2018 PERFORMANCE MANAGEMENT STUDY
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As global experts and leaders in the search and recruitment industry, MRI Network recruiters conduct searches every day in virtually every industry at the executive, managerial and professional level. They have a keen awareness of the overall job market, as well as the factors and trends that affect it. In October we conducted the 2018 MRI Network Performance Management Survey, surveying candidates and employers across the U.S., to assess strategies that hiring authorities are leveraging to attract and retain talent vs. what employees and candidates want employers to prioritize. Hiring authority and candidate attitudes were also compared on recruitment tactics, including perks and other concessions employers are making to hire top talent in a tight candidate market.

### KEY FINDINGS

- **The top workforce challenges that employers will be prioritizing in 2019 are attracting and retaining top talent, training programs and employee engagement.**

- **2019 may be the year of sign-on perks.** Half of companies surveyed said they will be increasing their focus/approach to deploying sign-on perks. Company-paid health insurance, sign-on bonuses, tuition reimbursement and moving expenses were among the top sign-on perks that organizations said they are willing to offer to bring in new hires. These are the same perks that candidates indicated are most important to them. That said, candidates don’t appear to be aware that employers are more willing to issue these perks.

- **When companies were asked if difficulty finding quality, industry-experienced talent is making them more likely to hire people who have transferable skills but who lack industry experience, 78 percent of employers said they either “somewhat agree” or “strongly agree.”**

- **Sixty percent of hiring authorities said they are “more likely” than in the past, to hire candidates with less industry knowledge, if they demonstrate potential for career growth.**

- **Employers note poor communication skills and lack of enthusiasm about the job as the greatest gaps or shortcomings they observed among candidates. Comparatively, candidates say lack of feedback after final interviews, poor communication throughout the interview process and lower than expected compensation packages are the biggest shortcomings among employers.**

- **Compared to previous years, more than half of companies said they will be increasing their focus on performance reviews.** This focus is likely due to many employers recognizing that employees are not satisfied with the review process.

- **Performance-based bonuses, general bonuses and internal training were the top incentives employers were likely to offer to retain employees.** These were also the same incentives that candidates say their companies can offer to make them stay.

- **Both candidates (64 percent) and employers (82 percent) say counteroffers are somewhat or very likely to be offered to retain key employees.**

- **Accepting a counteroffer isn’t necessarily viewed poorly by employers; 67 percent of hiring authorities expect they will need to offer counteroffers to keep high-performing employees.**
Top workforce priorities that employers plan to focus on in 2019 will be attracting and retaining top talent, training and employee engagement.

**Workforce Priorities for 2019**

- **58%** Training or skilling up programs
- **42%** Employee engagement
- **58%** Both attracting and retaining top talent

<table>
<thead>
<tr>
<th>Workforce Planning</th>
<th>31%</th>
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<tbody>
<tr>
<td>Attracting top talent</td>
<td>24%</td>
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<tr>
<td>We have low attrition and just want to continue strengthening our brand</td>
<td>20%</td>
</tr>
<tr>
<td>Retaining top talent</td>
<td>15%</td>
</tr>
<tr>
<td>N/A/I don’t know/No particular challenges</td>
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**Q1. EMPLOYERS:** What workforce challenges will your organization be prioritizing in 2019? Please select up to 3.
TOP SIGN-ON PERKS

Hiring authorities and candidates are on the same page about desirable sign-on perks. Company-paid health insurance, sign-on bonuses and moving expenses were selected most often.

EMPLOYERS

- 59% Company-paid health insurance
- 45% Sign-on bonus
- 33% Tuition reimbursement

Moving or relocation expenses: 32%
Help paying off student loans: 23%
Money toward land/home purchase: 15%
N/A/Nothing in particular: 9%
I’m not sure: 4%
Other: 3%

Q2. EMPLOYERS: What are the top sign-on perks your organization is typically willing to offer to bring in new hires? Please select up to 3.

CANDIDATES

- 76% Company-paid health insurance
- 54% Moving or relocation expenses
- 76% Sign-on bonus

Tuition reimbursement: 14%
Money toward land/home purchase: 8%
Help paying off student loans: 8%
N/A/Nothing in particular: 2%
I’m not sure: 1%
Other: 19%

Q2. CANDIDATES: What are the top sign-on perks that you want companies to offer you as a candidate? Please select up to 3.
Fifty percent of employers say they are increasing sign-on perks. With candidates providing varied opinions, it appears they are unaware of potential sign-on perks that they are leaving on the table. Employers may also need to be more aggressive with their sign-on perks to increase the overall attractiveness of a given job.
CHANGES IN DEPLOYMENT OF SIGN-ON PERKS: COMMENTS

EMPLOYERS

- Companies need to do more to attract quality candidates. Those things can make the difference.

- There are severe shortages of qualified employees in many sectors of the labor market. This makes it an employee's market, thus requiring incentives (higher pay, bonuses, etc.) to acquire and maintain quality employees.

- While the unemployment rate has declined, our company has still been able to successfully recruit new talent with the benefits we provide.

- There are other enticing perks besides money that candidates are considering.

CANDIDATES

- Companies are willing to pay for one-time “extras” to get the people who best match or exceed their ideal candidate profile. They may not, however, be willing to start at a higher compensation level.

- Full relocation as well as cost-of-living adjustments to salary are almost non-existent.

- At my last company, employees quit after getting relocation money. That’s the reason some companies want employees to pay their own moving costs.
ARE COMPANIES MORE OPEN TO TRANSFERABLE SKILLS?

Nearly 80 percent of employers say they somewhat agree or strongly agree that they are more likely to hire people with transferable skills, but who lack industry experience due to increased difficulty finding qualified talent.

Conversely, only 50 percent of candidates feel the same way, indicating employers need to be more transparent with applicants about their openness to transferable skills.

Q4. EMPLOYERS: To what extent do you agree or disagree with the following statement: ‘Finding quality industry-experienced talent is more difficult than before, and my company is likely to hire people who have transferable skills but lack industry experience.’

Q4. CANDIDATES: To what extent do you agree with the following statement: ‘Finding quality, industry-experienced talent is more difficult and companies are more open to hiring people who have transferable skills, but who lack industry experience.’
CURRENT LIKELIHOOD OF EMPLOYERS CONSIDERING CANDIDATES WITH NO INDUSTRY KNOWLEDGE

Almost 60 percent of employers say they are now more likely to hire applicants with less industry knowledge.

Q5. EMPLOYERS: Are you more or less likely than in the past, to hire candidates with less industry knowledge, if they demonstrate potential for career growth as they gain experience?

However, only 35 percent of candidates say the current likelihood of companies hiring applicants with no industry experience is the same, indicating that there is a lack of awareness regarding employers’ openness to transferable skills, or how to best position these abilities to become hired.

Q5. CANDIDATES: Are you finding that companies are more likely, vs. in the past, to consider hiring candidates without industry experience, if they demonstrate potential for career growth?
WHAT ARE THE BIGGEST GAPS/SHORTCOMINGS IN THE INTERVIEW PROCESS?

Employers identified poor communication skills, lack of enthusiasm about the job and lack of knowledge about the role or the products/services as the top shortcomings among candidates. Candidates highlighted a lack of feedback after final interviews, poor communication throughout the interview process and lower than expected compensation packages as the greatest gaps among employers.

Q6. EMPLOYERS: Of candidates you’ve interviewed most recently, what are the greatest gaps or shortcomings that you are seeing? Please select up to 3.

- Poor communication skills: 41%
- Lack of enthusiasm about the job: 37%
- Lack of knowledge about role or products/services: 36%
- Too laidback or casual in the interview: 34%
- Lying about credentials, experience, tenure, etc.: 28%
- Lack of emotional intelligence: 28%
- N/A/I am not seeing any gaps: 4%

Q6. CANDIDATES: Of companies where you’ve interviewed most recently, what are the greatest gaps or shortcomings that you’ve seen? Please select up to 3.

- Lack of feedback/communication after final interviews: 36%
- Poor communication throughout the interview process: 34%
- Lower than expected compensation packages: 32%
- No clear opportunities to advance/no career pathing: 28%
- Recent high employee turnover: 25%
- Misrepresentation of the role: 19%
- Outdated approaches to work: 18%
- Discrepancies about the scope and duties of role: 16%
- Outdated/uninviting working atmosphere: 13%
- N/A/I haven’t seen any gaps or shortcomings: 7%
- Other: 6%
Employers indicate that performance-based bonuses, internal ongoing training, annual bonuses and career pathing were the top incentives they can offer to retain candidates. Candidates feel merit increases, annual bonuses, career pathing and performance-based bonuses are the best things their companies can offer to make them stay with the organization.

Q7. EMPLOYERS: What are the best programs or incentives that your company is likely to offer to retain employees? Please select up to 3.

Performance-based bonuses 48%
Internal, on-going training 39%
Bonuses 36%
Career pathing 36%
Merit increases 28%
External training, coaching, conferences 28%
N/A/No particular programs or incentives 6%
Other 2%

Q7. CANDIDATES: What are the best programs or incentives that your company can offer to make you stay? Please select up to 3.

Merit increases 51%
Bonuses 49%
Career pathing 49%
Performance-based bonuses 45%
External training, coaching, conferences 26%
Internal, on-going training 20%
Tuition reimbursement 9%
N/A/No particular programs or incentives 7%
Other 6%
Has focus on performance reviews changed?

Fifty-four percent of employers say they are increasing their focus on performance reviews. Only 13 percent of candidates say their company is increasing the focus on employee evaluations. This indicates that employers may realize they need to improve the review process, but they have not yet been able to implement the necessary changes.
HAS FOCUS ON PERFORMANCE REVIEWS CHANGED: COMMENTS

EMPLOYERS

• It is increasing so that we are able to see who is making reasonable progress and who isn’t in order to make final decisions.

• More frequent reviews prevent us from getting behind, and with the ability to address issues before they turn into huge problems.

• We are trying to use performance management to help with professional development, as well as assessing past performance.

• We do day-to-day performance metrics so that reviews are not too important.

CANDIDATES

• It’s become more dogmatic and more of an HR/paperwork exercise rather than a legitimate value-added process.

• Would prefer companies stop with the yearly review and suggest they focus on constant review and open communication about performance.

• My current company has only given me one review after three months of being on the job. I’m now at over 18 months, and have not had another one since.

• Since being promoted I am now formally reviewed once a year, as opposed to twice a year. This translates to less opportunity for promotion and a higher likelihood of being “passed over” due to an informal mid-year process.
Satisfaction with Employee Review Process

Forty-two percent of candidates said they disagree or strongly disagree that their company review process is useful and productive. Only a third of candidates said they agree or strongly agree that their performance reviews are productive. The increased focus of many employers on the review process appears to be reflective of employee dissatisfaction with the way in which performance evaluations are being performed.

Q9. candidates: To what extent do you agree or disagree with the following statement: 'I am satisfied with the employee performance review process at my company and find it productive.'
Both candidates and employers say counteroffers are somewhat likely to be offered to retain key employees. Almost half of candidates feel their employers are somewhat likely to make them a counteroffer.

**EMPLOYERS**

- **47%** Somewhat likely
- **35%** Very likely
- **14%** Not very likely
- **4%** Not likely at all

*Q10. EMPLOYERS: How likely is your company to make a counteroffer to retain a key employee?*

**CANDIDATES**

- **47%** Somewhat likely
- **17%** Very likely
- **29%** Not very likely
- **7%** Not likely at all

*Q10. CANDIDATES: If you were presented with a job offer from another company, how likely do you think your company would be to make a counteroffer to keep you?*
Almost 70 percent of hiring authorities say they expect to make counteroffers to retain their high performing employees.

Q11. EMPLOYERS: How do you/would you view a team member that has accepted/would accept a counteroffer from your company?

67% High-performing employees are typically in great demand, so we expect counteroffers.

29% There is a stigma placed on people who stay as a result of a counteroffer.

4% N/A/I don’t know
CONCLUSION

As the study results demonstrate, employers are adjusting their recruitment and retention strategies to become more enticing to top talent.

A lack of quality, industry-experienced candidates in many sectors is prompting companies to make various concessions to bring in the mission-critical talent they seek. These trends will continue to impact the hiring process as the race for passive, happily employed talent intensifies. Employers that are open to these aspects of hiring will have the most success attracting and retaining high performers.

As you look at your hiring plans for the year, use the survey findings to help you understand some of the pressure your candidate searches will be under. Of course, as you come up against challenges, MRI Network’s team of over 1,500 recruiters around the world will be able to help your organization find specialized executive, managerial and professional talent in almost every industry and function.

ABOUT THE SURVEY

The 2018 MRI Network Performance Management Study is based on web-based surveys conducted by independent research firm, OnePoll, in October 2018 with 220 employers and nearly 200 candidates responding. The surveys have an 8 percent margin of error with a 90 percent confidence. All data has been rounded to the nearest 10th.

For more information about the Study, please contact Nysha King, Media Relations Lead for MRI Network:
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This was the 1st edition of the study. Parties interested in downloading the study or viewing associated videos can do so at: MRINetwork.com/Performance-Management-Study.
“To win in the marketplace you must first win in the workplace.”

- Douglas Conant, former president & CEO of Campbell Soup Company