

Bonuses and Rewards in Recruitment

Signing bonuses and referral rewards don't live up to the hype.

Some recent media coverage may make it seem like employers are throwing money at engineers to fill their open positions, but the reality of signing bonuses and referral rewards is far less spectacular.

"There's no silver bullet for any employer or any engineering company," says Joseph Lampinen, director of the Engineering Center of Excellence for employment agency and recruitment company Kelly Services Inc. And for the most part, employers and engineering companies know that. "The number one reason people would go somewhere is because they like the total employee value proposition."

Just because most employers aren't haphazardly throwing money around in a desperate attempt to recruit engineers, that doesn't mean there aren't those using signing bonuses to make their total employee value proposition more attractive or referral rewards to find new engineering talent.

More employers plan to offer signing bonuses to 2015 college graduates than any other graduating class of the last five years, according to a new report from the National Association of Colleges and Employers. Fifty-one percent of respondents to NACE's Job Outlook 2015 survey said they would offer 2015 graduates signing bonuses.

It's important to note two things about NACE's Job Outlook data. First, the actual number of employers who have offered signing bonuses to graduates each year has been higher than the number who planned to do so every year of the past five except 2013. Second, of the employers who plan to offer signing bonuses to 2015 graduates, almost two-thirds plan to do so only for graduates with select majors, the most common of which are business, engineering, and computer science. Chemical engineering majors are also projected to receive the largest average signing bonuses at \$5,250, followed by unspecified engineering majors at \$5,107.

While attracting new graduates is one of the more common uses of signing



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bonuses, the average engineering graduate probably shouldn't expect them, according to Lampinen. "I wouldn't want to paint the picture that once you get your bachelor's you can go out and people are going to pay you several thousand dollars upfront just to come and work for them," he says. "I would say if you take 100 engineering graduates that are coming out of school...maybe the top 10% or 15% might receive a bonus."

In Lampinen's and many engineers' experience, signing bonuses are most commonly offered when an employer is having an especially difficult time attracting specific talent. And even then signing bonuses are handled carefully.

"Signing bonuses are dependent on the individual situation and need for the specific talent required," attests NSPE member Katie Davis, P.E., director of engineering for enterprise engineering at Ingersoll Rand. "Typically, we utilize our early talent programs to attract new talent and develop those candidates appropriately."

"Signing bonuses have only been offered to people whose employment history does not indicate a job hopper," adds NSPE member James Beveridge, P.E., president of QTEC Inc. "In such a case, the bonus would be a waste."

Referral rewards seem much more prevalent and less situational than signing bonuses. This may be, at least in part, because they can do more than just help a company find talent when it's in short supply.

"Referral rewards are our standard approach," Beveridge says. "We think that if an employee refers a friend, et cetera, that means the employee is

vouching for the referred person. Since we take great stock in the word of our employees, we put considerable faith in such referrals."

One of the best sources of talent any company has, Lampinen says, is word of mouth. Referral rewards are simply a way to encourage employees to think a little harder about who they may know that would be good for a position.

"We also have a very robust referral plan that pays some pretty good cash to existing employees who connect us to someone we eventually hire," says NSPE member Marlon Vogt, P.E., account executive at Ulteig. "This has been successful."

Despite their prevalence, referral rewards are not universal. And though they may serve their purpose, the total employee value proposition—salary, geography, the company culture, and the nature of the work—is what matters most for any company recruiting engineers.

"At this time, we have not had to offer incentives for engineers to live and work in Montana," says NSPE member Dan Munson, P.E., engineering and planning manager at NorthWestern Energy. "Our salary schedule is competitive with the region, but below many hot spots for engineering talent. Nevertheless, the benefit of living and working in Montana has made hiring incentives unnecessary. We still get dozens to over 100 applicants for most engineering positions. We have the luxury of a large enough talent pool that we haven't offered incentives unless we are seeking a specialized talent that cannot be filled otherwise."

The only "silver bullet" is a good, well-rounded engineering position. Everything else is just a bonus reward.