The Agenda for the New Service Workforce

Attract, engage and retain young professionals in today’s booming services market

A Manpower Malaysia White Paper
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Expansion of the global services sector worldwide has been unprecedented, driven by growing per capita incomes, advances in information and telecommunications technologies, emergence of global production networks and exponential growth of offshore outsourcing. Some analysts predict that by 2020, services will account for 50% of world trade.

The service sector growth in Malaysia has been more dramatic, where the production based economy of the past is shifting rapidly to a knowledge-based, service-focused paradigm. With its strategic location, multicultural environment and well-educated workforce, the Malaysian services industry is positioned for continued success.

Yet, concern has been expressed as to whether the current labour pool is adequate in supporting such rapid expansion of service-based business domains. A shortage of graduates with the attributes and skills needed for success in service jobs has been forecast, not only in Malaysia but worldwide. Additionally, levels of attrition within firms delivering both intermediate and final services remain higher than senior management would prefer.

Finding high-performance service professionals, attracting them to roles within organizations and retaining them long enough to deliver a full return on total business investment is becoming an increasingly daunting task for managers of professional services firms. More and more, it is becoming apparent that co-worker and supervisory relationships, levels of job satisfaction and, especially, the degree to which employees feel a sense of engagement to the company are important factors in workforce retention.

This white paper explores the current demographic trends for the young service professional within the services environment and their motivations within the services industry. It also looks at what further steps employers can take to increase retention and engagement levels within this increasingly vital component of the Malaysian workforce.
Malaysia’s GDP grew by 6.3 per cent in 2007 and is forecasted to grow by 5.5 per cent in 2008.¹ The services sector grew at an unprecedented 9% surpassing the manufacturing sector as the largest component of the GDP. The services sector is forecasted to remain the largest employer, accounting for 51.4% of total employment in 2007.²

Malaysia’s booming services sector

With the hardships of the ASEAN financial crisis now an increasingly distant memory, Malaysia has re-emerged as a strong economic force in Southeast Asia.

The Third Industrial Master Plan set growth priorities for eight sub-sectors of the services segment³ and, of these, the strongest 2007 growth was recorded in intermediate services like finance and insurance, real estate and business support, logistics and ICT. Tourism also emerged as a major driver of services sector growth, as the country met its targets of 10.7 million tourist arrivals and expected revenues of RM44.5 billion. The solidification of Malaysia’s positioning as a hub for Islamic financial services, increased real estate activity, higher turn-over in the equity market and growing global demand for back-office and HR support, engineering and digital content, all augur well for the future of the Malaysian services sector.

Service Sub-Sector Priorities in Malaysia’s Third Industrial Master Plan

1. Business & professional services
2. Distributive trade (wholesale, retail, hotels & catering)
3. Construction
4. Education & training
5. Healthcare
6. Tourism
7. ICT and telecommunications
8. Logistics

Source: Department of Statistics and Ministry of Finance
Malaysia’s reputation as a services hub has attracted global attention. For the past three years the country has been ranked third, behind only India and China, in terms of its attractiveness as an offshore outsourcing location.\(^4\)

In fact, shared services and outsourcing have become increasingly notable drivers in Malaysia’s economic expansion, with over 15,000 centres now operating throughout the country.\(^5\) Rapid economic growth within this sector, however, requires an accessible, stable labor force, comprised of individuals with the knowledge, skills and personal attributes that meet the needs of service-seeking customers and business-to-business clients. Across the globe, service industry experts agree on one thing – talent is key.

### The services sector talent crunch

Yet, there are signals that service-based businesses – not just in Malaysia, but worldwide – will need to come to grips with the risk of losing their most talented people, as disillusionment with career prospects and management styles lead them to look for opportunities elsewhere.

A survey conducted by Manpower of almost 37,000 employers across 27 countries has found that 41% of employers are having difficulty filing specific roles due to lack of available talent.\(^6\)

In China, two in every five companies are finding it difficult to fill senior management positions.\(^7\) In India, despite having 325 million people in the 20 to 35-year-old age group and projected surplus manpower of 47 million by 2020, the pace of service industry growth has created a demand for skill sets – especially in IT and BPO sectors – with which the educational system is having trouble keeping pace. Future talent shortages in burgeoning sectors like retail, financial services and construction have been predicted by some analysts.\(^8\)

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**Headline Evidence of Talent Shortage**

“We need talented human capital to transform our country but there is a shortage of talent.”

Higher Education Minister, Datuk Mustapha Mohamad, Bernama, 24 June, 2007

“In reality, we just do not have enough IT graduates. The ones who are unemployed are those who do not meet the industry requirements. Malaysia’s ICT industry is still facing a serious shortage of skilled IT professionals despite several key measures to tackle the problem.”

*Getting the Right ICT Grads* PIKOM, February 2008

“Malaysia’s Islamic banking industry is facing a serious brain drain as rival centers emerge, especially in the Middle East. Malaysia could have lost some 100 Islamic bankers to these cities in the past two years, exacerbating an already acute shortage of talent.”

Daud Vicary Abdullah, COO Asian Finance Bank, New Straits Times, 6 March, 2008

Much has already been written about the core group of young, well-educated professionals that forms the bulk of the service industry workforce. Variously referred to as “Generation Y”, “millenials” and the “iGen”, they have been described as trend conscious, idealistic, innovative and socially conscious. Technologically adept, skilled at communication and strongly motivated by interpersonal networks, they do tend to carry their own values and work priorities into the workplace and are much less likely to respond to traditional “command-and-control” management styles. They are highly sensitive to performance feedback and strongly motivated by reward systems, but have a reputation for quickly leaving employers when work environments are not to their liking.
“Generation Y have grown up questioning their parents, and now they’re questioning their employers, which is great, but that’s aggravating to the 50-year-old manager who says, ‘Do it and do it now.’”

Dr. Jordan Kaplan,
Long Island University, Brooklyn, New York

Management within the services industry are facing a paradox. Globalisation has created an unprecedented opportunity for the expansion of professional services worldwide. But, recruiting suitable employees is becoming harder and retaining them within the organization is a constant challenge. And, the young, professional employee target group with the skill sets, energy levels and motivations needed to ensure quality customer/client relationships often dislikes complying with structured work settings, is highly prone to attrition and can be difficult to supervise in a service environment.

How does talent availability and quality affect the services industry in Malaysia? What factors contribute to employee decisions to leave their jobs? What can managers do about retaining their talent?

This white paper is aimed at answering these critical questions.

Young Service Professionals in the Malaysian Services Sector Study

In October 2007, Manpower Malaysia commissioned a team of researchers from Multimedia University to conduct a study to understand factors important to employee attraction, engagement and retention within service-oriented positions.

• In Phase One, researchers conducted a mail survey of senior human resource managers at 169 Malaysian companies, collecting data on skill requirements, attrition rates, worker profiles and effective retention strategies.
• In Phase Two, 517 client interfacing professionals and team leaders meeting target group criteria completed a series of psychometric and attitude tests to measure levels of engagement, job satisfaction, person-group relationships, hope and intention to turnover.
• In Phase Three, interviews or focus groups were conducted with 55 supervisors and frontline employees to validate Phase One & Two results and to identify management techniques.
Understanding the Young Service Professional in Malaysia

Personal characteristics and job attitudes

The typical young employee in a services role in Malaysia is under 30 years of age, is just as likely to be female as male and has between 2 and 5 years of post-secondary education. Most have an undergraduate degree in business, accounting, IT or engineering and only a few will have completed Master's level education. They are most likely to be working in domains related to marketing, customer support services, software applications or ICT support. They are extremely comfortable with multi-tasking and with helping others, less elated with requirements for after-call work and report generation, not at all happy with appraisal formats or performance management systems and totally turned-off by office conflict.

Generally, people in the service industry workforce are quite optimistic – except when it comes to their jobs. On this topic, opinions tend to be lukewarm about many features of the workplace.

Although most participants in this study liked their co-workers (78.1%), for instance, fewer were happy with the things they do at work (35.7%), found their jobs enjoyable (20.5%) or believed that they had been fairly rewarded for their performance in the last year (43.2%). Only 50.2% felt that their current job makes a contribution to society and 22% described their work as “meaningless.”

In terms of overall well-being, about half of the participants in this study felt that they had been “pretty successful” so far in their lives, but worries inside and outside the workplace were common.

Work Pressure and the Service Professional

During focus groups and interviews, participants were asked to describe what they desired in a workplace. Opportunities for learning and growth were highly valued, as was a “fun and happening” environment. Relationships with supervisors and co-workers were considered extremely important job satisfaction factors.

Compensation, too, was important, but was usually not ranked as the most essential factor in determining whether or not a job was pleasing. Job security, organizational flexibility, personalized coaching and career advancement possibilities were more critical.
They know what they want in a job and when they don’t get it, they know how to look elsewhere. Among the young service professionals participating in this study, 57.7% had already switched employers two or more times since graduating and 31.0%, almost a third of the sample, stated that they were presently in the process of seeking employment at another company.

In fact, only 22.8% of the sample indicated that they would be staying with their present employer for “many years to come” and only 12.2% planned to work with their current organizations for the rest of their careers. Participants were asked to rate the likelihood of leaving their organization under certain circumstances. “Push factors” were rated as less important by participants than were “pull factors.”

“I would plan to leave my current organisation”

**Pull Factors**

<table>
<thead>
<tr>
<th>Pull Factor</th>
<th>Yes (%)</th>
<th>No (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>If offered better compensation elsewhere</td>
<td>2.8%</td>
<td>62%</td>
</tr>
<tr>
<td>If offered more interesting work elsewhere</td>
<td>5.6%</td>
<td>57.1%</td>
</tr>
<tr>
<td>If offered a promotion elsewhere</td>
<td>4.4%</td>
<td>51.4%</td>
</tr>
<tr>
<td>To return for academic studies</td>
<td>24.5%</td>
<td>39.4%</td>
</tr>
</tbody>
</table>

**Push Factors**

<table>
<thead>
<tr>
<th>Push Factor</th>
<th>Yes (%)</th>
<th>No (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>If work interfered with priorities at home</td>
<td>12%</td>
<td>39.4%</td>
</tr>
<tr>
<td>If the work here became too stressful</td>
<td>14%</td>
<td>38.6%</td>
</tr>
<tr>
<td>If co-workers here became unbearable</td>
<td>8.6%</td>
<td>35.2%</td>
</tr>
<tr>
<td>If I had a supervisor with whom I could not work</td>
<td>15.4%</td>
<td>33.4%</td>
</tr>
</tbody>
</table>
What Drives Retention?

A survey of employee engagement, commitment and motivation in Malaysia, Australia, China, Singapore and Thailand found that, of the 3,000 respondents sampled, over half reported feeling either disillusioned with their employers or completely disengaged from the company for which they worked. The situation was worst in Malaysia, where 47% of companies’ best-performing employees planned to leave their current employers as soon as possible.

“Not only are talented people harder to find and retain these days... but the truth is that this new generation is also really different. They have different attitudes, different motivations and different ways of behaving at work. These differences are not always welcome or easy to manage.”

HR Manager at a Malaysian financial services firm.

Engagement

To increase employee attraction and retention, HR professionals in Malaysia should focus on the key drivers of employee engagement. Employee engagement is a critical measure of the connection between the employee and the organization. It is defined as the employee’s emotional and intellectual involvement in contributing to the organization and its success.

Engaged employees share a common set of attitudes and beliefs, which, taken together, reflect a vital aspect of organizational health. Engaged employees are more productive and are retained, satisfy customers, attract sales and employees, and contribute to long-term performance and growth. Therefore, achieving full employee engagement should be high on the list of business priorities for employers.

In this study, it was found that 32.9% of employees had a high level of engagement with their organizations.

<table>
<thead>
<tr>
<th>Driver</th>
<th>Impact</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>This job is enjoyable and challenging (60.8%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communication between employees and management is effective (51.2%)</td>
<td>0.66</td>
<td></td>
</tr>
<tr>
<td>There are advancement opportunities for me at this organization (51.6%)</td>
<td>0.64</td>
<td>Employee Engagement (32.9%)</td>
</tr>
<tr>
<td>I have the opportunity to effectively utilize my skills and abilities (61.2%)</td>
<td>0.63</td>
<td></td>
</tr>
<tr>
<td>I receive positive feedback for a job well done (62.4%)</td>
<td>0.58</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.58</td>
<td></td>
</tr>
</tbody>
</table>

If you make the job fun and challenging, you will have a high impact on employee engagement.

Statistics indicate the strength of the relationship between employee perceptions and levels of engagement.
This group of employees are proud to work for the organization, speak highly of its products and services, would recommend it to friends as a great place to work and, overall, are satisfied with what they do in the workplace.

Our research found that the following drivers have the most positive impact on employee engagement:
- Job which is enjoyable and challenging
- Effective communications between employees and management
- Opportunities for advancement within the organization
- Opportunity to effectively utilize individual skills and abilities
- Provide positive feedback for a job well done

Our results indicated clear correlation between engagement, how employees feel about their jobs and whether they are willing to continue working with their organization. It also showed strong correlation with job satisfaction and positive peer group relationship and was negatively correlated with turnover intention.

Focus Group Voices:
What Do Young Service Professionals Like Best About Their Working Environment?

A person-oriented corporate culture and enjoyable social interactions on the job:
"I just love the sharing culture in my company. People are not stingy about passing along what they know. They not only share their experiences, but they’re always there to guide me when I face problems."

Learning, growth and positive feedback:
"The training sessions offered by the company are catered toward enhancing my skills and enabling me to learn more."
"Knowing that you are not just working for the company, but that you are growing with the company – that’s the best."
"With this company, I know where I want to be in the near future, and I know what I need to do in order to achieve that."
"If I do well at this job, they’ll give me a chance to work with other counterparts and even to be relocated overseas."

Less formal organization, flattened hierarchy, and access to the “people at the top”:
"My boss exposes us to what he’s doing and vice versa – so we know exactly what is happening around us in the company at all times."

Rewarding relationships with co-workers and supervisors:
"Teamwork is very important. I came here because the pay package was better than my last job – but I stay here because of the people."
"My team leader understands the environment very well and she makes people feel independent. She develops leaders. I really like that."

Compensation and recognition for good work:
"I love the commissions I can earn. Sometimes, I get more on commission than I can from my basic (pay). I don’t even have to spend my basic and still have money to save from commissions."
"Sometimes unexpected rewards and surprises are good. Expected rewards can always be predicted and calculated ahead of time. Unexpected surprises are like a sudden golden bonus!"
Job Dissatisfaction

It makes sense that employees who are not satisfied with their jobs or with workplace conditions are more likely to leave and move to other employers. In this study, participants completed a frequently used scale measuring nine dimensions of job satisfaction. Average total scores for job satisfaction were slightly lower than worldwide norms, but the Malaysia service workforce stood out as being less satisfied with supervision, co-worker performance and the nature of their work than were employees who had filled in the scale in other studies.

<table>
<thead>
<tr>
<th>Satisfaction with</th>
<th>Average scores from Satisfaction with Malaysian employees</th>
<th>What employees usually score (^{15})</th>
<th>Percentage of satisfied Malaysian employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Co-workers</td>
<td>16.6</td>
<td>18.3</td>
<td>34.5%</td>
</tr>
<tr>
<td>Supervision</td>
<td>16.4</td>
<td>19.2</td>
<td>40.2%</td>
</tr>
<tr>
<td>Nature of Work</td>
<td>15.7</td>
<td>19.2</td>
<td>28.9%</td>
</tr>
<tr>
<td>Communication</td>
<td>15.3</td>
<td>14.4</td>
<td>26.1%</td>
</tr>
<tr>
<td>Opportunity for Promotion</td>
<td>14.7</td>
<td>12.0</td>
<td>19.9%</td>
</tr>
<tr>
<td>Bonus &amp; Incentive pay</td>
<td>14.2</td>
<td>13.7</td>
<td>15.9%</td>
</tr>
<tr>
<td>Salary</td>
<td>14.0</td>
<td>11.8</td>
<td>15.7%</td>
</tr>
<tr>
<td>Operating Procedures</td>
<td>13.8</td>
<td>13.5</td>
<td>14.9%</td>
</tr>
<tr>
<td>Benefits</td>
<td>13.8</td>
<td>14.2</td>
<td>13.9%</td>
</tr>
<tr>
<td>Total job satisfaction</td>
<td>134.5</td>
<td>136.5</td>
<td>-</td>
</tr>
</tbody>
</table>
Education and Gender Differences

Employees with university degrees reported a greater intention to leave their current jobs than did those with college diplomas. When asked about their present jobs, diploma holders were more likely to feel satisfied with their opportunities for promotion than were employees with higher levels of education. When participants were asked about their intention to leave current employers, no significant differences were observed between males and females. However, female participants were significantly more satisfied with every aspect of their job.

They were happier about salary and benefits, contingent rewards, operating procedures, co-workers, supervisors, organizational communication and the type of work assignments they were receiving. Female employees were also significantly more attracted to corporate values and perceived themselves as more highly accepted within the workplace.

There were differences when participants were asked to indicate why they had decided to move from previous jobs. Both were most likely to have left prior employers due to better offers of compensation, but educational goals and a desire for better career development opportunities factored into turnover decisions more often for females.

<table>
<thead>
<tr>
<th>Why I Left My Previous Job</th>
<th>Males</th>
<th>Females</th>
</tr>
</thead>
<tbody>
<tr>
<td>Better salary and benefits elsewhere</td>
<td>27%</td>
<td>23%</td>
</tr>
<tr>
<td>To return to academic studies</td>
<td>13%</td>
<td>22%</td>
</tr>
<tr>
<td>Poor career development opportunities</td>
<td>14%</td>
<td>14%</td>
</tr>
<tr>
<td>Poor leadership / management</td>
<td>13%</td>
<td>11%</td>
</tr>
<tr>
<td>Few opportunities for promotion</td>
<td>15%</td>
<td>10%</td>
</tr>
<tr>
<td>Contract completed</td>
<td>9%</td>
<td>13%</td>
</tr>
<tr>
<td>Poor learning environment</td>
<td>9%</td>
<td>6%</td>
</tr>
</tbody>
</table>
What Does the Services Sector Desire in their Talent Pool?

The study also explored service sector talent pool factors from the perspective of Malaysian organizations searching to hire and keep the elusive client-facing professional. Companies responding to the survey reported that up to 79% of their service workforce was comprised of 23 to 32-year-olds and that workers with suitable skill levels and attributes from this group were often hard to recruit. The service workload was about equally split between males and females. What skills and attributes are companies searching to find in the Malaysian talent pool? Strong, self-motivated communicators with a customer-centric outlook and high ethical and quality standards appear to be the ones in greatest demand. Finding employees who combine this profile with a sense of loyalty and a willingness to make a long-term commitment to the firm, according to survey respondents, is rare.

“\[This group is so choosy about where and how hard they’re willing to work. They only seem interested in working for companies that can provide them ‘more’ of everything – ‘more’ salary, ‘more’ days off, ‘more’ training. Sometimes it seems as though they’re interested only in what they can get for themselves, not what value they can add to the company.\]”

Business Development Director at a Malaysian software solutions firm

While the service industry talent pool in Malaysia may be a lot more discerning about what it wants in a job, HR specialists and other managers are often quick to express disappointment at apparent skill deficits and disobliging attitudes. Gaps in communication skills, limited abilities to think critically or come up with ‘out-of-the-box’ solutions, poor prioritizing abilities and an absence of proactive work habits were cited as shortcomings among many Malaysian jobseekers.

The Mistmatch of Employee Attributes

<table>
<thead>
<tr>
<th>Top 5 Most Sought-After Attributes by Malaysian Firms</th>
<th>Top 5 Most Difficult Attributes to Find in the Talent Pool</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong communication skills and the ability to relay information to others</td>
<td>Loyalty and a willingness to make a career commitment to the firm</td>
</tr>
<tr>
<td>A drive to ensure customer/client satisfaction with every contact</td>
<td>Critical thinking, reasoning and problem-solving skills</td>
</tr>
<tr>
<td>Consistently high standards and commitment to quality service</td>
<td>Self-motivation and the ability to work independently</td>
</tr>
<tr>
<td>Consistently high commitment to integrity, honesty and ethical conduct</td>
<td>Strong communication skills and the ability to relay information to others</td>
</tr>
<tr>
<td>Self-motivated and the ability to work independently</td>
<td>Consistently high standards and commitment to quality service</td>
</tr>
</tbody>
</table>
Orientation

A sound orientation programme was seen by survey respondents as very important. First, induction programmes are seen as an attractive job feature by candidates who are wary of being thrown into the fray without proper preparation. Second, putting new hires on the job without adequate exposure to the company’s core values, products or services, corporate culture and customer expectations is a sure-fire way to alienate them and increase attrition. Survey respondents reported that various orientation approaches were used, usually in combination with each other.

Common Orientation Strategies

- “Buddy system” or On-site Coaching 85.5%
- Manuals or Self-paced Learning Material 79.1%
- Classroom training 73.5%
- E-learning or Computer-based Training 47.5%

Finding and Attracting the Service Professional

Survey respondents indicated that it is often difficult to recruit recent graduates into service positions within their organizations. Key factors in attracting suitable candidates to join their firms included:

- Compensation – prospective hires are surprisingly knowledgeable about market standards for pay and benefits packages and tend to insist that future employers meet their minimum salary expectations. Incentives and bonus programmes tend to make the job more attractive;
- Career growth possibilities – candidates seemed more interested in job postings offering opportunities to acquire skills and knowledge that will strengthen future résumé content. This is often more motivating than the likelihood of internal promotions;
- Flexibility – where job openings offer flexible schedules, greater variety in work assignments, a chance to cross-train in niche areas and opportunities for employees to negotiate work on their own terms, they tend to be perceived as more attractive;
- Firm reputation – recent graduates, especially, are moved by “big name” firms. Generally, multi-national corporations and blue chip companies have an easier time recruiting this group than do local firms and SMEs; and,
- Positive leadership and a pleasant corporate environment. More than ever, prospective employees are sensitive to corporate climate. As an initial step in their job search, they seek out intelligence on prevailing management styles, on supervisors, and on the sort of organizational culture that dominates a future workplace. And they use this information carefully in making decisions about where they want to work.
Effective Strategies for Finding and Keeping Service Professionals

What can managers do to increase levels of employee engagement? When there is effective communication with managers, consistent feedback about job performance, career advancement and opportunities to utilise competencies, the workforce will engage more fully with the organization. Service-based companies responding to the survey reported an average attrition rate of 34% among the target group of service professionals over the previous 12-month period. Of this, voluntary attrition accounted for 24.8%.

Company size made a difference, with SMEs tending to experience a slightly lower annual attrition rate (28.4%) than companies with over 1,000 employees (32.2%). There is no simple formula for ensuring employee retention in all service-based organizations. However, based on input from HR specialists and managers, as well as from the employees themselves, there are specific strategies that can work to increase the probabilities of attracting and retaining service professionals and, ensuring that they perform at their best.

Malaysian Managers Rank Their Top 10 Suggestions for Retaining High-Performing Service Professionals

1. Provide a positive, personal style of leadership
2. Make the work environment pleasant and comfortable
3. Make employees feel like they’re part of a team
4. Offer opportunities to learn skills and procedures for career advancement
5. Don’t skimp on opportunities for training and lifelong learning
6. Make significant incentives and rewards available
7. Present work assignments in ways that will be perceived as interesting and meaningful
8. Ensure appropriate staffing levels to reduce stress
9. Offer a compensation scheme that will be perceived as competitive
10. Provide public and/or internal recognition for excellent performance

Personalised, participative leadership

Repeatedly, participants in this study stressed that it was a company’s reputation for leadership that, in many cases, had attracted them to apply for jobs in the first place ... and that it was their personal relationships with supervisors that made them want to stay. The quality of relations between the direct supervisor and the service professional is critical. When participants in this study liked their supervisors, only 20.1% said they planned to leave the organization within the foreseeable future. When they believed that their supervisors were highly competent, only 17.5% indicated a desire to leave.

“Being one of their immediate superiors myself, I need to equip myself with good working knowledge and experience, so that these young professionals can see me as somebody they can model, get along with or as a source for learning.”

Senior Team Leader at Malaysian inbound call centre
When they believed that their supervisors were good role models, only 21.6% desired a new employer. Supervisory relationships that emphasize motivational interaction, build on interpersonal trust and focus on sharing of technical knowledge and the company's mission and values creates a retention conducive climate.

An important component of leadership success, according to both managers and front-line employees, is the ability of a supervisor to be flexible in tapping workers' individual talents in order to create diversity in work assignments. Ask employees with strong people skills to represent the company in tradeshows or on-campus career days, for instance; invite those with good writing skills to contribute articles for in-house newsletters or to help out with the preparation of a business proposal. These sorts of experiences make the job seem more alluring to those outside the firm and more rewarding to high performing employees who are already in the organization.

“'It’s really important to understand every individual’s unique skill set and their way of working so that you can adapt your leadership style around them. Coach individuals based on their particular attributes.’”

Operations Manager at Malaysian supply depot

**Include “soft” benefits for employees**

Workforce entry in Malaysia tends to be accompanied by high expectations on the part of recent graduates. Candidates hold out for positions that will be seen by family and friends as offering more than the basics. As frustrating as it can be to contend with “choosy” applicants, companies that are able to clearly demonstrate the advantages of their work environment over others are generally more successful in attracting and retaining the right talent.

Offering competitive compensation is certainly a factor in attracting client-facing professionals, but it’s probably not the most important one in ensuring their retention. In the present study, participants often noted that “more pay” strongly influenced their original decision to work for a company, but that over time, the nature and extent of the workload, a comfortable environment, a convenient location and regular contact with senior management took on greater significance in determining whether they remained with the same employer.

Perks, incentives and bonus payments are big retention generators, not only because of their material value but because they represent organizational recognition of a job well done. 6 out of every 10 companies responding to our survey indicated that they had initiated some form of internal reward-and-recognition programme and, of these, 86.6% had found it successful in making employees feel more involved as part of the organization.

“‘Rewards and recognition are like vitamins to the soul.’”

Training Manager at Malaysian medical equipment supplier

**Foster personal relationships**

The “new generation” of young professional employees places a high priority on interpersonal affiliation. Whether connections are made at work, with university cohorts or through on-line text chat, friendships or collegial associations exert powerful influences over personal and workplace decision-making. Managers can capitalize on this by emphasizing relational aspects of the workplace. Employees need to feel as though they are a member of a team, as though there is a place for them within the organizational workforce.

Well-planned induction activities for new staff are vital not only for knowledge transfer and workplace orientation, but also because they provide a venue for initial bonding with co-workers and managers. Peer-to-peer support programmes and mentoring should begin as soon as new-hires move into the work setting, to convey a sense of organization-wide togetherness and caring. They also provide experienced staff with a sense of value as they share their expertise and create lasting bonds between mentor and protégé.

In this study, managers strongly recommended holding regular team-building sessions focused on relationship enhancement, with 75.6% of survey respondents indicating that they had been successful in the past.
while 72.4% also reported that organising recreational activities for off-site socialising had been useful in reducing attrition.

Offer learning and advancement opportunities

When asked to name the “best thing” about working within the service industry, most experienced employees point to the opportunities it offers for learning and self development.

“This job is like a finishing school for graduates. It teaches discipline, how to communicate with others, how to work as a team-member, and how to meet performance objectives. After working in this environment, your outlook becomes more confident, more customer-centric and you become a better person.”

Call Centre Team Leader.

The power of the learning environment came through loud and clear over the course of the study. When employees taking part in this study believed that their organization had invested in the learning and development of its employees, only 19.6% indicated that they would leave.

Similarly, employees in this target group are motivated by career advancement. When asked to explain why they had left previous employers, “poor career development” and “few opportunities for promotion” topped the list for one in every five employees. When employees did believe that chances of career advancement were good, 82.4% indicated an intention to continue on with present employers. With relatively high spans of control in many organizational structures, there are often more candidates qualified for advancement than there are positions in which to place them.

In many cases, though, “new generation” professionals are sufficiently satisfied with lateral transfers that present opportunities to learn additional skills, view other operations and build broader networks. Surprisingly, managers in our survey reported that only 14.9% of their employees had been given an opportunity to move laterally within the company.

Make the work interesting and meaningful

Lateral transfers or assignments to special projects also aid retention by creating work variety and new challenges.

“I was all set to send out my résumés at the end of this year, but then I was assigned to head up a Six Sigma project. I’m definitely going to stay until I finish that up now.”

Technical Support Representative at telecommunications help-desk

Participants in this study indicated that, when they liked their work assignments, they were likely to stay with the organization 82.7% of the time. However, about a fifth described their jobs as meaningless and, of that group, 40% were already in the process of seeking other employment.

Work can be made more interesting by involving employees in strategic goal-setting and by emphasizing the contribution their work responsibilities make to meeting company objectives and to society in general.
Finding, attracting and retaining a workforce of high-flying service professionals is challenging within the current labor market. Even in large populations, identifying individuals with the necessary personal attributes and skills can be a painstaking process, made even more so by a reluctance on the part of some young graduates to move into service-based job roles. Once hired, it becomes an even more daunting task to retain them. In Malaysia, where the rapid growth of the services sector has created increased demand for the right people, attraction and retention issues plague services firms, regardless of their size or domain.

The key to both attracting and retaining talent is best found in the concept of engagement. Where it is possible to connect employees to the company through shared attitudes, priorities and feelings, they will tend to stay longer and contribute more. This means maximizing the relationship between supervisors and their subordinates, fostering close social bonds within the workgroup and cultivating an emotional investment in the products, services and mission of the organization. Engaged employees are proud of the work that they do, committed to successful achievement of the company’s goals and satisfied with the job responsibilities that they discharge. Retention is higher because they feel as though they are a part of a larger entity and purpose.

Attaining this level of engagement requires smart, systematic planning on the part of services industry managers. It is necessary to create a work environment in which employees are attracted to group norms and values, in which they feel as though the role contributions they make are accepted and in which personal and career growth is facilitated. In building a retention-generating culture, it becomes essential to continually monitor employee satisfaction and to work consistently toward understanding root causes of attrition. Finding and keeping the right people is difficult – but with information and effort, it is an investment that pays off generously.

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4. 2007 AT Kearney Global Services Location Index.
5. “Malaysia another Bangalore?” The Edge Malaysia, July 4, 2006.
7. Ibid.
10. A random sample of 517 employees completed a six-part questionnaire. Sample respondents had a mean age of 25.3 (SD = 3.004); 47% were male and 53% were female.
11. “Yes” refers to the percentage of responses in the top two boxes of the respective Likert-type response format for that questionnaire item. “No” refers to the percentage of responses in the bottom two boxes.
12. ISR. How to Retain and Motivate Your Talent: Results of ISR’s Asia Pacific Talent Survey, 2007 [White Paper]
13. To assess employee engagement levels in the Malaysian sample, the project team looked at responses to five questions which have been shown to measure how positively an employee feels about the organisation. These items dealt with levels of commitment, brand advocacy, job advocacy, pride and general job satisfaction. To be considered engaged, a participant would have to answer favourably (either “agree” or “strongly agree”) to each of the five measures.
14. The Job Satisfaction Survey [JSS; Spector, P.E. (1997). Job Satisfaction: Application, Assessment, Causes and Consequences. Thousand Oaks CA: Sage; norms referenced for this scale were calculated based on studies of 8,113 individuals from 52 previous samples.
15. Ibid.
16. A total of 2,500 questionnaires were mailed to randomly-selected Malaysian businesses, yielding a 6.8% response rate (n = 169). Respondents were classified according to domain: sales, marketing & trade for manufactured products (22.5%); business consultation (12.4%); sales and marketing of professional services (11.8%); banking & finance services (10.7%); logistics & warehousing (10.7%); software solutions (10.1%); telecommunications & internet service providers (5.9%); insurance (4.1%); accounting & audit (3.6%); hospitality services (3.6%); real estate (1.8%); training & development (1.2%).