

ROBERT WALTERS WHITEPAPER

**MANAGING THE JOB OFFER PROCESS TO
ENSURE YOU RECRUIT THE BEST PROFESSIONAL**

spotlight
SERIES



ROBERT WALTERS

FOREWORD

I am pleased to introduce our latest whitepaper, entitled 'Managing the job offer process to ensure you recruit the best professional'.

A job offer is more than just a simple offer of employment to a prospective employee. It's the culmination of weeks of work for the recruiter and organisation; screening, reference checking, interviews and negotiation. The offer has to not only compensate a person financially but also provide the benefits and environment a professional needs to feel valued at work.

In the past an organisation could be confident that an offer of employment would be accepted but in recent times we have witnessed many great offers at even greater companies turned down by job seekers. The reality is, as talent shortages continue and competition for the best performers intensifies, in demand professionals often have their pick of multiple offers. Most hiring managers have experienced a candidate turning down an offer and it's disappointing.

Needless to say, it is so important to get it right. If you manage the entire recruitment process correctly and get the right information, you can develop a certain level of control and certainty about the final step, making an offer simply too good to refuse.

Our research has shown us that an organisation's management of the job offer process can have a big influence on whether or not a candidate decides to accept an offer of employment. That is why I am so pleased to present this whitepaper, which offers excellent insight on how to manage the job offer process and secure the best professional.



James Nicholson
Managing Director – Australia & New Zealand, Robert Walters

METHODOLOGY

This whitepaper is based on the findings of research undertaken by Robert Walters in April 2012. To conduct this research, Robert Walters surveyed over 750 job seekers and over 500 hiring managers across Australia and New Zealand.

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INTRODUCTION

This whitepaper has been created to help employers better understand the job offer process and examine how they offer jobs to potential employees. By looking at the process from the perspective of both the candidate and the employer we have been able to discover what the most effective way of making job offers is.

Specifically this whitepaper explores:

- How to make a job offer to a professional
- How to determine a candidate's worth
- Understanding the most important component of a job offer
- Understanding why job offers are refused
- How to deal with counter offers

HOW TO COMMUNICATE A JOB OFFER

Once the interview process is over, the first step is to make an offer of employment to a professional. However, the way the offer is communicated can have a bearing on how successful you are in securing your desired candidate.

Survey results

When asked how they prefer to receive a job offer, 52% of professionals said in a written proposal, while 48% prefer a verbal proposal. However, 63% said they would not actually accept the offer without being sent a contract.

Conversely, 60% of employers reported they make an employment offer verbally, with only 40% stating that they provide a written proposal.

When asked how they prefer to receive a job offer, 52% of professionals said in a written proposal. Conversely, 60% of employers reported they make an employment offer verbally.

Key learning #1

Always have a written component to your job offer

A verbal job offer in the first instance is an acceptable way to make the initial offer of employment. However, your verbal job offer should be accompanied by a written offer within two to three days. The written offer tells the candidate you are serious about getting them on board and that the process is progressing. It could also be the difference between your offer and one from a competing employer that doesn't include a written component.

Chart 1.0 - Would you accept a job offer without being sent a contract?



52%

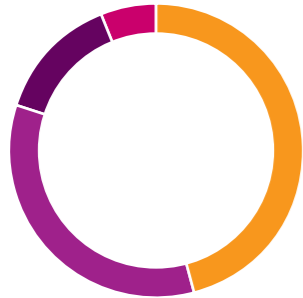
52% of professionals prefer to receive a written job offer

DETERMINING A CANDIDATE'S WORTH

It is an acceptable practice to wait until the job offer stage to present a complete salary package, depending on the candidate and their experience. However, it's important that this offer is in line with market rates and the candidates' expectations.

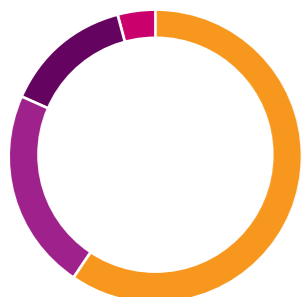
People often judge their own success by their salary, making the remuneration a key part of an offer.

Chart 2.0 - How does a professional determine their worth?



- 46% Using salary surveys (such as the Robert Walters Global Salary Survey)
- 34% Looking at their pay history
- 14% By looking at job adverts
- 6% Allowing the employers to set the benchmark

Chart 3.0 - How does an employer decide what salary to offer a professional?



- 59% Internal salary bandings defined by role type
- 22% Use recruitment salary surveys as a benchmarking tool
- 14% Offer the candidate what you think they are worth
- 4% Offer the same salary as existing team members

Survey results

The majority of professionals surveyed (46%) determine their market worth by using salary research (such as the Robert Walters Global Salary Survey), followed by looking at their own pay history (34%), reviewing job advertisements (14%) and allowing employers to set the benchmark (6%).

In contrast, the majority of organisations determine pay rates in line with internal bandings defined by role type (59%), followed by using recruitment salary surveys as a benchmarking tool (22%), offering the candidate what the employer thinks they're worth based on experience (14%) and lastly by using the same salary as existing team members (4%).

Key learning #2

Offer candidates what they are worth

Determining pay packages can be very subjective. Remuneration fluctuates depending on geography, industry, company budget, seniority and the job market, as well as the candidate's background. The salary you set must be high enough to attract and retain top talent but not so high that it is wildly above what your competitors are paying similar staff.

Offering a much lower salary than someone is expecting or is regarded as standard in the market place could be offensive. If your offer is much lower than the market rate, they will likely turn the offer down and you will be back to square one. Therefore, taking the time to understand market rates for the position you are hiring is crucial to ensuring the offer you make is fair.

Key learning #3

Make sure your internal salary bandings are in line with market rates

The majority of organisations determine pay rates in line with internal bandings defined by role type, while only a minority of candidates use the employer's benchmark, preferring to use salary survey research and market rates.

Examine internal bandings and ensure they are in touch with the market by researching salary surveys and offers from other organisations. By being competitive, you will have a much greater chance of securing your preferred candidate.

46%

46% of professionals use salary survey research to determine what they should be paid

THE MOST IMPORTANT COMPONENTS OF A JOB OFFER

An offer of employment should have more than a monetary amount attached to it. It should be well rounded and encompass details on career progression, corporate culture and non-monetary benefits.

Some aspects are more important than others, and a candidate will evaluate each component differently. What carries a lot of weight for the employer may be less important to a candidate.

Survey results

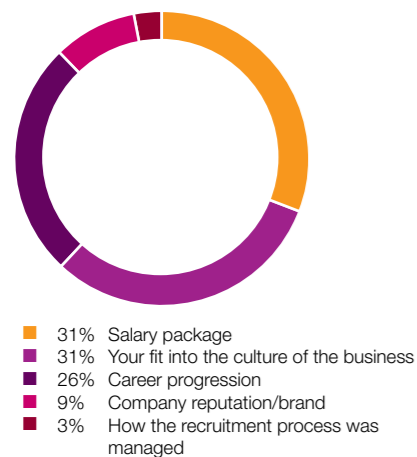
When candidates were asked what they considered the most important component of the job offer, 31% selected the salary package. The same percentage believe cultural fit into the business is the most important aspect, while 26% selected career progression and 9% the company reputation/brand. Only 3% of professionals were most concerned with how the recruitment process was managed.

Similarly, when employers were asked what they thought was the most important part of the offer to a candidate, 33% selected the salary package, 30% their cultural fit into the business, 25% career progression opportunities, 7% company reputation/brand and only 5% selected how the recruitment process was managed.

The vast majority of employers surveyed (81%) do believe they actively 'sell' the job to a candidate when offering them a position. The aspect they 'sell' the most is career progression opportunities (39%), company reputation/brand (31%), cultural fit (25%) and only 5% actively sell the salary package.

31% of candidates selected the salary package as the most important component of the job offer.

Chart 4.0 - What is the most important aspect of an offer from a candidate's perspective?



Key learning #4

Promote the aspects of the job offer that the candidate is interested in

The findings indicate that the two most important things to a potential candidate are the salary package and their cultural fit into the business. Only 9% think the company reputation is the most important part, and employers indicate they know this - only 7% think company reputation is the most important part to a candidate.

The findings show an overwhelming 31% actively sell the company brand the most. It appears that it could be a wasted exercise. To ensure a job offer has the best outcome, the key is to show the candidate the offer has everything they desire - mainly a great salary, cultural fit and fantastic career progression opportunities. With those boxes ticked, top talent will find the offer tough to resist.

81%

81% of employers actively sell the job to a candidate when offering them a position



WHY ARE JOB OFFERS REFUSED?

Having your desired candidate turn down an offer can be disappointing and costly. Understanding the reasons why job seekers most often turn down an offer of employment can ensure all necessary steps are taken for a smooth and successful recruitment process.

Survey results

80% of professionals surveyed had declined a job offer before. When asked why, 48% said it was due to a better offer from another employer, 22% due to further research of the organisation dissuading them, 15% because the offer differed from what was discussed in the recruitment process, 7% due to a long/mishandled recruitment process, 5% due to the advice from their networks, and finally 3% because they were unable to commit to a start date.

When employers were asked if they had ever had a job offer rejected by a candidate 59% said yes and 41% said no. The main reason given for the refusal was the candidate receiving an offer from another employer (87%).

When candidates asked if they had ever accepted an offer, only to rescind later, only 12% said they had. Similarly, only 15% of employers have had to withdraw an offer of employment. The main reason was due to references not checking out (36%), becoming unsure of the candidate's fit in the business (25%), unable to get headcount signed off (18%), the candidate being unable to commit to a start date (16%) and finally, finding a better suited candidate (5%).

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Key learning #5

Manage Expectations

One of the best ways to ensure your job offer will be accepted is to monitor expectations throughout the recruitment process. This includes having an understanding of the job seeker's key motivations for looking for a new role, their salary expectations and also their understanding of your business and culture. Having this information will not only help you make a decision about who the best person for the job is, it can also help you to create a compelling and tailored offer of employment, making acceptance much more likely.

Key learning #6

Make your offer competitive

The main reason a candidate turns an offer down is due to a better offer from another employer. If that happens, do not hesitate to ask the candidate why and what exactly the other employer was able to furnish that you weren't.

Take the feedback on board and tweak your future offers to be more competitive. Extend any benefits or initiatives offered to new employees to existing ones to help improve staff retention and engagement.

Key learning #7

Stick to the original offer

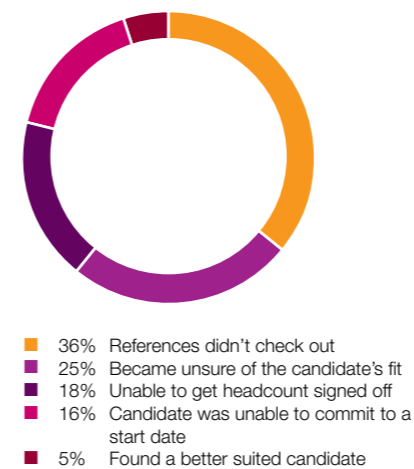
A fair proportion of candidates refused offers as they were different to what was discussed through the recruitment process. Don't wait until you make an offer to advise of provisos. Let potential candidates know as early as possible if there are any changes that could affect their desire to work for your company, such as changes to work hours, location, responsibilities, etc. Call the potential candidates and say "These aspects of the role have changed; we hope you would still be interested if an offer is made". Knowing this information will reduce the likelihood of the offer being turned down later.

Key learning #8

Tick all the boxes before you make an offer

There may be an unfortunate circumstance where approval for head count is not given and offers have to be withdrawn. There is an easy way to avoid this - have all of the boxes ticked before you begin the recruitment process. Not doing so is not only disruptive to the professional (who in the meantime may have turned down other offers, or resigned from current employment) but can be seriously damaging to your brand. Bad experiences leave lasting impressions on people and can spread quickly through networks.

Chart 5.0 - Reasons why employers withdraw job offers



Also, ensure you do all of the relevant background checks before making an offer. 96% of employers surveyed said they complete detailed reference checks before making an offer, yet it is cited as a main reason why they need to withdraw an offer once it has been made.

Key learning #9

Don't be afraid to withdraw an offer if it doesn't feel right

It's not often we see an employer withdraw an offer once it's been made. On occasion, a candidate comes with their own provisos they surprise you with once an offer is made, despite all the effort put into interviewing and reference checking. It's always easier and more cost effective in the long run to start over than it is to employ someone you know is not suited to the role or organisation.



HOW TO DEAL WITH COUNTER OFFERS FROM EXISTING OR COMPETING EMPLOYERS

Over 50% of candidates surveyed prefer to receive two offers before they make a decision on a job. Chances are one is a counter offer from an existing or competing employer.

You should have a clear approach to dealing with counter offers in a way that suits your recruitment needs.

Survey results

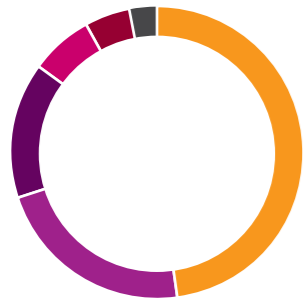
49% of employers have lost a prospective candidate due to a counter offer being made. The majority of employers, 63%, will negotiate if a candidate is highly desired; while 37% will accept that they have lost the candidate and move on.

Further, 58% will offer the opportunity to their next preferred candidate, while 42% will start the entire recruitment process again.

Interestingly, 14% of professionals have used an offer to compel their current employer into giving them a raise or promotion and it was successful for 87% of those professionals.

You may find that one of the remaining candidates has the potential to deliver as much, if not more, to your company than your first preference.

Chart 6.0 - Reasons why professionals decline job offers



- 48% Better offer from another employer
- 22% Further research of the organisation put you off
- 15% The offer made was different from what was discussed in the recruitment process
- 7% The recruitment process was too long/mishandled
- 5% Family/friends/colleagues advised against accepting the job
- 3% Unable to commit to a start date

Key learning #10

Be prepared to negotiate and ask questions

If a potential employee indicates they have another offer on the table, do not be afraid to ask questions and negotiate. With many industries experiencing talent shortages, be prepared to negotiate to win over that candidate. The difference between the offers could be something very simple your company can also offer.

Key learning #11

Hire the next best candidate or start again?

If you have lost a candidate to the competition or due to a counter offer, the dilemma is whether to go to the next best candidate, or start again. The best way forward is to do it on a case by case basis.

Starting the recruitment process again can be costly and time consuming. However, if there is no other candidate suitable for the role, don't settle – it is much easier to start again, than to recruit someone into a role that is not suitable.

However, do take the time to look at your remaining candidates. You may find that one of them has the potential to deliver as much, if not more, to your company than your first preference.

49%

49% of employers have lost candidates due to counter offers

CONCLUSION

The job offer process is traditionally the last stage of the recruitment process and the expectation is once an offer is made, it will be accepted. Unfortunately this is not always the case. Major investments of time and effort can be lost if you get the offer wrong, with your preferred candidate choosing an organisation that got it right.

It may not be as easy to find qualified, willing applicants as it used to be but with planning and preparation, it's simple to compile a smart, targeted job offer that even the most selective candidate will find hard to turn down.

ABOUT THE ROBERT WALTERS SPOTLIGHT SERIES

This whitepaper is the fifth in the Robert Walters Spotlight Series. The Spotlight Series features a range of thought-leading whitepapers designed to help employers identify and address topical issues that could be affecting their recruitment process.



CONTACT US

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