



---

## HR CHALLENGES & STRATEGIES TO ATTRACT AND RETAIN TALENT FOR GREEN FIELD PROJECTS

Nilesh Deshmukh\*

---

**Abstract:** *“Green field project” are those projects where establishments mainly in to manufacturing starts doing business right from purchasing land, construction, installation of machineries, recruitment of manpower as per business plans and set all systems and process as per location and business needs. This Article explains the HR challenges resulted from Economic development and the hardships faced by employees working on new projects which many times result in to Attrition, the Human Resource strategies to attract and retain talent. New Projects are having its own risk in the beginning phase and employees having sense of pride when everything goes in right direction. New projects increases employment opportunities, living standards and also contributes in improving Economy and Gross Domestic Product (GDP) of country. The present article briefly covers HR Strategy to Attract & retain Talent in challenging environment.*

**Keywords:** *Greenfield Project, Economic Development and HR Challenges, Attract and Retain talent, HR Practices.*

---

\*Ahmedabad, Gujarat, India



## **INTRODUCTION**

This article is focusing on how Human Resource Practice in Greenfield Projects<sup>1,2</sup> are challenging for Human Resource Professionals in terms of Attracting and retaining talent. The term Greenfield was originally used in construction and development to reference land that has never been used (e.g. green or new).

Government in order to foster economic development by way of providing employment opportunities offers land, electricity and other facilities at subsidize rate to Business owners and motivate them to establish manufacturing plants.

Fast economic development, low cost of land and labour availability and Government support attracts foreign companies to set their new projects in India. Many foreign companies and India based growing companies in Automobile, Power, FMCG and other sectors are looking for Business expansion opportunities in India. Majority of these companies are coming up with big projects with large numbers of production capacity and large numbers of employment opportunities, which in turn become challenge for HR Professionals working on Greenfield projects.

A start-up opportunity excites HR Professionals and lead to innovative thinking and offers a chance to demonstrate extraordinary performance by making strategic decisions for attracting and retaining talent.

Few of the literature on the emergence of Human Resource Management (HRM) as a distinct approach to the management of the employment relationship centred on the activities of management on Greenfield sites. This literature highlighted a number of practices in such companies as essential to HRM.<sup>3</sup> Some writers went as far as to suggest that 'if there is a natural home for the establishment and development of unilateral HR practices it is on Greenfield sites'.<sup>4</sup> Since then, this debate has distinguished Greenfield sites from new plant employers in other ways, not least of all by virtue of their attempt to introduce a new approach to the management of employees: an approach which, above all things, is in accordance with the creation of a new management philosophy that is different from the approach used elsewhere in the organisation.<sup>5</sup>

This article is self assessment of Risk & Challenges faced by Human Resource Professionals while working on Greenfield sites. The circumstances and administrative problems at under construction sites present big challenge to employees which ultimately result in to heavy



attrition. The innovative thinking and Strategies practiced by Human Resource Professionals to turn these difficulties in to success.

In Greenfield Projects HR is having very critical role and basically begins from the survey of the area on the processes like the cost of living, amenities, resources availability (Manpower, Electricity, Transport etc) in addition to the living style, political interference, mindset of the people, the perception towards the industries, criticality of people deployment etc in addition to the core HR activities

### **RISK & AUTONOMY**

Many times due to business or other reasons companies postpone their project plans or do not execute plan in time, in such situation employees may have to look for other options of employment. Normally, HR Professionals are appointed first for statutory compliance with local legislations and employment rules and simultaneously for recruitment of Staff and workers as per business plan.<sup>6,7</sup> Working in a start-up Projects does involve a certain amount of risk and fairly challenging environment.

Candidates know that if they take on a 'Greenfield' role, they are going to have a greater degree of autonomy and a more entrepreneurial atmosphere. In beginning stage there are 10-15 employees only which then become hundreds or even thousands within two to three years. HR professionals who have built up these environments take a certain amount of responsibility and pride in the growth of the business. Of course there are risks, especially in emerging markets where external forces, such as constantly changing labour laws, can have a huge effect.

### **CHALLENGES & STRATEGIES**

In "Greenfield" sites HR facing many challenges like Scarcity of Skilled manpower, for example operating skills for working in Pharmaceuticals, Automobiles, Petrochemicals etc is scarcely available; hence companies have to set their own strategies to create their own pool of skilled manpower. New companies have to begin with Government regulation of Minimum wages, Statutory Compliances and compensation surveys in neighbouring industry.<sup>8,9</sup>

The Companies especially those which are coming up with new project in India for the first time, needs to understand the Indian employment Rules, Grades, Salary Standards of Indian Market, Indian Labour laws and various facilities / perquisites offered to the employees in



various categories, hence they look for HR professionals who are experienced in setting up Green field Projects and well versed with Basic HR requirement of new projects.

Some of the challenges faced by new companies are, Fresh talent looking out for Job opportunities available in new project but experienced employees hesitate to take up the job in new projects because there are possibilities that company either postpone their business plan, outsource their business plan or they may change their plan to set up new project.

New Companies with Green Field Projects are coming up with New Format of tie up with Academic Institutions for establishing and running new Modular Employability schemes known as MES courses with objective to get skilled manpower. Some of the companies have potential plans to establish their own academic institutions with their own courses related to their Business requirement. Companies approaches Department of Technical Education, Government of Gujarat for approval of various technical courses so that un-skilled people can be trained and on passing the short term examination they are issued certificate of "Vocational Training" which works as High Motivation for them which turns up in to stability and availability of manpower.

"Earn and learn" Schemes are more popular where companies tie up with academic institutions / universities for awarding diploma/ ITI courses to their 10th and 12th pass employees. Such employees undergo Theory and Practical on job training and they appear for periodic exam as per standards laid down by academic institution / university, the motivating factor is employee gets monthly income as well degree after completing certain period with company.

In order to overcome the scarcity of skilled manpower in automobile and other sectors companies also setting up their own full equipped in-house Learning Centers (LC) where fresh entrants are trained for almost 15 to 20 days on employee Policies, health and Safety requirements, Standard Operating Procedures and operating techniques of various machines and tools. Many a times MNCs send new recruits to their mother plant to understand the cultural values and system so that it will be unique across all locations.

While companies are establishing new projects, Manpower cost plays an important role than any other factors like land, electricity, supply of finished goods / raw material etc. hence controlling wage bill during project stage is one of the major challenge for HR.



## **GOVERNMENT REGULATIONS & ADMINISTRATIVE DIFFICULTIES**

Governments Regulation of Employing minimum 85 % of total manpower strength from local province is a challenge because sourcing Manpower from local territory with required skill set becomes limitation for HR professionals

Another challenge observed in employment of bottom level employees is their concern of more take-home salary hence they insist to work for long hours a day so that they get proportionately more take-home salary. These could be a requirement due to high cost of living but long working hours per day are not permissible by law.

Providing staff Bus facility to bring staff from distant location is biggest constraint due to traffic problems and long hours travelling time, hence companies are planning for residential facility for employees. Separate Residential facility for male and female employees and related issues again becomes administrative challenge for HR.

## **ATTRITION**

The Attrition is the universal phenomenon and not limited to any particular industry or sector but varies as per the HR practices of company. Attrition has large cost which includes Recruitment cost, Training cost, Lost productivity cost, New Hire cost, Lost Sales costs etc., which in turn put pressure on HR to reduce attrition.<sup>10</sup>

The current Attrition rate observed by author in Sales and Marketing function is about 30 to 35 %, which means almost 1/3rd of the work force is changed during One year. The attrition rate in manufacturing and support service functions are observed around 15 to 18 %. The highest percentage of total attrition is observed in the category of Fresh entrants who are selected from campus recruitment and offered Fast Track career path where they are employed as Trainees for 1 year or so and on successful completion they are absorbed in middle management category. Companies are offering good entry level salaries and hence these fresh entrants are carrying mindset of working with companies for initial few years and after taking higher level position they intend to move to other company with high salary and better position.

The talented employees have high aspiration and they often move for higher salary and designation, hence HR must have eye to identify right talent during recruitment process. A thorough analysis of candidate's background, behavioural pattern, stability factor of being with the company etc. will help to reduce attrition.



## **ADMINISTRATIVE REASONS FOR ATTRITION**

As described above, for economic development Government offers land, Electricity and water supply in particular territory which is known as “Special Economic Zone”, which calls for construction of Roads, Bridges, Electricity & Water Supply etc. The flow of people towards these territories increase demand of accommodation which further result in to high rent of accommodation which may not be affordable by all categories of employees.<sup>11,12</sup>

Sites under construction have more hardships as excavation, tunnelling, electric Polling, Water Supply and Effluent Treatment Plant work, Building construction, Machine Installation etc is under progress everywhere. Especially in rainy season it creates more hardships in working and travelling.

Normally, Government offers land in Rural area for its development. Multiple Plants in same province leads to large demand of manpower which is not available from surrounding area and therefore needs administrative facilities like Staff Bus arrangement, dormitory facility, Canteen facility etc which puts big challenges before HR professionals to arrange service providers.

Employee services in Rural area is costlier for Service Providers as they need to deploy more manpower, fuel cost, transportation cost etc. for delivering services in time hence they charge higher cost to companies.

## **HR STRATEGY TO ATTRACT TALENT**

1. Companies make Memorandum of Association with Government for skill development of employees and enter in to Public Private Partnership Mode with a vision to develop Industrial Institution by designing New Courses which provides skilled employees for their business.
2. Tie up with good business schools for higher education to their meritorious employees and offer them career Growth path.
3. Employee friendly policies especially related to employment of spouse and family members.
4. Offer Attractive model of learning and development opportunity.
5. More Focus on “Corporate Social Responsibility” activity and thereby develop Brand Image to attract quality talent.
6. Offer subsidized loan on purchase of white goods items.



7. Offers reasonably good amount as Retention Allowance for working with company for two to three years.
8. Dormitory or Colony arrangements for those bachelor employees coming from different states or distant locations.
9. Offer good amenities for housewives and recreational facilities for children and other family members of employee.
10. Create a good culture and work out different strategies in line with organizational philosophy.
11. Conduct Compensation surveys in neighbouring industry to identify salary levels and employee benefits to retain talent.
12. Offer Good Working conditions including good infrastructure facilities.
13. Offer hardship Allowance in addition to monthly Salary.
14. Employee Retention Policies – Incentive schemes based on Attendance, good performance etc. over and above monthly salary.
15. Frequent interaction with employees to understand their discomfort areas.
16. Transparent with employee about offering job profile during initial discussion in interview.

## **MANAGEMENT**

Managers especially in Greenfield projects,<sup>13</sup> at all levels have the lead role in ensuring effective implementation of the HR strategy mainly leadership, team building, employee engagement and emotional intelligence. Clear growth path & Succession Planning for employees plays pivotal role in employee retention. A cultural shift in how managerial practices are viewed among present employees, neighbouring industries and pool of potential employees is very important. Managerial and leadership capabilities need to be valued in the same way as technical capability.

Managers are key persons to attract & Retain talent and ensuring gender balance & cultural diversity, in particular through their participation in selection processes and in hiring candidates with the highest standards of professionalism, competence and integrity. They are instrumental in making Performance incentive scheme to reduce absenteeism and guiding staff to deliver best level performance, identifying staff potential and allowing them to take advantage of career development opportunities. Managers are



critical to fostering an enabling working environment that is respectful, offers a healthy work-life balance, abides by high ethical standards and therefore keeps staff motivated and willing to contribute to the success of the Organization.

## CONCLUSION

Start Up Roles in Greenfield Project always have mix feelings of Risk of losing job due to possibility of augmented project cost which may result in to either prolonged business plan or Possibility of suspending the Project Plan, on the other hand it has excitement of freedom of job due to less chain of command and variety of jobs that may give good exposure of recruitment, Learning & Development and administration for future development. Ample chances of growth by delivering good and timely performance and being notice by management as good employee.

Human Resource at Greenfield site need not necessarily require a new management philosophy but needs to provide high performance work practices on new sites. HR Managers on any particular site cannot abandon the company philosophy because that would challenge the very foundations of the system as practiced elsewhere in the group.

Despite of all HR challenges related to attrition, local legislation, Administrative problems at sites under construction and HR strategies to retain and attract talent , we must appreciate that new projects increases employment opportunities, living standards and also contributes in improving Economy and Gross Domestic Product (GDP) of country.

## REFERENCES

- 1 Leopold , J. (1997), "Human Resource Management on Greenfield Sites: Attempts at Replication in the UK and New Zealand", *Current Research in Industrial Relations*, 1, 141-153.
- 2 Gunnigle, P., Morley M. and Turner T. (1997), "Challenging Collectivist Traditions: Individualism and the management of Industrial relations in Greenfield sites", *The economic and social review*, 28(2), 105-134.
- 3 Sisson, K. (1994), "Personnel Management", 2<sup>nd</sup> edn, Oxford: Blackwell. Tyson, S (1985)
- 4 Beaumont, P B. (1990), "Change in industrial relations", London: Routledge.
- 5 Newell, H. (1991), "Fields of dreams: Evidence of 'new' employee relations in greenfield sites", Unpublished doctoral dissertation, University of Oxford.





- 6 Delbridge, R. and Turnbull, P. (1992), "The management of labour under the JIT manufacturing systems" in Blyton, P and Turnbull, P (eds), *Reassessing HRM*, London:Sage: 56-73.
- 7 Garrahan, P. and Stewart, P. (1992), "The Nissan Enigma", London: Mansell.
- 8 Walsh, K., Sturman M. C. (2010), "Key issues in strategic human resources", Cornell University, SHA School site: <http://scholarship.sha.cornell.edu/articles/237>.
- 9 Ananthram, S., Chan, C. (2013), "Challenges and strategies for global human resource executives", *Perspectives from Canada and the United States. European Management Journal*. 31(3), 223–233.
- 10 Lichia Y., Raymond S. (2014), "Talent Attrition and Retention: Strategic Challenges for Indian Industries in the Next Decade", *Elite Research Journal of Accounting and Business Management*, 2(1), 1- 9.
- 11 Thakar H., Kadam, V. S. (2014), "A Study of Attrition in IT Industries In Pune", *International Journal of Advanced Research*. 2(3), 650-656.
- 12 Nappinnai, N.V., Premavathy N (2013), "Employee attrition and retention in a global competitive scenario", *International Journal of Research in Business Management*, 1(6), 11-14.
- 13 Hallier, J and Leopold, J (1997), "Start-up and ageing in greenfield sites", *Human Resource Management Journal*, 7(2), 72-88.