Company Culture Is the First Draw for Candidates

By Bobbi Kloss

In today's workplace, there is a convergence of forces that are creating challenges to an employer's ability to attract and retain qualified employees. As we all know, employees are the lifeblood of any good company. Without them, a company simply does not exist. In fact, Sir Richard Branson, Founder of The Virgin Group has been quoted as saying, "Take Care of Your Employees and They'll Take Care of Your Business."

But why does this matter? Because over 70% of US employees are disengaged, according to Gallup, costing businesses up to $550 billion in lost productivity per year while $11 billion is lost annually to employee turnover. These figures should certainly perk up everyone in an HR or management position.

In the first of this three-part series, we will look at two key driving forces in today's workforce that are making it challenging for an employer to not only recruit top talent, but to keep an employee engaged once they are hired. The first is the low unemployment rate and the second is the new majority generation in the workforce today: Millennials. It is estimated that 51% of Millenials are planning to leave their company in the next two years, compared to 37% of GenXers and 25% of Boomers.

Throughout this series, a number of points will be explored and discussed fully, including the two primary conditions that exist today that can disrupt HR recruiting and retention management practices. Interestingly, when these practices operate simultaneously they can wreak havoc on an organization. Another point that will be developed is the impact these two forces have on employers, as well as suggested ways that employers could be responding to this convergence. Also discussed in this series will be how a health and welfare advisor is positioned in today's market with a diversification of HR offerings to meet their client's needs to respond to these challenges.

The Convergence of Forces

A key employment indicator for job growth and unemployment is found at the Bureau of Labor Statistic (BLS), a division of the Department of Labor providing statistics in labor economics, showing employment growth, pay and benefits, and other economic labor data. Employers can use these statistics to see where the labor market is currently at as well as determining trends. Statistics are available both nationally and statewide and there is the ability to drill down into the information by market segments (i.e. local and industry as well as see what the available workforce population looks like).

The below BLS Unemployment Rate statistics, as of June 2017, indicate that we have had a declining unemployment rate. While slowly decreasing since its 10-year recession high of 10% in October 2009, it has reached a record 10-year low of 4.3% in May 2017. Meaning there are less people available for the open jobs.

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2007	4.6	4.5	4.4	4.5	4.4	4.6	4.7	4.6	4.7	4.7	4.7	5.0
2008	5.0	4.9	5.1	5.0	5.4	5.6	5.8	6.1	6.1	6.5	6.8	7.3
2009	7.8	8.3	8.7	9.0	9.4	9.5	9.5	9.6	9.8	10.0	9.9	9.9
2010	9.8	9.8	9.9	9.9	9.6	9.4	9.4	9.5	9.5	9.4	9.8	9.3
2011	9.1	9.0	9.0	9.1	9.0	9.1	9.0	9.0	9.0	8.8	8.6	8.5
2012	8.3	8.3	8.2	8.2	8.2	8.2	8.2	8.1	7.8	7.8	7.7	7.9
2013	8.0	7.7	7.5	7.6	7.5	7.5	7.3	7.3	7.2	7.2	6.9	6.7
2014	6.6	6.7	6.7	6.2	6.3	6.1	6.2	6.2	5.9	5.7	5.8	5.6
2015	5.7	5.5	5.4	5.4	5.5	5.3	5.2	5.1	5.0	5.0	5.0	5.0
2016	4.9	4.9	5.0	5.0	4.7	4.9	4.9	4.9	4.9	4.8	4.6	4.7
2017	4.8	4.7	4.5	4.4	4.3	4.4						

BLS statistics also show that the available labor force is impacted not only by the population that is available to work but also by the population that is moving out of the labor force, such as baby-boomers heading into retirement. According to Pew Research Center 10,000 boomers reach age 65 every day. While the Baby Boomers are moving out, the Millennials are moving in. In 2015 the Millennials moved full swing to become the largest generation in the workforce. By 2030, Millennials will make up 75% of the workforce.

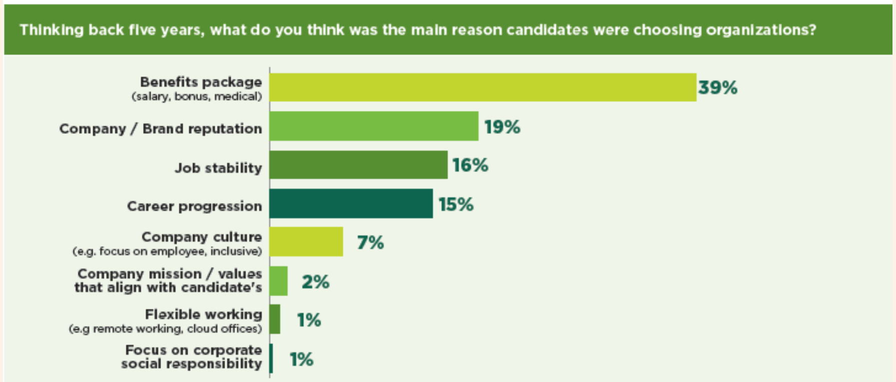
Additional statistics that employers need to consider are focused on turnover, which has increased nearly 35%. Employees are averaging about four years at a given company, as reported by a recent Willis Towers and Watson Study. According to the Conference Board 2016 Job Satisfaction Survey only 49.6% of US workers are satisfied with their jobs. The survey findings state "the rapidly declining unemployment rate, combined with increased hiring, job openings, and quits, signals a seller's market, where the employer demand for workers is growing faster than the available supply."

What does this mean for employers?

We have a tight labor market coupled with a new generation moving into the workforce. The C-suite is asking Human Resources for ways to remain relevant in order to attract top talent and keep employees at the organization in today's highly competitive market.

Human Resources knows that individually employers cannot change a declining unemployment rate, but they can work with the challenges it brings in the competition for talented labor. Employers have to compete either locally, statewide, or nationally for employees. Traditionally, they have offered an attractive compensation and benefits package to position themselves as an employer of choice.

Yet, employers today are finding that this way of operating is no longer effective. Salary and benefits do not seem to have the same draw that they used to for attracting top talent. A recent Korn-Ferry employer study found that while five years ago the benefits package was the carrot to hiring employees, today, company culture is the first draw for candidates. The second attraction for a candidate is career progression or the ability to move up in the company and the compensation package, which used to be the priority among employees, is now third place in a candidate's priority.



To clarify what we are seeing is that with Millennials entering the job force, they are bringing a new personality to attraction and retention. Unlike previous generations, for Millennials, the job is just a job and a paycheck is just a paycheck. The job is a stepping stone to advancing their career and a paycheck creates no sense of loyalty and does not bind them to any organization. To engage millennials, a successful opportunity sits within an organization that celebrates them as an employee and an individual.

For employers struggling with the challenge of a limited labor force, the key to success will in adapting to the needs of the new workforce generation, the Millennials. But for some employers, determining how to adapt may be easier said than done. This also might raise a variety of questions, like what do you change, how much do you change, where to start, and how much is this likely to cost?

Check back for Part 2 of the series in the next edition of the newsletter, where the characteristics that make up the Millennial generation and what a Millennial generation workplace culture could look like will be discussed.

Bobbi Kloss is the Director of Human Capital Management Services for the Benefit Advisors Network, a national network of independent employee benefit brokerage and consulting companies. For more information, please visit: www.benefitadvisorsnetwork.com or email the author at bkloss@benefitadvisorsnetwork.com.