



# WIN THE WAR FOR TALENT:

## USING COST-OF-LIVING DATA FOR RECRUITING ADVANTAGE

With data as their secret weapon, recruiters and HR can make better offers, give meaningful sign-on bonuses and help candidates find a new community to call home.

**In the past couple of years, we've been able to count on at least one piece of good news each month: steadily dropping unemployment rates.**

But a low unemployment rate can be a double-edged sword if you're a recruiter or HR professional trying to fill a job. Even though it's good news for the country and the economy overall, it can be bad news for you, because it means the vast majority of able workers are employed, including most of your ideal candidates.

Unemployment rates are currently at a 16-year low, which means a recruiter's job today looks different than it did when the economy was on its way out of the Great Recession and people were scrambling to find work. According to SHRM, it took an average of 42 days to fill a job in 2016 – because there aren't enough qualified candidates who are unemployed looking for a new job. In April 2017, there were only 1.17 unemployed job seekers for every vacancy – and what are the odds that 1.17 not only has the right skill set, but also lives near your company?

These numbers mean that some recruiting strategies that worked before aren't working now. Recruiters must find new competitive advantages to tempt star candidates into taking an offer. It also means they must look beyond the standard commuting radius of the company. In such a tight job market, it's unlikely your ideal candidate will live in the same city or even in the same county, and it no longer makes sense to focus just on the immediate vicinity.

Of course, expanding into new markets to search for candidates adds some complications that recruiters and HR must be prepared for. Unless the position allows the candidate to work remotely, he or she will have to relocate. But instead of seeing it as a hurdle, recruiters can take advantage of this by using data to make better salary offers, sweeten the deal with a meaningful sign-on bonus, and help candidates find their perfect neighborhood.



## MAKE BETTER OFFERS WITH COST-OF-LIVING DATA

Relocation management companies make it easy for organizations to move new employees and their families from one community to another – but using this type of service to help with logistics is the second part of a company’s strategy. The first part comes before a candidate has even committed to the company: during the process of making an offer.

Before extending an offer, a recruiter must know the difference between the cost of living in the candidate’s current area and the company’s worksite. Calculating cost-of-living differences requires a holistic approach, because there are numerous factors that affect it, including:



### **LOCAL COSTS OF GOODS AND SERVICES**

like groceries, dining out, recreation, clothing, medical care, tobacco, alcohol, domestic services, furnishings and household operations, personal care and more



### **TRANSPORTATION COSTS,**

which include both fixed costs – vehicle depreciation, tax, license, registration and insurance – and variable costs – fuel, maintenance, tires, and oil. All of these costs depend on family size and number of personal vehicles needed.



### **INCOME AND/OR SALES TAX VARIANCES**

Some states have no sales tax; some cities charge additional/higher taxes or fees when purchasing a property; some cities and states tax certain categories (e.g., clothing) and others tax certain items (e.g., tobacco, alcohol) at a higher rate..



### **HOUSING COSTS**

For a renter, these comprise rent, utilities, and renter’s insurance. For a homeowner, these comprise home market values, utilities, maintenance, taxes, insurance and mortgage principal and interest.



**CALCULATING COST-OF-LIVING DIFFERENCES REQUIRES A HOLISTIC APPROACH, BECAUSE THERE ARE NUMEROUS FACTORS THAT AFFECT IT.**



Knowing all of these data points when courting a candidate allows recruiters to offer an equitable salary in relation to what the candidate is already making, as well as speak knowledgeably about how a move to a new locale will affect their current standard of living.

This is important whether a candidate moves from a less expensive market to a more expensive one or vice versa. For a candidate moving from Omaha to San Francisco, a recruiter will be able to offer a much higher salary and show the candidate exactly how that raise will accommodate both increased cost-of-living expenses as well as a salary bump.

For the opposite scenario, savvy recruiters can entice a candidate by demonstrating the increased purchasing power their income has in the new market. The recruiter might only be offering a salary increase of a few thousand dollars, but armed with comprehensive cost-of-living data, he or she can show a candidate how much more money actually goes into their pocket.



## ESTABLISH MORE MEANINGFUL SIGN-ON BONUSES



**IN 2016, 76 PERCENT OF COMPANIES SURVEYED BY WORLDDATWORK USED SIGN-ON BONUSES AS PART OF THEIR PROGRAMS**



Sign-on bonuses are increasing in popularity and are becoming a viable weapon in the war for talent. The challenge comes in establishing a meaningful amount that will lead to an accepted offer and will help a new recruit get acclimated, especially when acceptance requires a move.

In 2016, 76 percent of companies surveyed by WorldatWork used sign-on bonuses as part of their programs, up from 62 percent in 2001. These bonuses can be attractive because they are one-and-done; a company can write the check at the start of a new hire's employment and then be done with it.

Sign-on bonuses also help a new hire immediately. They show a company understands the relocation's impact on the new hire, and wants to ease the transition. Provided with a bonus the employee can use as they see fit, the new hire can get comfortable more quickly.

These bonuses should not be a random, one-size-fits-all number given to every new hire. They should take into account data like current salary, family size and overall changes in the cost of living that will be experienced to make the package more meaningful.

## HELP CANDIDATES GET ACCLIMATED

It's not just the physical logistics of moving to a new city or state that can make candidates wary of relocating; having to pick up one's life and start over elsewhere is a daunting, stressful prospect.

Using reliable data, recruiters can make relocation less distasteful to superstar candidates who are on board for the job otherwise, but are nervous about making such a drastic change, by helping them identify the most logical new neighborhoods to live in through a mix of data points, such as:



### **HOUSING**

Costs of renting or buying in various living communities, along with communities that are considered least and more expensive



### **PROXIMITY TO THE NEW JOB**

Commuting options

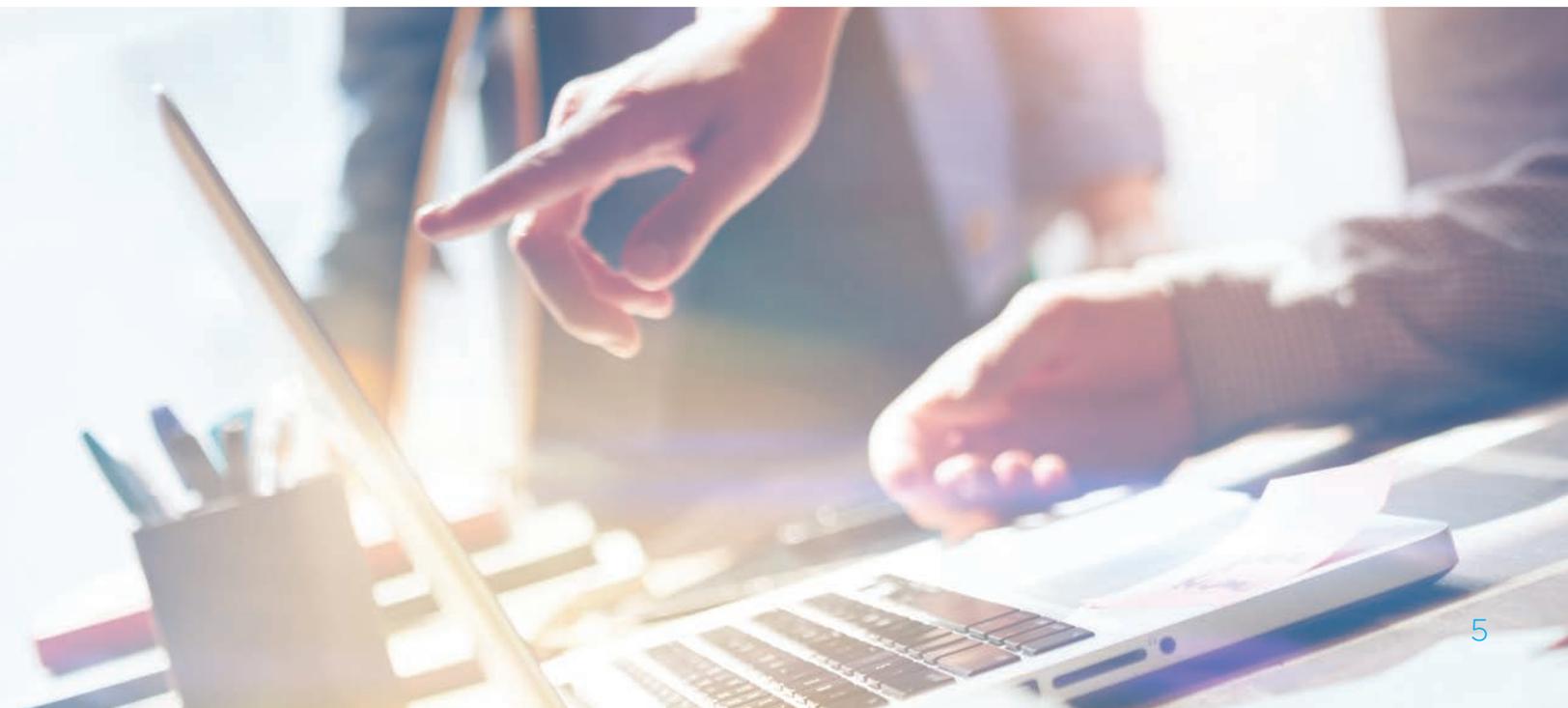


### **SCHOOL DISTRICT QUALITY**



### **CRIME RATES**

With this data, recruiters can steer new hires toward a community that offers desirable qualities they didn't have in their previous location. This extra effort can have tangible benefits for a company. Helping a relocating candidate narrow down choices for their new neighborhood immediately shows the employee that the company cares. This can translate into improved retention rates and reduced turnover – the cost of which is not cheap.





## USING DATA AS A WEAPON

As long as the economy remains in its current upswing, the war for talent isn't ending any time soon. Recruiters may have to expand their search radius in order to find great candidates. This requires being prepared with the right data ahead of time. Using this data as a weapon shows candidates the company understands how to properly compensate them, acknowledges how a move will affect them and provides useful information about what to expect in terms of costs in the new living community.

But data of this granularity can be hard to come by and, while some is publicly available, it takes a breathtaking amount of time to conduct this research. Recruiters can look to third-party experts who regularly collect this type of data as part of their business to help create profiles for candidates and new hires based on a broad range of information.

By using cost-of-living data to help design the right offers, help new hires find their new neighborhood and determine a meaningful sign-on bonus, recruiters and HR gain a competitive advantage – getting to “yes” faster, and helping the company keep relocated new hires happily employed longer.



Runzheimer is the premier relocation and living costs intelligence solution, powered by Motus. Understanding that today's workforce is driven by data, Runzheimer provides employers and their mobile workers with the actionable insights and tools needed for a successful move. Our world-class solutions support companies with everything from equitable compensation calculations between multiple locations to understanding relocation-related expenses and needs. With comprehensive data, Runzheimer empowers employers to win the war for talent while getting the most from their budget.