Attraction & Retention:
Compensation vs. Culture

By Bobbi Kloss

*L*ong gone are the days of calling your Recruiting Plan competitive because it offers a salary at market (or a bit above) and a basic, employer-sponsored health/dental/vision benefit package. But, what is driving today's labor market? Lets look at three trends causing employers to hit the proverbial wall in their ability to attract and retain qualified candidates.

1. A steady **declining unemployment** rate over the past three years; less than 5% over the past year and currently at 4.7%, ([Bureau of Labor Statistics](#)). It is truly a candidate's market.

2. **Millennials** quickly making up the majority of the workforce with tech savvy, entrepreneurial, and collaborative characteristics. They are re-defining communication in the workplace, as they require immediate feedback.

3. Constantly **evolving technology** that provides an ability to produce what our out-of-the-box thinking envisions and instant access to information from anywhere, 24/7. This forces us to constantly rethink the way we work, the way we think about work, and the way we hire.
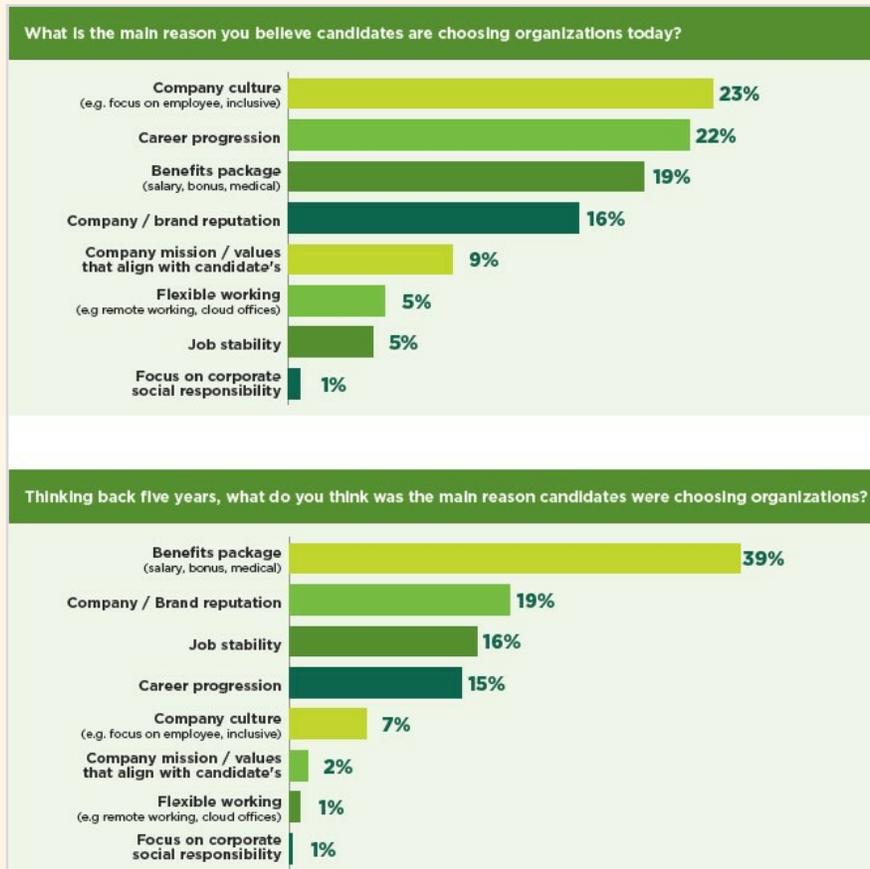
With these three forces colliding, it is no wonder that employers need to re-vitalize their attraction and retention strategies.

Where to Begin?
Individual employers cannot change a declining unemployment rate, but they can work with the challenges it brings: a company could position themselves as an employer of choice. To do so, employers need to work with the best of the millennial workforce attributes and develop a technology-driven culture that not only attracts but engages a competitive workforce.

This can be achieved by tying the mission and the vision of the organization to the employees with technology and weave the results through the way work is done, the way resources are delivered, and the skillset needed to do the work.

Why begin at culture? According to a recent Korn Ferry Institute study, employers said that what they see company culture as today's top priority for candidates selecting an organization. Culture was closely followed by career progression and the benefit package, which used to be first, is now third.

What is the main reason you believe candidates are choosing organizations today?

Reason	Percentage
Company culture (e.g. focus on employee, inclusive)	23%
Career progression	22%
Benefits package (salary, bonus, medical)	19%
Company / brand reputation	16%
Company mission / values that align with candidate's	9%
Flexible working (e.g remote working, cloud offices)	5%
Job stability	5%
Focus on corporate social responsibility	1%

Thinking back five years, what do you think was the main reason candidates were choosing organizations?

Reason	Percentage
Benefits package (salary, bonus, medical)	39%
Company / Brand reputation	19%
Job stability	16%
Career progression	15%
Company culture (e.g. focus on employee, inclusive)	7%
Company mission / values that align with candidate's	2%
Flexible working (e.g remote working, cloud offices)	1%
Focus on corporate social responsibility	1%

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How to Integrate Technology into Culture
A technology culture hits employers on two fronts: first as a resource and second as an employee skill. Technology and the increased need for modernization and digital media is reshaping the expectations of both the employer and its workforce.

Both employer resources and employees' skills have to be elevated in order to meet today's demands for (1) production of products or delivery of services, and 2) for the internal data management of employees. These two needs are necessary to remain relevant but there is a third emerging need for technology advancement growing off of work life balance. We see technology as beneficial, allowing for flexibility, such as work-at-home or flexible work scheduling and communication methods.

Nowadays, most employees can plug in anywhere at any time and operate at a higher level of productivity, all the while maintaining greater connection and communication to their resources.

Currently, we are seeing single location employers implementing similar technologies for work-life balance strategies.

In turn, this initiative is creating more complex reasoning for these single site employers including, how to manage the work schedule, reporting on overtime, and injuries on the job (or at home). And for employers of all sizes - as additional work-life balance definitions expand and the adoption of technology tools and applications increase – when does the employee day truly start and stop?

Employers need to also assess their intranet experience: how do employees enroll in benefits and connect to their providers, receive internal communication, schedule time off, or clock in/out? Multi-location employers or those who have employees that travel, the ability to streamline these efficiencies is even more critical to promote a technology culture. Taking this a step further, an employers HRIS system should integrate with the CRM system, and other production technology systems.

While costs of implementing and maintaining an HRIS system may initially seem to be a bit hard to swallow, a thorough scope of the time spent on (1) streamline of processes, (2) duplication of efforts, (3) access to information, (4) ease of HR and employee administration, and (5) ability to providing valuable analytics, all of which all increase HR and employee efficiencies, will surely support the business case.

In Conclusion
While this may seem a bit overwhelming, the good news is that Millennials and future generations come equipped with the technology skillset to help you where you are today and get you where you need to go tomorrow. Employers have an opportunity to re-strategize and position themselves strategically for this highly skilled, qualified, technology-savvy workforce. While the compensation package surely must be competitive as well, millennials are looking for an employer with a culture that embraces technology and the efficiencies and the flexibility it brings.

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