food establishments), what are the best non-monetary incentive practices in reducing attrition in manual labor roles, and what is the average attrition rate for these roles?

### INTRODUCTION

The world is ever changing and with that comes changing wants and needs of the workforce. Monetary incentives just don't hold the same value as they did in the past, which has led to the rise of non-monetary benefits. All this leads to a growing importance placed on a company's total rewards functions with a focus on how to increase retention rates and streamline the employee experience.

## NON-MONETARY INCENTIVES FOR MANUAL LABOR ROLES

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### 1. Flexible Scheduling

The first aspect that contributes to attrition specifically in the industrial industry is flexible scheduling. Ever since COVID, employee wants and needs are constantly changing and evolving. That means that corporations must stay current with these wants in order to operate properly. According to research by BCG<sup>3</sup>, "Along with flexibility in where they work, 61% of knowledge workers and 49% of frontline workers want more say over when they work." This statistic is sure to vary by industry and some roles are essential to how many companies operate. One specific example is from a mining company that was attempting to make themselves more attractive to prospective employees. The employees must work 12 hour shifts and live on site and to combat this, the company gave the employees a choice for their work schedules. They could work either 4 days on and 3 days off, or 14 days on and 7 days off<sup>(3)</sup>. Overall, flexible scheduling, in an industry that requires abnormal shift times, requires creativity and internal consulting to see what works best for the company. On top of changing the structure of scheduling, managers can also play a role in this with transparency and empathy when considering shift scheduling.

### 2. Career Development

Career development requires trust and transparency from everyone involved and the subsection of workers who are blue collar workers, is particularly difficult. This requires a specific targeting of their workforce to make change. A study conducted in 2019 found "knowledge-oriented processes potentially enhance employee satisfaction through a sense of self-efficacy, in a learning-oriented culture that potentially leads to explicit actions for individuals' skill building, career satisfaction and success<sup>4</sup>." This suggests organizations should put the power into the employee's hands and allow them to train themselves, as it can potentially provide more career satisfaction and success. Additionally, managers affect this by allowing information about training or opportunities to flow downwards to their teams. It all contributes to blue collar workers and their need for more control over their schedules and overall workplace.

### 3. Work-Life Balance

Work-life balance has become increasingly important in recent years. As noted by the BCG diagram (exhibit 1), work-life balance places third in importance to blue collar workers<sup>3</sup>. As seen in the past years there has been growing experimentation around 4-day work weeks, work hour changes, virtual work, etc. Covid taught many companies valuable lessons around how to keep employees safe and happy while working. Of course, this varies by industry and job level, but for frontline workers it couldn't be more crucial to them. Research shows that blue collar workers use two strategies when applying for work/life accommodation: proactive (circumvention, relating, factual appeals, and honesty) and reactive (ultimatums and other-focused appeals)<sup>1</sup>

The findings show "although we found both proactive and reactive types of strategies being used by the participants in this study, we feel that it is important to note that using more proactive strategies had more

successful outcomes than using reactive strategies.<sup>10</sup> Importance must be placed on management and how they communicate with their employees to ensure an honest conversation and trying to solve challenges together rather than as enemies. This shifts importance to the managers with direct connection to the frontline workers.

#### **4. Recognition Programs**

Recognition programs are essential for keeping and inspiring workers who are frequently more motivated by pay, peer relationships, working conditions, and job security. These blue-collar workers can benefit from such programs even more at the facility level due to cost savings associated with reduced administrative overhead and supply expenses. Beyond monetary compensation, creating a sense of belonging and appreciation is key to attracting and retaining this workforce. The Achievers app is a valuable tool for employers, allowing them to foster a welcoming environment, connect with employees, recognize their contributions, promote inclusion, and provide ongoing support. For example, new hires in factories or mines can use the app from day one to receive a warm welcome from their team and manager and express their gratitude for a smooth transition, all through digital interactions<sup>10</sup>.

#### **5. Enhanced Job Security Measures**

Enhanced job security measures involve equipping them with data-centric skills alongside essential soft skills, which brings about various benefits, including job security, career progression, increased efficiency, enhanced quality, and improved safety. While many blue-collar workers may lack digital literacy, they are proficient in using mobile phones, making tailored training programs and user-friendly tools essential for bridging this skills gap<sup>11</sup>. In the modern landscape, a valuable blue-collar job should prioritize continuous learning, enabling workers to transition easily to different roles, companies, or even industries when necessary. This emphasis on learning not only fosters flexibility but also enhances job security, addressing a historical gap where laid-off factory workers often struggled to secure new employment due to a lack of training and adaptability<sup>12</sup>.

### **RECOMMENDATIONS FOR LEADERS**

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Effective leadership is recognized as a significant factor positively impacting various organizational outcomes, including employee loyalty, employee orientation, organizational commitment, job satisfaction, and helps improve job performance.

#### **Prioritize open communication and transparency:**

When employees are included in decision-making, this builds trust and loyalty, which improves performance engagement. Establish clear and consistent communication channels that allow dockworkers to access information, ask questions, and provide feedback. This will help with data collection, improve employee satisfaction, and encourage data-driven decisions. Finally, this will encourage regular two-way communication between leaders and dockworkers, fostering a sense of openness and transparency. (Hameduddin and Lee, 2021 and Jin and McDonald, 2017).<sup>2</sup>

#### **Investing in Growth:**

Formalizing Career Paths, Expanding Opportunities, and Prioritizing Employee Learning: Invest in upskilling programs and designing career development pathways such as paying for advance forklifting training with certifications.<sup>4</sup>

#### **Create partnerships with local schools:**

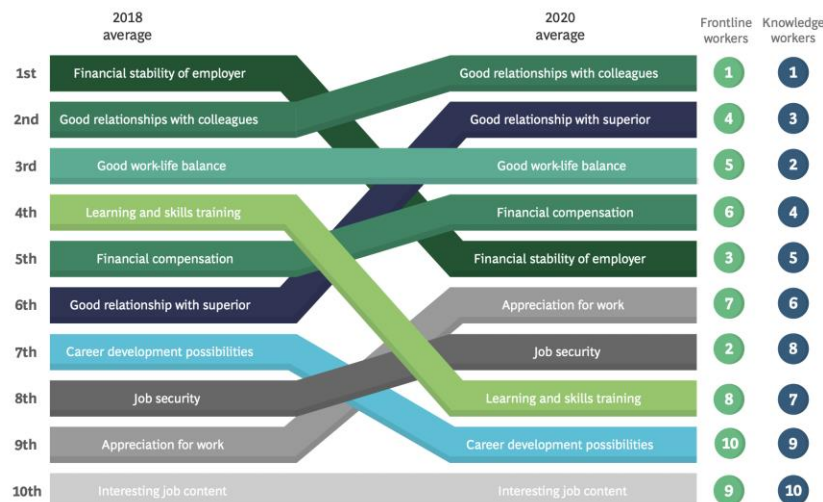
Creating partnerships with local schools or community colleges to help current employees gain new specialized and niche skills.<sup>2</sup>

## REFERENCE

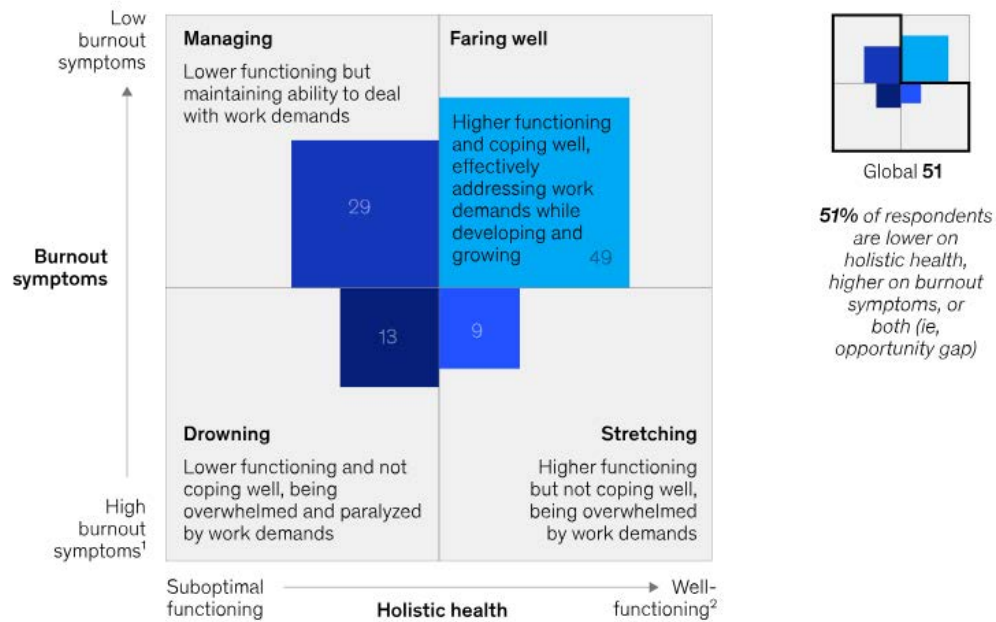
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## APPENDIX

**Exhibit 1**



Source: Christoph Hilberath, C., Russell, R., Strack, R., Kovács-Ondrejko, O., Baier, J., Antebi, P., & Kavanagh, K. (2022, April 6). [What the Industrial Goods Workforce Wants](#) - Boston Consulting Group.

**Exhibit 2****Opportunity gap in addressing burnout symptoms and holistic health, % of respondents**

Source: Brassey, J., Herbig, B., Jeffery, B., & Ungerman, D. (2023, November 2). [Reframing Employee Health: Moving Beyond Burnout to Holistic Health](#). McKinsey & Company.