

**WORKING PAPER****COUNCIL — SPECIAL MODEL SESSION**

**Subject No. XX: Challenges relating to the projected shortages of skilled aviation personnel
(or specific NGAP Themes as determined and conveyed)**

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EXECUTIVE SUMMARY

The aviation industry is facing a challenge in the recruitment and retention of aviation professionals. Studies have shown that there will be a significant shortage of professionals in the field in the near future due to a high rate of retirement. This paper presents strategies to attract the younger generation of professionals and retain them in the aviation industry to fill in the skills and numbers gap predicted in the near future.

Action: The Council is invited to note the actions mentioned in paragraph 5 of the paper and encourage the industry to adopt them

<i>Financial implications:</i>	No financial implications
<i>References:</i>	Refer to final page

1. INTRODUCTION

In the upcoming years, the aviation industry, like many others, will face a serious need for young talent. The 2013 Boeing Pilot & Technician Outlook estimates that the industry will require 498 000 commercial pilots and 556 000 maintenance technicians over the next 20 years (IATA.org, n.p.). In the developed world, the industry is no longer rapidly growing, so the opportunity for advancement and recruitment has decreased, but staffing needs will still lead to competition for talented young employees. At the same time, young workers have different priorities than previous generations, which must be addressed through policy and action in order for aviation to retain the best of the new talent and fill in the predicted gap in the near future.

2. BACKGROUND

As the generation of baby boomers is retiring, a gap in the workforce and skills will have to be filled with the young generation of professionals. This will require recruiting and retaining the best minds and talents in the next few years. (Rajasekaran, 12).

In Europe, 2010 marked the first year more workers retired than entered the workforce, and in Japan this trend is already normal. In contrast, one third of the Indian population is under 15, so a new growth of the workforce from this corner is expected (Ey.com).

Nevertheless, over the next 18 years, the growth rate of airline traffic is expected to exceed the growth of the world economy by 1.8 % (Priestley, p. 12). Hence, there is a need to attract young talents to this field.

3. CONSIDERATION OF ISSUES

Attracting youth to industry and to businesses increasingly relies on values that have shifted from previous generations. “As a group, Generation Y shares the belief that organizations should benefit both the individual and the broader society. The “people, planet, profit” bottom line has become the marker with which many youth evaluate whether or not an organization is truly of a positive net worth (Rajasekaran 8). From this perspective, an important recruitment angle is to emphasize the social benefits of the aviation industry. For example, air travel facilitates tourism and trade, which generates economic growth and improves living standards in affected areas. Equally, it is vital to areas hard-to-reach by rail or road. These factors should be highlighted and become a founding principle in attracting new talent.

Moreover, it is important for the new generation to be part of an industry or organization that shows concern for the social impact of its business or operations and takes responsibility for it. This can be done by establishing effective non-profits projects addressing important social

problems or impacts of business or operations. A prime example of that is the environment where it is important for the industry to emphasize how environmentally friendly it is. This can be done by showcasing the efforts put into place and future plans in emission reduction and environmental protection.

According to a study conducted with 15'000 Millennials, 60 percent still in College and 40 percent recent graduates, the top three things they are seeking in their future employer is not Compensation (only ranked nbr 4) but more the cultural fit, career potential and the work/life balance. In order to attract and retain millennial generation, the work environment needs to be one of acceptance of continuing ideas, ideally with a culture of mentorship within management (WorkBC 6). Further, collaborative work structures with flattened leadership work well for this demographic. At Facebook, Sheryl Sandberg, Chief Operations Officer, cites the risk-taking culture that reinforces idea sharing in order to empower her young employees (24).

On one hand, aviation appears to be an industry with no shortage of employment attraction. In the UK, for example, there are 500 unemployed pilots (IATA.org n,p.). This positions aviation well as more staff is needed over time. However, retaining youth in the industry could be a larger problem. In this sense, the first two years of an individual's time in the aviation industry are critical, and if a worker stays longer than those two years they are likely to stay in the industry for many more years. Several factors impact the loyalty of an employee to their current employer, including encouraging employee voice, compensation policies, flexible work schedules and the company cultures.

Another strategy that directly benefits the industry and the employer is investing in training. The new generation of professionals thrive on ongoing learning and constant challenges. For these reasons, it would be advisable to integrate early-career training and long

term-learning plans into the standard career trajectory to help recruits feel that this is the industry for them, while offering the employer increased competence in their staff.

Vitality, these strategies should be advertised and integrated into the industry's image. This means including key words in employment advertisement, encouraging word-of-mouth, and building and employment referral program.

4. FINANCIAL IMPLICATION FOR THE INDUSTRY

Employers face heavy risks from high employee turnover. Overall, workers aged 18-30 are more likely than older groups to switch jobs, with each loss and replacement of an employee costing up to 200% of that person's salary, and thus this issue is of serious financial implication (Rajasekaran, 8). An on-going training program for new employees would undoubtedly incur significant cost, with 2013 estimates at \$915/employee/year (Brum 8), but this is significantly lower than the risked cost of losing employees due to lack of engagement in the industry.

By employing an employee referral program, these costs could be significantly reduced. While traditional recruiting can cost upwards of \$18,000, employee-referral can cost as little as \$1,000 (Achievers.com).

A youth-focused promotion of social benefits of the aviation industry is not expected to cost the industry much overall. It is expected that this targeting will become a part of training costs and advertising costs already existing, with much of this branding coming from word-of-mouth and other positioning.

Transitioning to a flatter hierarchy will take time, as it will often rely on waiting for boomers holding these positions to retire and restructuring accordingly. This will be an ongoing cost for the organization, which will be offset by the savings in flattened hierarchy costs.

5. ACTION

In order to address the problem of attracting young professionals and retaining them in the aviation industry, we request the ICAO Council to note and encourage the aviation industry to adopt the following strategies:

- a. Establish socially-conscious marketing initiatives to attract potential new recruits, focusing on the social and environmental benefits of the industry
- b. Establish non-profit initiatives to emphasize social awareness and responsibilities of the industry and the impact of its business and operations
- c. Establish a program for on-going training for young professionals, in order increase satisfaction and identification with the industry
- d. Undergo restructuring plans to cater the working environment for the new generation by building a flatter hierarchy, distributing responsibility among workers and allowing for more internal experimentation and innovation

6. CONCLUSION

Recruitment of youth is paramount to the continuation of the aviation industry as baby boomers retire. A deeper problem is the retention of young workers, who are more likely than previous generations to change jobs regularly. In terms of retention, training programs are key to employee performance and happiness in their work, thus they should be extended over the key first two years of an employee's career, at least. Furthermore, social values figure strongly in the identity of young workers, thus it is necessary to emphasise the social benefits provided by the industry. Finally, structural changes meant to flatten hierarchy and encourage the exchange of ideas need to be instituted over the long term. Participative leadership style, not authoritarian leadership of older managers. Combined, these strategies will make the workplace appealing to young workers and attract them to remain and thrive in the aviation industry.

References

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