



# REPORT

## 2014 Hiring Trends



**CultureFit**  
Technology Staffing

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**Recruiting the Talent. Staffing the Culture.**

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## About This Paper:

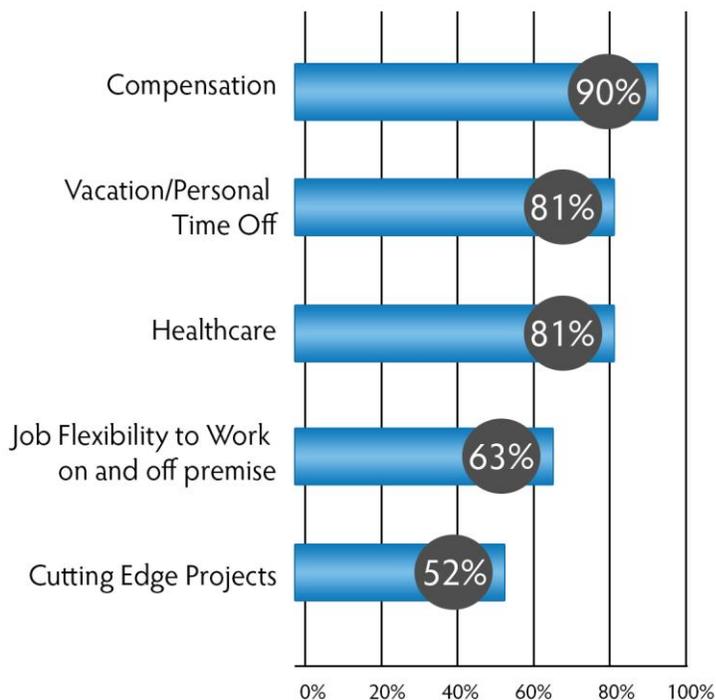
The best way for a company to fill critical open IT positions with qualified talent - create “offer packages” which combine competitive compensation with other “soft benefits” and a culture which reduces employee attrition. This paper provides a summary of recent research which analyzes the following:

- 7 Years of actual compensation trends
  - Survey results from IT professionals prioritizing new job considerations
  - Comparison to the obstacles and road blocks facing hiring Companies
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## IT Candidate Shortage Changing Terms of Hiring – Results Summary

Most organizations recognize there's a significant shortage of technology talent vs. open positions, which creates a situation that favors the candidate's preferences. In an effort to understand these trends at a more granular level and specific to the Mid-Western Region, CultureFit, a Chicago based technology Recruitment Company initiated an IT Professional candidate survey, generating nearly 300 responses. Applying this information along with over 4 years of data collected through hundreds of IT Professional placements, the following provides a summary of those key findings:

### IT Professionals Prioritize New Job Considerations



*"Based on the competitive hiring situation, companies should plan to increase compensation budgets between 10% and 15% year over year until the gap between open jobs and available talent begins to narrow."*

Adam Kooperman  
President  
CultureFit

#### **Compensation:**

- 89.9% of the candidates from the CultureFit survey ranked compensation as either very or extremely important when deciding to take a new position
- In contrast, only 20% of companies hiring IT professionals, believe their organizations offer extremely or very competitive pay(Q4, 2013 Career Builder, Harris Poll survey)
- The median IT professional's pay (non-project managers), has increased nearly 22% since 2008

### **IT Professional Interviewing Trends:**

- The average IT Professional who is actively interviewing, will interview with 3-4 companies at the same time
- Over 40% of the IT Professionals were looking for a new position at the time of this survey
- According to a fourth quarter Harris Poll, 60% of hiring managers have never hired someone who doesn't meet full requirements of a job listing\*
- According to the same poll, 53% of IT firms have open positions for which they can't find qualified candidate

### **Soft Benefits (outside of compensation):**

- 81.2% ranked personal and vacation time as either extremely or very important
- 80.7% ranked healthcare as the second most important priority in determining to accept a position
- 63% ranked the flexibility to work on and off premise as extremely or very important
- 51.6% indicated the opportunity to take on a cutting edge project was deemed extremely or very important

### **Demographic Key Learnings:**

#### **Educational Profile:**

- Nearly 35% of the respondents in the mid-west have a Master's degree vs. *10% or less* in the South Central or Western regions.
- However the Mid-Western region has *nearly 25% fewer* Bachelor degrees and nearly 30% of participants have only some college
- Hiring companies in the fourth quarter Harris Poll indicated there was a 33% gap between the education required vs. the actual education level of the IT Professionals available

#### **Income Profiles:**

- 50% of respondents in the Midwest and Pacific Region had an income level of \$50,000-\$99,999
- The income level has a greater influence on the younger demographic (18-44 years of age) when contemplating accepting an offer, yet never diminishes as the largest factor in their decision making.
- Chicago/Midwest income is keeping pace with the West coast; however, the mid-western region trended incomes over \$190,000 by over 10% compared to other regions.

# Managing Expectations: Common Hiring Challenges

Not surprising, the shortage of IT professionals is being fueled by the speed of technological advancements that are being leveraged by companies across all industries. As a result, it's important for the hiring companies to have an understanding of what to expect before a job requisition is released. Adam Kooperman, Principal Staffing Consultant of *CultureFit*, outlined the following challenges which are common to the majority of their searches:

- IT candidates who are actively seeking out a new position will frequently interview with 3-4 companies at the same time, which provides them with the ability to be selective in their final decision
- Alternatively, passive IT candidates (not actively seeking a new position) will quickly determine they want to consider other options before making a final decision
- As a result, compensation bidding wars are not uncommon, which differs greatly to other Professional industries

CultureFit works closely with each candidate to establish a mutually trusted rapport. This approach allows them to guide the hiring companies through the hiring process, and pro-actively prepares the best package for the candidate and the hiring company.

*"We're facing terrible shortages. There are many options for the talent to choose from.....however, it also depends on the type of job they're looking for. PMs are easier to find than the engineers. Hence, companies are able to put more specificity around the selection itself."*

Dorie Isaacson.  
Director of Recruiting  
*CultureFit*

## Compensation and Traditional Benefits:

Regardless of the professional category, compensation, healthcare, and vacation benefits are always the most important considerations. However, the shortage of talent in the IT category creates a budgetary challenge for many companies. Hence, it becomes critical to spend the additional time researching and benchmarking specific job titles and required skill sets to establish a competitive offering before releasing a job requisition. There are several resource tools available to hiring companies, but the following are 4 IT roles and the compensation trends CultureFit has collected over the past 5 years:

Median Incomes			
IT Position	2008	2014	% of Difference
Programmers	\$64K	\$78K	21.9%
Software Architects	\$94K	\$115K	22.3%
Software Engineers	\$78K	\$94K	20.5%

According to Eric Edelsberg, a Senior Director of CultureFit, hiring managers should consider the following when determining compensation packages:

- Is the position critical to meeting strategic goals or maintaining productivity? If so, what's the monetary impact of keeping the position vacant for an extended period of time?
- Does the position require a unique skill set which narrows up the talent pool?
- Are there other elements that can be offered that will add perceived value to the position to off-set a less than competitive base rate of pay?

Addressing these considerations prior to launching a job search will prove not only time productive, but also minimize the risk of spending 3-4 months in a job search to find that the compensation plan falls short of the qualified candidate expectations.

The 2014 *CultureFit* Survey added additional support to these trends, ranking compensation at 4.36 on a scale of 5, with 5 being the highest, and Healthcare ranking a 4.16. These are the two most important factors when considering a new job opportunity.

Although compensation is a critical part of an IT candidate's decision making process, the survey results introduced several other emerging categories that may mitigate compensation constraints or serve as valuable benefits to ultimately win the candidate of choice.

*"If you want the best... you're going to have to increase the compensation regardless of what existing employees are making. A lot of companies will benchmark from their current staff vs going out in the market place to define the market value of a position."*

Eric Edelsberg  
Staffing Director & Principal  
*CultureFit*

## Beyond Compensation: Bundling the Offer Package

Over the past 3-5 years, 3 new non-compensation trends have been emerging and playing a more critical role in winning the candidate that will best fits the position:

1. **Job Flexibility** – IT professionals are increasingly seeking the flexibility to work both on and off premise, ranking this consideration factor at 3.85 out of 5. Many IT professionals, especially the "Millennials", are willing to work well beyond the normal 40 hour work week; hours that often include late evening and early morning hours. Over the past 2 years, *CultureFit's* staffing consultants have noticed that this factor is one of the first questions a candidate will ask, especially if the position location requires an extended commute, such as going from the city into the suburbs.

2. **Project Challenge** – Despite the desire to capture the highest compensation possible, IT candidates are balancing compensation with their perceived value of the position’s opportunity and the assignment(s) they will be responsible for implementing/managing. Will it increase their marketable value on their resume? Dorie cited a recent job placement, “The candidate was so excited about the challenge of the opportunity, they were willing to take a \$50K pay cut.” She went on to add “this was a smart person who considered the opportunity from a long-term perspective and how it would support his future career track goals”. IT professionals ranked this consideration at 3.48 out of 5.
3. **Interactive Environments:** Companies that offer environments that promote collaboration through “Think Tanks”, on premise gaming (ping pong tables, dart boards, etc.), and after work happy hours, etc., have been a staple in the large tech shops such as Google, Yahoo, and Apple for many years. Advertising and Digital agencies were also quick to latch on to this concept in order to attract top talent. Over the past couple of years, the approach is filtering into many other companies; recognizing collaborative environments contribute to increased productivity. Although this consideration only garnered an average rating in the 2014 survey (2.66 out of 5), they are still quite appealing to the young talent or recent graduates who are willing to work extended hours in return for an environment that balances work and productivity with some stress-relieving fun.

*"If the candidate meets both the skills and CultureFit requirement.....7 out of 10 times, the candidate will go to the highest bidder, which is not necessarily the best fit for the candidate...."*

*...when companies aren't offering other alternative options such as, a great environment and job flexibility, it can become a challenge when the candidate becomes blinded by money."*

Adam Kooperman  
Principal  
CultureFit

The technology industry continues to grow at an accelerated rate, which will continue to foster a highly competitive field from a talent acquisition perspective. Working with single focused recruiters, such as *CultureFit*, will not only connect an organization to a large and qualified IT talent pool, but also an inside perspective on the best way to create an offer package that will increase the success rate to fill critical positions.

*CultureFit* realizes the complexity in finding today’s top-flight IT talent, and is committed to easing the burden of locating the right individual who will compliment your organization. As trends in the hiring marketplace change, we will keep you apprised on any new information we uncover that will aid in your pursuit for the candidate who possesses the knowledge and culture you require.

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## ***Addendum –***

### ***Demographic Breakdowns***

Of those who participated in the survey, the demographics break down as follows:

- 75.92% say IT is their career
- 72.6% have 10+ years' experience in IT
- 83.2% are employed full time
- 40.2% are actively looking for new employment
- 49.3% state their job function is an independent or member of a larger group

### ***Age Comparison***

- The desire for Career Advancement drops with age as a factor in their decision making.
- More challenging assignments never really wane, remains important throughout an individual's career.
- The desire for flexibility in their workplace location peaks between 30 and 60, possibly due to family responsibilities.
- The older segment (60+) has no desire for an interactive environment. 18-29 year olds appear to have the strongest desire for this type of environment, with over 90% stating this was the most important factor.

CultureFit and Advance Search bring a combination of over 20 years of IT Recruitment; entrusted to hire and place IT professionals throughout the Greater Chicagoland and Milwaukee area. Each year they're charged to recruit, negotiate, and place 100's of open positions with quality talent that meet skill set requirements as well as compliment an organization's culture. Their unique position has afforded them the opportunity to identify hiring trends from both the organization and the talent's perspective.

