

Benefits Update: Shifting Priorities in an Uncertain Economy

By Dona DeZube for JobsintheMoney News

Salary alone isn't enough to attract the best candidates in accounting or finance. Today, benefits have become the top priority of professionals looking for a new career challenge, surpassing the lure of work/life flexibilities, signing bonuses and extra vacation. Survey data from such divergent sources as Robert Half International (RHI), Spherion Corporation and the Society for Human Resource Management (SHRM) show candidates are increasingly emphasizing benefits during their job search.

Underlying this trend are several factors including the influx of Generation Y into the workforce and the concurrent aging of Baby Boomers, attempts by corporations to control health care insurance costs, the standardization of some of the work/life benefits made popular during the dot-com boom, and the current economic instability in the U.S. economy and housing market.

Shifting Priorities

How the relative importance of benefits has shifted in recent years can be seen in Table 1. In 2008, 33 percent of chief financial officers surveyed by RHI ranked benefits packages as the most effective incentive in attracting top accounting candidates, ranked second only behind salary at 37 percent. This is a dramatic change from 2003, when benefits were ranked as the least effective incentive in attracting top accounting candidates.

Table One

Question: In your opinion, which one of the following incentives is most effective in attracting top accounting candidates?

| Incentives | 2008 | 2003 |
|--|------|------|
| Higher salaries than competitors | 37% | 46% |
| Benefits package/insurance | 33% | 2% |
| Telecommuting and/or flexible work schedules | 13% | 33% |
| Signing bonuses | 4% | 5% |
| Extra vacation days | 4% | 3% |
| Other | 1% | 3% |
| None/not offering any | 4% | 0% |
| Don't know/no answer | 4% | 8% |
| | 100% | 100% |

Source: Robert Half International *Survey of CFOs*

As benefits grew in importance between 2003 and 2008, the value of telecommuting, flexible work schedules and signing bonuses declined.

Meanwhile, a survey of human resources professionals by SHRM found more than half of financial firms offered a full slate of benefits - including dependent care, flexible spending accounts, life insurance, flex time, telecommuting, and compressed workweeks. Overall, 96 percent offered health insurance and 41 percent offered health insurance to part-timers.

Demographic Factors

Among the significant influences on both the supply and demand sides of hiring in accounting and finance, perhaps no single factor carries more weight than workforce demographics.

"Much of this has to do with people's life-cycle and career-cycle expectations and family," says Dr. Carl Van Horn, director of the John J. Heldrich Center for Workforce Development at Rutgers University in New Brunswick, N.J. "A person who is 55 and looking for a job when they're not eligible for Medicare and is concerned about potential health problems is going to put an

emphasis on that (health care) benefit, as opposed to a 22-year-old who doesn't anticipate health problems and probably won't have any compared to someone in their 50s."

In recent months, relocation and home sale issues have arisen during the negotiation process for many C-level applicants, reports Brad Richardson, managing partner of Kaye/Bassman International in Plano, Texas. Given that 80 percent of Boomers are homeowners, that's not surprising.

"I'm seeing people put a great emphasis on the relocation package, temporary housing and home sale assistance," says Richardson, who specializes in recruiting finance and accounting professionals for health care and hospital clients. "Those are outweighing sign-on bonuses in terms of what's being requested and, in some cases, what's being offered."

Where local housing markets are faltering, such as California, it sometimes takes an extraordinarily long time to sell real estate, leading some executive candidates to ask for four to six months of temporary housing. "Some candidates are saying right out of the gate they need a year, but no one is going to commit to that," Richardson observes.

Also, he says, with economic clouds gathering, senior level candidates are taking a careful look at their ability to meet bonus targets in a new position. "If the bonus is paid based on the organization hitting budget, people are taking a look at the history of that bonus being paid out and whether the organization is already way over the mark."

Senior level professionals also want to make sure the benefits they gain will be comparable to those left behind. "Good vacation plans are a big seller," reports David Rhode, CPA, founding partner of VACO, a Raleigh, N.C., placement firm. "If you have an employee with 15 or 20 years experience and the company has a rigid plan that says you can only have two weeks' vacation, it creates a bad taste in the candidate's mouth."

With the oldest Baby Boomers turning 62 this year, 401k matching continues to be a draw. "Many times, at the end of the day, a candidate remains at their existing job because the vacation or the 401k match up can't be equaled in the new job," Rhode says. "A candidate might even pass up a salary increase."

Their 70-percent marriage rate also makes Boomers - many of whom get benefits from their spouse's employer - fans of flexible spending programs that offer a bump in salary in lieu of benefits. However, that flexibility isn't always available. Says Rhode: "I don't see that cafeteria plans have gotten pushed down to the small- and medium-sized companies."

Gen Y Needs

As Baby Boomers move toward retirement, Generation Y - those born between roughly 1979 and 1999 - are early careerists. While the leading edge of Gen Y is closing in on 30, its youngest members haven't yet started middle school.

What Millennial Workers Want: How to Attract and Retain Gen Y Employees, another survey conducted by Robert Half and Yahoo! HotJobs, found Gen Y is more likely than others to be concerned about retirement savings, good health care benefits and work/life balance.

"Much of this may be due to the fact they've witnessed significant uncertainty in their lifetimes, making security and stability increasingly attractive, both in their personal lives and on the job," the survey found. When asked to rank the relative importance of 11 factors relating to job opportunities, Gen Y respondents ranked salary as most important, followed by benefits.

Table Two

Rank the following job considerations on a one-to-10 scale, with 10 being the most important and one least important:

| Job Consideration | Ranking |
|---|----------------|
| Salary | 9.05 |
| Benefits (health insurance, 401k, etc.) | 8.86 |
| Opportunities for career growth/advancement | 8.74 |
| Company's location | 8.44 |
| Company's leadership | 7.95 |
| Company's reputation/brand recognition | 7.56 |
| Job title | 7.19 |
| In-house training programs | 6.95 |
| Tuition reimbursement programs | 6.44 |
| Diversity of the company's staff | 6.07 |
| Company's charitable/philanthropic efforts | 6.06 |

Source: *Generation Y What Millennial Workers Want: How to Attract and Retain Gen Y Employees*

The importance of benefits to Gen Y was also demonstrated by the answers they gave when asked to name their chief career concern. Thirty-three percent cited compensation and benefits.

Table Three

What is your number-one career concern for the future?

| Career Concern | Percentage of Respondents |
|--|----------------------------------|
| Salary and health care/retirement benefits | 33% |
| Job stability | 26% |
| Career satisfaction | 23% |
| Other | 8% |
| None | 5% |
| Don't know | 5% |

Source: *Generation Y What Millennial Workers Want: How to Attract and Retain Gen Y Employees*

Gen Y employees have concerns about the cost of health care and don't believe that Social Security will be available when they reach retirement. "As a result," the survey says, "they want the best health care and retirement benefits employers can provide." This suggests accounting and financial firms can appeal to Gen Y workers by eliminating health insurance waiting periods and shortening the waiting period for full vesting in retirement plans.

To help Gen Y job candidates avoid dipping into savings when they move to a new city to accept employment, consider offering a small signing bonus to cover moving expenses. "Even lower-level employees have to break a lease, hire a moving van and put a deposit down on a new place," notes VACO's Rhode. "As little as \$5,000 can take the heartache out of a move."

Sensing Change?

One explanation for the relative importance of health insurance benefits may be that job seekers are aware of employers' attempts to shift insurance costs, says David Neikrug, chief executive officer for Optimatum Group in New York. "People understand the hard costs of purchasing health care on an individual basis and care about the benefits," he explains.

In the traditional New York financial sector, for example, employees often postpone having children until they reach an age where fertility treatments are more commonly needed. At that point, the availability of health care benefits providing such options could become critical for some potential employees.

Corporate culture also influences benefit usage, observes Neikrug. "You can have the greatest vacation policy out there, but if you're running your employees ragged and then penalizing those who take a vacation, what's the benefit worth?" he asks.

Conflicting Studies

Not all research comes to the same conclusions. *The Edge Report*, a survey of more than 900 employees and 1,000 hiring managers by Harris Interactive, examines benefits from another direction. When asked how benefits might be used to value one job offer over another, respondents ranked flexible work arrangements as having the most weight.

Table Four

Which of the following benefits might help you choose one job over another job?

| Benefits | Percentage of Respondents |
|------------------------------|---------------------------|
| Flexible work arrangements | 65% |
| Telecommuting | 33% |
| Employee stock purchase plan | 33% |
| Fitness facility | 31% |
| On-site cafeteria | 21% |
| Employee assistance plan | 20% |
| On-site childcare | 11% |

Source: *The Edge Report*

Employers acknowledge the desire among accounting and finance professionals for flexible working arrangements. Fifty-seven percent of the CFOs surveyed by Robert Half said candidates ask about work/life issues more often than they did five years ago. When the professionals themselves are surveyed, as they were for Spherion Corporation's *Emerging Workforce Survey* in 2007, work/life issues often are named as desired benefits.

The importance of these benefits appears to increase as the balance of accounting jobs and qualified candidates tilts in favor of the job seeker, and when salary is not an issue. When *Emerging Workforce Survey* data is parsed to show only finance and accounting professionals, nine of 10 respondents said work/life balance is a major factor in deciding their next job, so long as the salary offers from more than one employer are equivalent.

"Few accounting professionals will make a career decision based on benefits," says Michael Parbs, vice president of professional services for Mergis Group in Ft. Lauderdale, Fla. "When all things are equal, that's when benefits take on a greater importance. When you look at accounting professionals, unemployment has been hovering below 2 percent - clearly a hot job market."

However, this desire for balance conflicts with what the *Emerging Workforce Survey* turned up on the employer side. "A significant number of employers are not offering flex time," Parbs observes. "Sixty-six percent are now saying they wouldn't even consider offering flex time, and the workers are really craving that."

The SHRM data paints a somewhat different picture. Its survey found 59 percent of financial companies offered flextime, while 56 percent offered telecommuting on an ad-hoc basis. Josh Warborg, district president for Robert Half International in Seattle, says he has seen less emphasis on lifestyle issues since the dot-com crash, including bring-your-dog-to-work and dress-

however-you-want policies. While telecommuting and flexible work schedules have been implemented in some areas of the sector, Warborg points out many accounting and finance jobs involve sensitive data or on-site work that simply cannot be done remotely.

If the shortfall of applicants continues, there will be a return to situations like those seen in the late 1990s when companies large and small used innovative and creative ways to enhance their benefit packages, predicts Joyce Gioia, president and CEO of the Herman Group, a Greensboro, N.C., strategic business futurist.

"Perception is everything and big salaries don't have the same perception as the flexibility to do work when and where you want to work, to have time off to go to kids' games or to take care of an aging parent," she says. "It has to do with the way people value their lives."

Taken together, the evidence suggests that while other benefits may be more valuable to the 2008 job seeker, work/life balance programs are not unimportant.

Naysayers

There is no shortage of critics who say the data collected by surveys fails to capture the reality of the accounting and finance employment market.

"Benefits are important, but cash is king," contends Stu Coleman, general manager of financial contracting for the Winter, Wyman Companies in Waltham, Mass. "Most companies in Boston and New York have comparable benefits," he states. "Job seekers tend to make their decision based on money, security, funding, longevity, the position and growth opportunity. Benefits are almost last."

Accounting and finance professionals are often seeking stretch jobs, notes Terry Gallagher, president of Battalia Winston International in New York. "The most important thing candidates are looking for is a platform where they can grow their skills sets on a regular basis and use what they have already learned," he says.

The most meaningful benefits Gallagher sees in today's competitive environment are those that keep an employee whole. "We're structuring a deal right now where the compensation is tight - they can't fix one problem and create 35 others - and the candidate is moving to an area where the cost-of-living differential is substantial," he says. "They're going to hit the candidate with a \$50,000 dose of stock options to get him on board."

In the final analysis, it may be what's most important in the job search is an individual matter. However, individuals are often part of a larger group, influenced by external factors such as demographics and the boom in demand for accounting services. These have created a perception among job seekers that they have the upper hand.

"In a seller's market that favors the job-seeker, they're going to be more demanding in compensation broadly speaking," says Rutgers' Van Horn. "On the other hand, employers in that market are going to respond by sweetening the offer. What employers like to do is monetize that with short term benefits, such as a signing bonus, versus long-term benefits such as stock options, retirement plans or 401ks."

Until supply and demand for accounting professionals becomes more balanced, employers may find the best answer to the question of what job seekers want is one not seen on any survey: "All of the above."