2019 Human Resources Planning Survey

Finance, Banking, and Credit Union

Wisconsin Survey Results

We've Got A Talent For Business.®

Sponsored and Administered by

QTI Consulting, Inc.

1010 E. Washington Ave. Suite 314
Madison, WI 53701-0552
(608)663-4801
Consulting@qtigroup.com

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About The QTI Group

The QTI Group, headquartered in Madison, WI, is a privately owned human resources (HR) organization providing staffing solutions, professional and executive recruiting, HR consulting, and HR partnership services to businesses and organizations. Our key services help businesses compete, gain ground, lead, and succeed.

The QTI Group has been an active member of the business community since 1957. With a rich history of growth, innovation, and community engagement, QTI has nine offices in Wisconsin: Appleton, Baraboo, Beaver Dam, Green Bay, Madison (East Washington & University Research Park), Milwaukee, Platteville, and Portage and serves clients across the United States.

STAFFING

- Flexible Staffing Solutions for Administrative and Industrial Positions
- Temporary Help and/or Contract-to-Hire

RECRUITING

- Technical / Professional Recruitment
- Executive Recruitment
- Leadership Assessments

HR CONSULTING

- Compensation Administration
- Variable & Incentive Plan Design
- Engagement Surveys
- Talent Management & Succession

HR OUTSOURCING

- HR, Payroll, & Benefits Services
- HR Assessments
- HR Investigations
- HR Workshops

The QTI Group is the **talent** expert who **understands**, **advises** and **connects** so that its customers can **adapt**, **grow** and **succeed**.

We've Got A Talent For Business.®

ABOUT THE SURVEY

Survey History

In November 2008, QTI produced a survey for Wisconsin business leaders focusing on HR planning in the current economy. Since then, QTI has continued to survey business leaders to examine the ways in which the economy and organization initiatives and activities are affecting pay, performance, and talent trends. In comparing the data to prior year's surveys and asking participants to compare their actions to 12 months ago, QTI is able to better understand the trends and document the changes.

Methodology

- The survey was completed by 90 finance, banking, and credit union organizations throughout Wisconsin.
- The survey submission period was from August 16, 2018 to September 26, 2018.
- Survey participants submitted data via an internet survey tool.
- All responses were reviewed for completeness and reasonableness of the data prior to data analysis.
- Data analysis was completed by a combination of computer applications and careful review by senior consulting staff.
- QTI aggregated the responses and reported the summary data on the following pages.

Confidentiality Agreement

QTI ensures that all organization-specific data collected from survey participants remains strictly confidential.

EXECUTIVE SUMMARY

Survey Overview

The 2019 Human Resources Planning Survey includes data from 90 finance, banking, and credit union organizations spanning 43 counties of Wisconsin.

- Survey participants cover approximately 60% of Wisconsin counties.
- Roughly 78% of participants were privately held companies.
- While organizations of all sizes participated in the survey, 57% of respondents had 51-200 full-time employees.

Many of the top concerns for 2019 focus on recruiting, retention, and employee performance. Attraction of candidates in a difficult labor market, where job openings are outpacing the unemployed and qualified candidates, is at the highest levels of concern we have seen. We would suggest focusing efforts to retain and motivate every employee you have, to avoid getting caught up in the turnover battle. Creating strong connections between the company and employees, by showing that employees are valued, is a key driver of QTI's work, and a lynchpin to a successful, engaged employee population.

Results Overview

The top HR activities that respondents are expecting a moderate-to-significant challenge for 2019 are:

1. Attracting the right talent, 90%
2. Building a sustainable workforce through succession planning, 84%
3. Benefit cost containment, 81%
4. Improving leadership development, 79%
5. Higher compensation demands, 78%

Organizations are not only concerned about the above HR challenges, but they also have legal and regulatory concerns. Almost 80% of respondents indicated that data security/cyber security is a concern for the future.

In terms of recruiting, 72% of finance, banking, and credit union type organizations reported anticipating difficulty in attracting the non-exempt office, clerical, and technical employee group such as Bank Tellers.

Respondents indicated that they are highlighting their organization's company culture and benefit offerings in HR's recruiting efforts to draw in talent. Also, to increase candidate pools, the majority of organizations have an employee referral bonus program. In the 2019 survey results, the average referral bonus for non-exempt jobs and exempt jobs were $381 and $432, respectively.

When companies would like to or are forced to accelerate the hiring process to obtain "key hires", the majority of companies reported that they consider hiring high-potential candidates. In addition, many employers are making a "key hire" the best offer out of the gate and are utilizing internal and/or external training programs to overcome skills/talent shortages. However, we recommend being adaptable to other techniques to help fill your unique positions. These techniques may include offering internships or accepting internship experience, providing relocation assistance, mentoring/coaching, etc.

For 2018 actuals, most organizations made no change to their staffing-levels for regular full-time, regular part-time, and temporary/contracted employees. Looking towards 2019, at least 94% of employers are expecting to expand hiring or have no change in hiring of regular full-time, regular part-time, and temporary/contracted employees.

In the past year, 92% of employers reported that they experienced less than 20% voluntary turnover. Only 3% of reporting organizations indicated that their voluntary turnover rate was over 50%. Compared to this past year, 68% of employers believe that their voluntary turnover rate will be the same in the next year.

When evaluating respondents' compensation design, 62% of respondents indicated using market-based ranges for each job. Additionally, the median base salary increase across for finance, banking, and credit union organizations for 2019 is expected to be 3%, as seen in 2018. For the organizations that have a base pay structure, the median structure budgeted increase for 2019 is 3.0%, which is slightly higher than the 2.8% increase seen in 2018.

Respondents were asked to rank a list of benefits/rewards options by importance according to their employees. Listed below are the top five reported:

1. Base pay
2. Health insurance
3. Company culture
4. Paid time off
5. Formal retirement

Data indicated that about 78% of the responding organizations regularly review their compensation for external competitiveness and 63% of responding organizations evaluate all jobs at once. Also, to help determine external market competitiveness, 94% of organizations are utilizing formally published compensation survey sources.

Data also indicated that 93% of respondents are currently offering a discretionary bonus and 79% are providing annual incentive plans in addition to base pay and benefits. Furthermore, 20% of respondents indicated an interest in offering a team based incentive. For long-term incentives, 50% currently offer, are planning for next year, or are interested in offering a performance cash plan.

The top two current total rewards concerns are:

1. Pay compression between new hires and current staff
2. Retaining critical talent to higher paying offers

Employers are offering many great benefits to their employees, yet only about three out of every five respondents indicated that their organization provides an annual Total Rewards Statement to employees outlining the employees' full total rewards package. Also, only half of the organizations agree or strongly agree that their business objectives/strategy inform their talent management and reward programs.

In conclusion, there are many human resources challenges, concerns, and changes organizations encounter each day. When organizations are faced with these, they should ensure to keep the "human" in human resources front of mind when making decisions. As employees are the biggest asset for most organizations and with such a tight labor market, it is imperative for leaders to find ways to attract, retain, and motivate the right talent. Therefore, it is important for employers to illuminate the perceptions of their employees and ensure that employees know they are valued. When given a choice, employees that feel valued tend to do what is best for the organization rather than what is best for him or her. Consequently, companies are becoming more resourceful in their attempts to attract, retain, and motivate talent with meaningful total rewards packages so employees can be most productive.

INTRODUCTION

The war for talent has shifted from just attraction, to a war to develop your talent. Keeping, motivating, and engaging your workforce to be able to adapt to a disruptive and dynamic economy is the key to success in the future.

The challenges from previous years have only intensified. Attracting the right talent, when job openings outpace the unemployed 5-to-1, coupled with competitor's activities, have created many sleepless nights for CEOs and HR leaders. Redoubling of efforts around retention of current staff cannot be stressed enough, as success in the retention and engagement of current staff will remove an organization from the vicious cycle of turnover and the need to attract limited talent pools.

As AI continues to increase, and forces drive a strong economy, the creation of strong connections, or bonds, between employers and employees will insulate organizations from the disruption. Future and sustained success can be found by building those connections through the following actions:

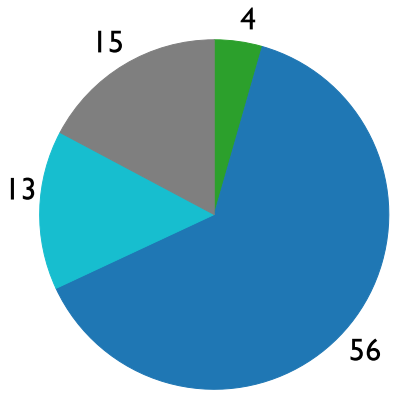
- Authenticity and transparency in communication
- Leading with purpose
- Accountability and recognition (praise and pay) of your top performers

The information provided in this report comes from our 2019 Human Resources Planning Survey results and highlights the balance between retaining your top employees and attracting new talent to take you to the next level. We know in a disruptive environment, organizations will need to continually change, but building strong bonds between your organization and employees will create the foundation and structure for the agility needed for success.

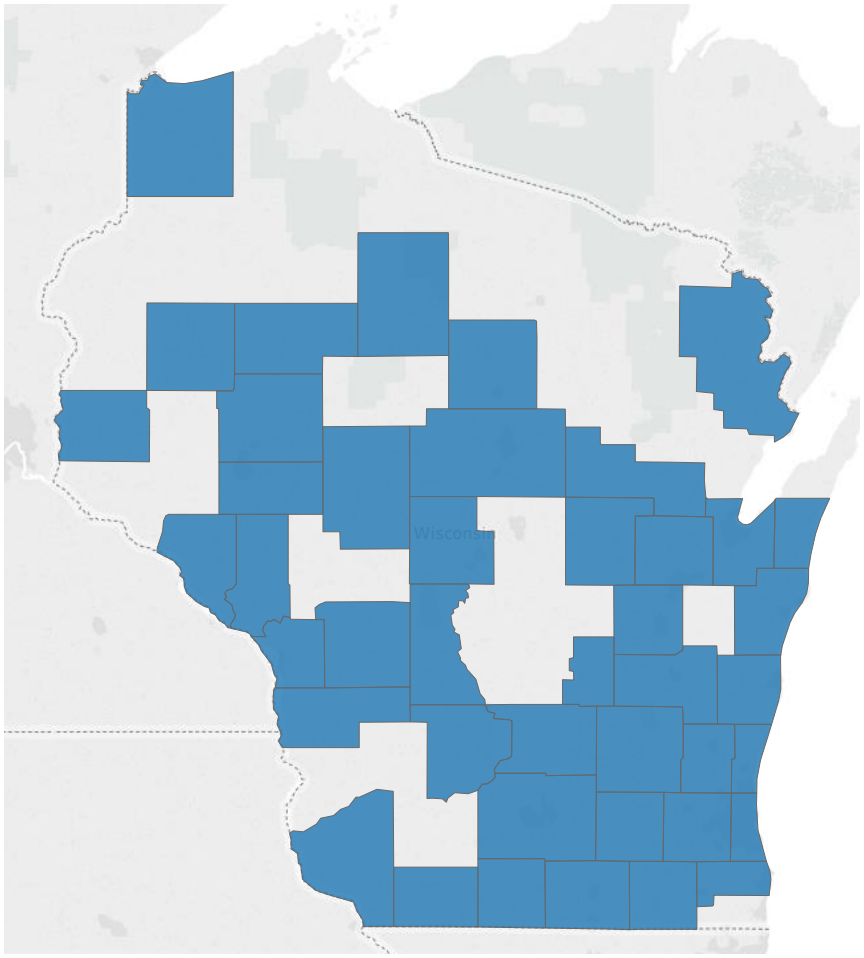
PARTICIPANT PROFILE

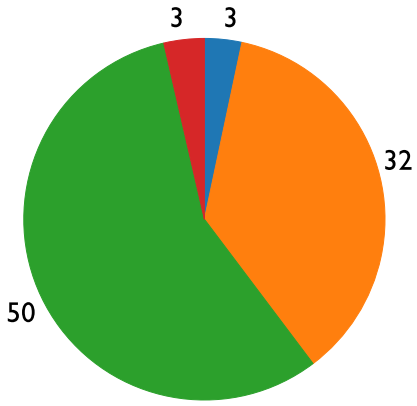
90

Participating Organizations



Profit Status
- Not-For-Profit
- Privately Held
- Privately Held - Family Business
- Publicly Owned





Employer Size
- 1 - 10 employees
- 11 - 50 employees
- 51 - 200 employees
- 201 - 500 employees
- 500+ employees

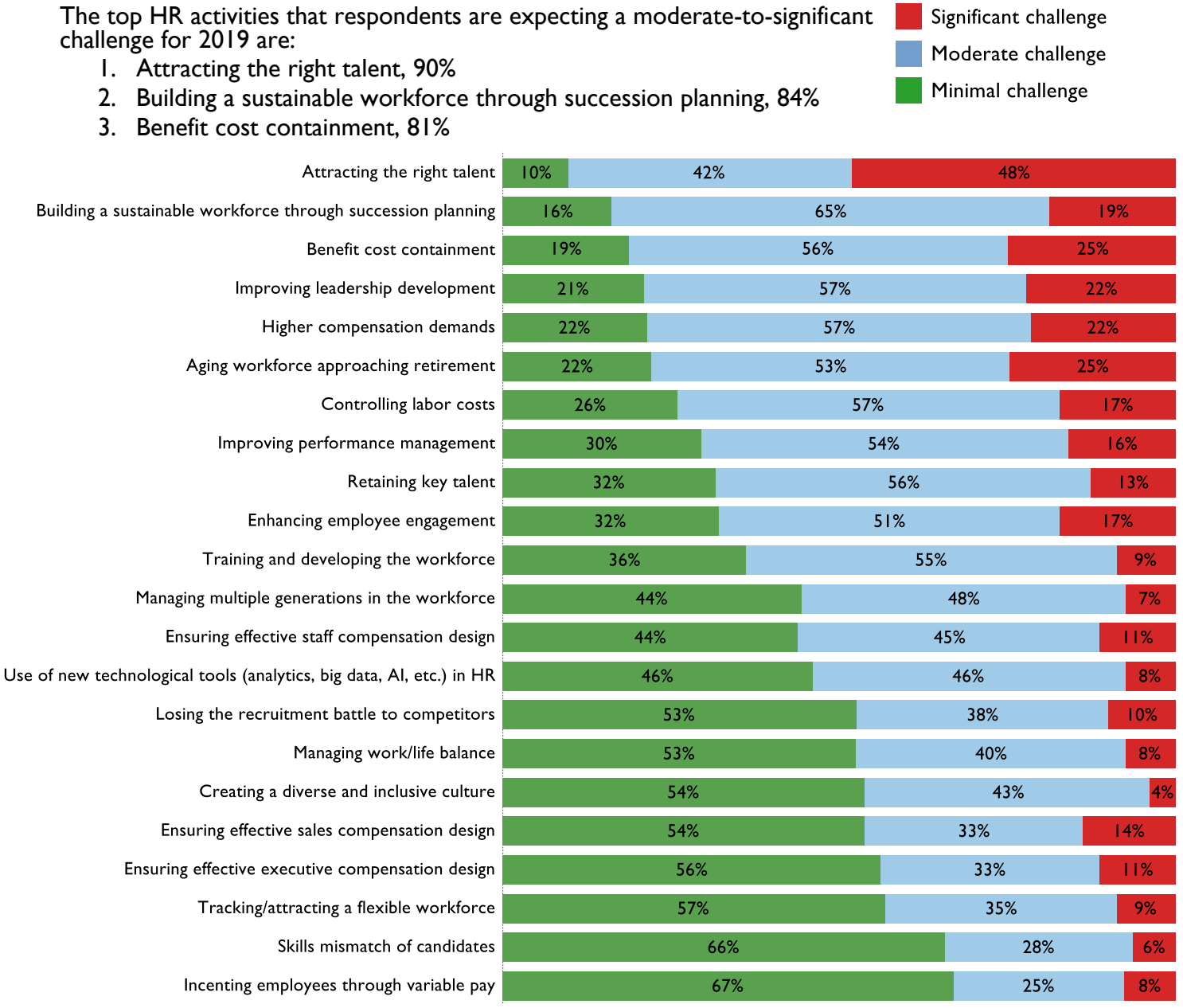
Nearly 2/3 of Wisconsin counties represented in this survey

Not all participating organizations provided their profit status, employer size or residing county.

EXPECTED HR CHALLENGES FOR 2019

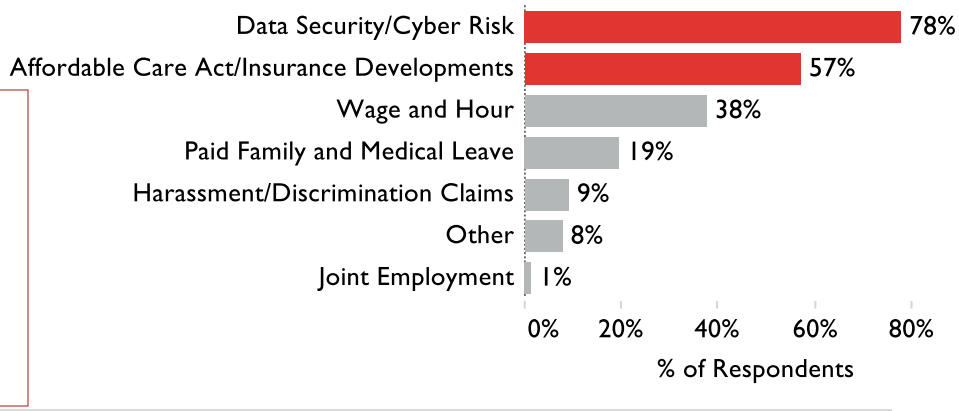
The top HR activities that respondents are expecting a moderate-to-significant challenge for 2019 are:

1. Attracting the right talent, 90%
2. Building a sustainable workforce through succession planning, 84%
3. Benefit cost containment, 81%



Legal and Regulatory Concerns for 2019

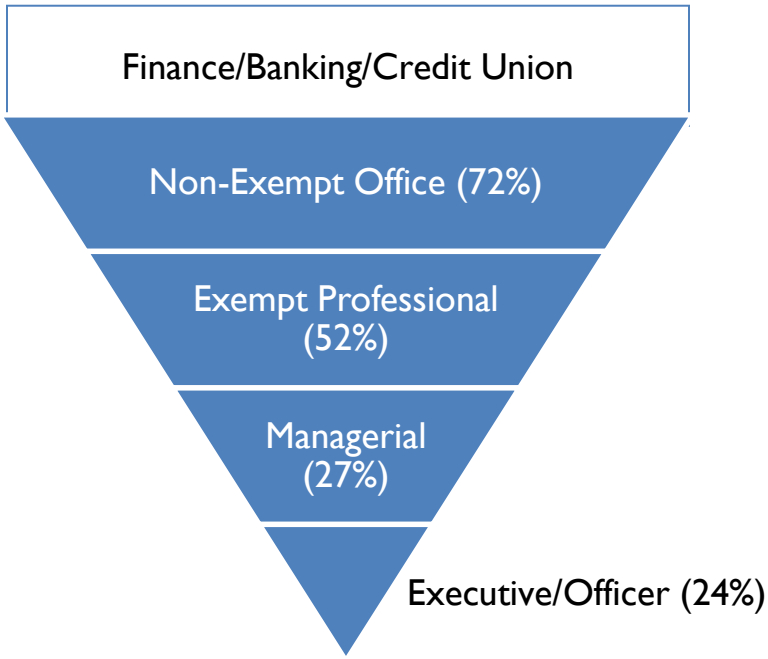
Respondents were asked what their biggest legal and regulatory concerns were for 2019 and 78% of respondents indicated that data security/cyber risk is a concern in the future. In response to this concern, 85% currently offer cyber security training to employees.



RECRUITING CHALLENGES

For the finance, banking, and credit union industry, the **non-exempt office** employee group is anticipated to be the toughest to recruit for (i.e., tellers).

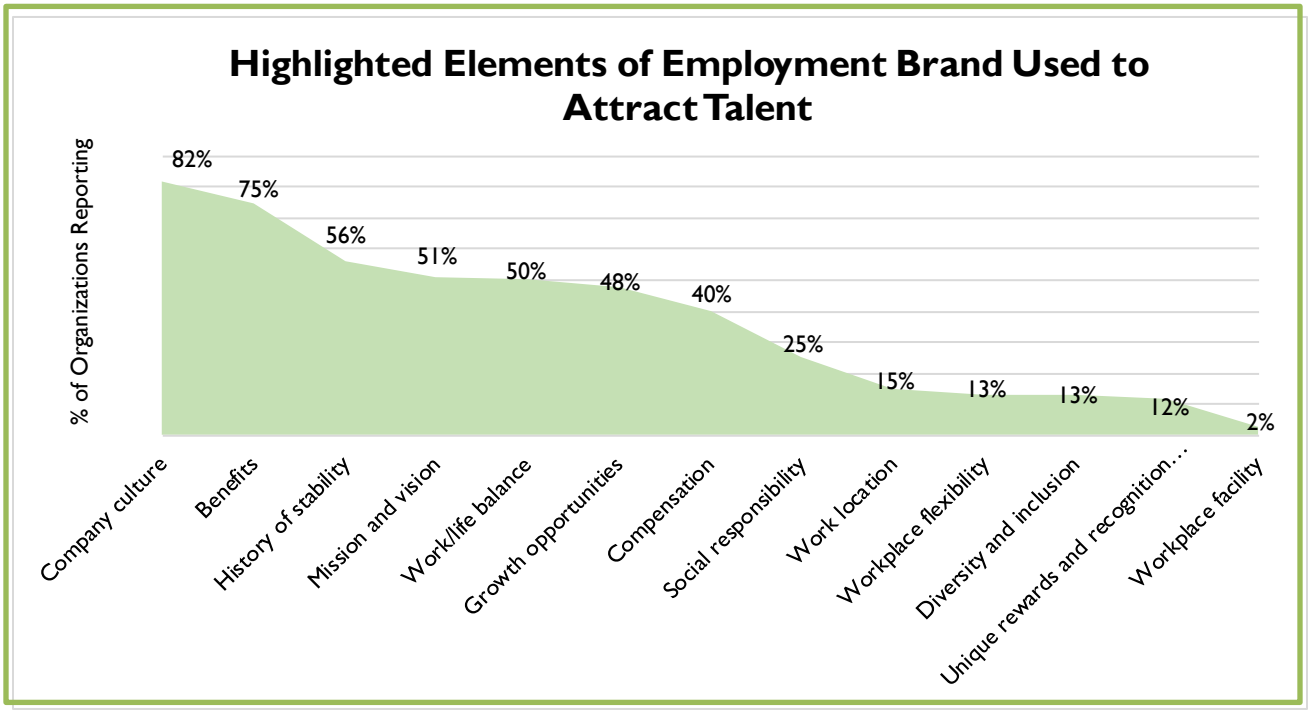
% of Organizations Anticipating Difficulty in Recruiting the Following Employee Groups



Jobs Tough to Fill (the more prevalent the responses, the larger or more pronounced the word)

Attracting Top Talent

To differentiate themselves from competitors, employers are highlighting various elements of their employment brand, such as company culture, benefit options, etc. Respondents were asked to identify the top three elements they highlight to attract talent.



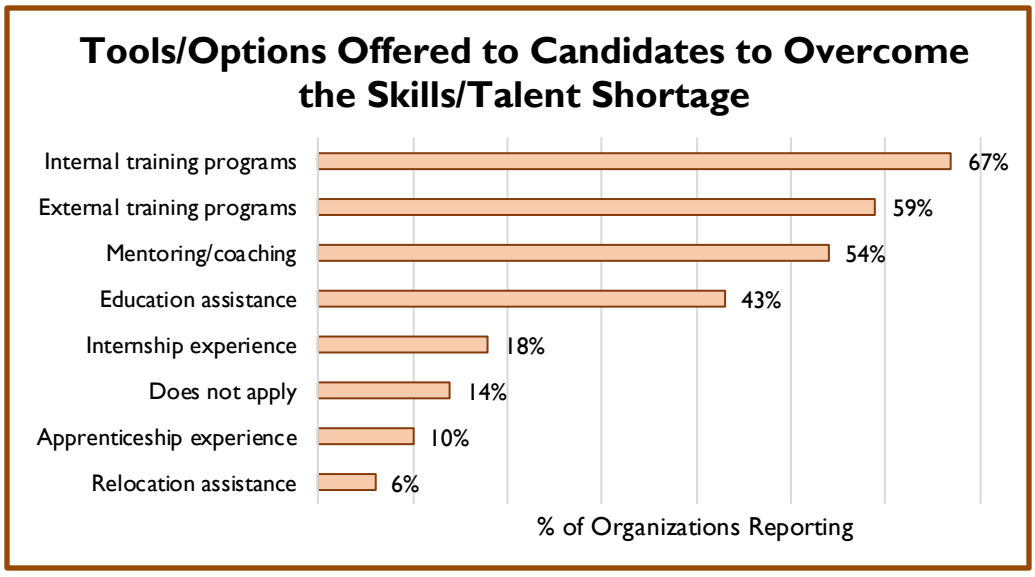
To increase candidate pools, 66% of reporting organizations offer an employee referral bonus and 13% are planning one for next year or are interested in offering one. Provided in the table below are the values of the referrel bonus in terms of dollars.

Employee Referral Bonuses		
Industry	Average $	
	Non-exempt Jobs	Exempt Jobs
Finance/Banking/Credit Union	$381	$432

RECRUITING PHILOSOPHY

When a "key hire" is needed, organizations are trying different tactics to gain efficiencies to get those candidates in the door. Sixty-eight percent of reporting organizations will consider hiring high-potential candidates. High-potential employees are those that do not have the necessary knowledge/experience for the job yet, but are believed to be able to gain the knowledge/experience to perform the job well in the future.

In the current economy, the labor market is driven by candidates, therefore, HR professionals have been forced to do more to attract the talent they desire. To overcome the skills/talent shortage in today's labor market, employers are using the tools/options in the chart to the right to bridge the gap. Training programs (internal and external) are the top tool/option used.

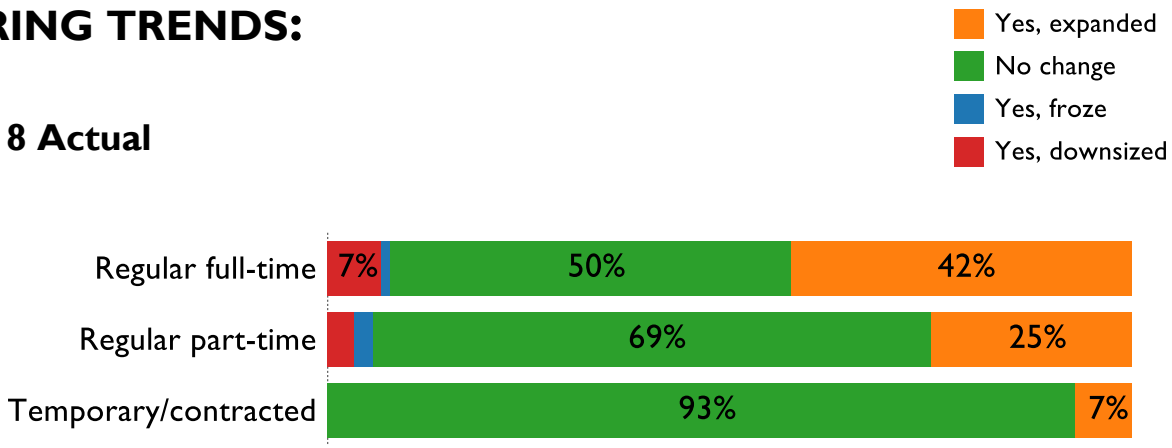


RETAINING TALENT

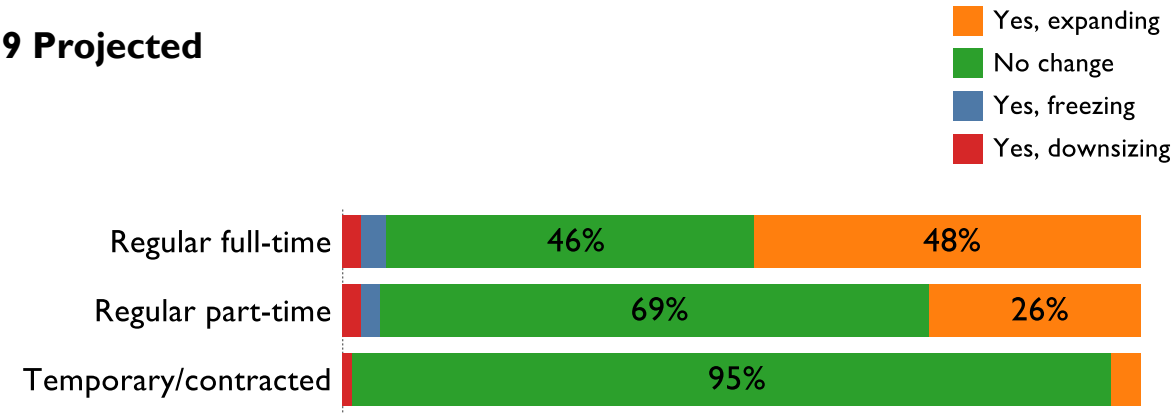
Respondents were asked if their hiring trends have changed over the past year and how it will change in the future. In 2018, the majority of organizations did not make changes to their hiring efforts for regular full-time, regular part-time, and temporary/contracted workforce, which is similar to what is expected in 2019 for all employee groups.

HIRING TRENDS:

2018 Actual



2019 Projected



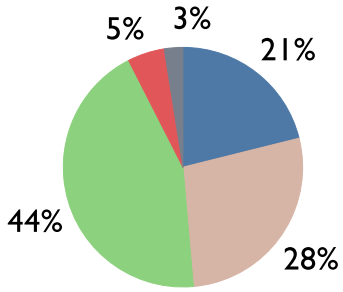
Of reporting organizations, 31% acknowledged that they utilize contractors or temporary employees. For those employers, the average percent of the workforce being contractors or temporary employees is 7.2%.

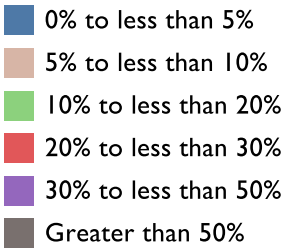
RETENTION CONCERNS

Respondents were asked what their voluntary turnover rate was in 2018 and what they are projecting their turnover rate to be in 2019 compared to 2018. Majority of employers anticipate voluntary turnover will remain the same or decrease in 2019.

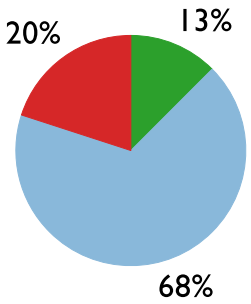
Voluntary Turnover

2018 Actual



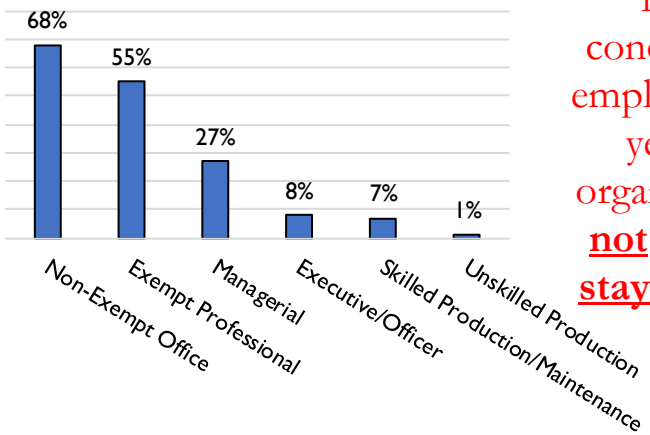


2019 Projected



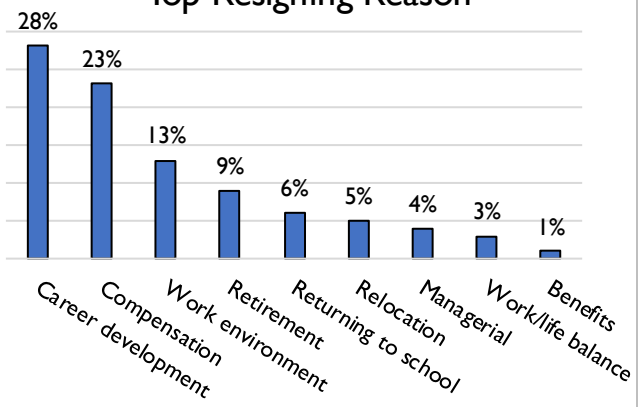
Retention Concerns: Similar to recruiting challenges, the non-exempt office group and exempt professional group are seeing the highest concern for retention among employers at 68% and 55%, respectively. Also, career development and compensation are the top two reported reasons why employees resign from their organizations.

Retention Concerns by Group



There are high retention concerns across employee groups, yet **73%** of organizations are **not** conducting **stay interviews**.

Top Resigning Reason

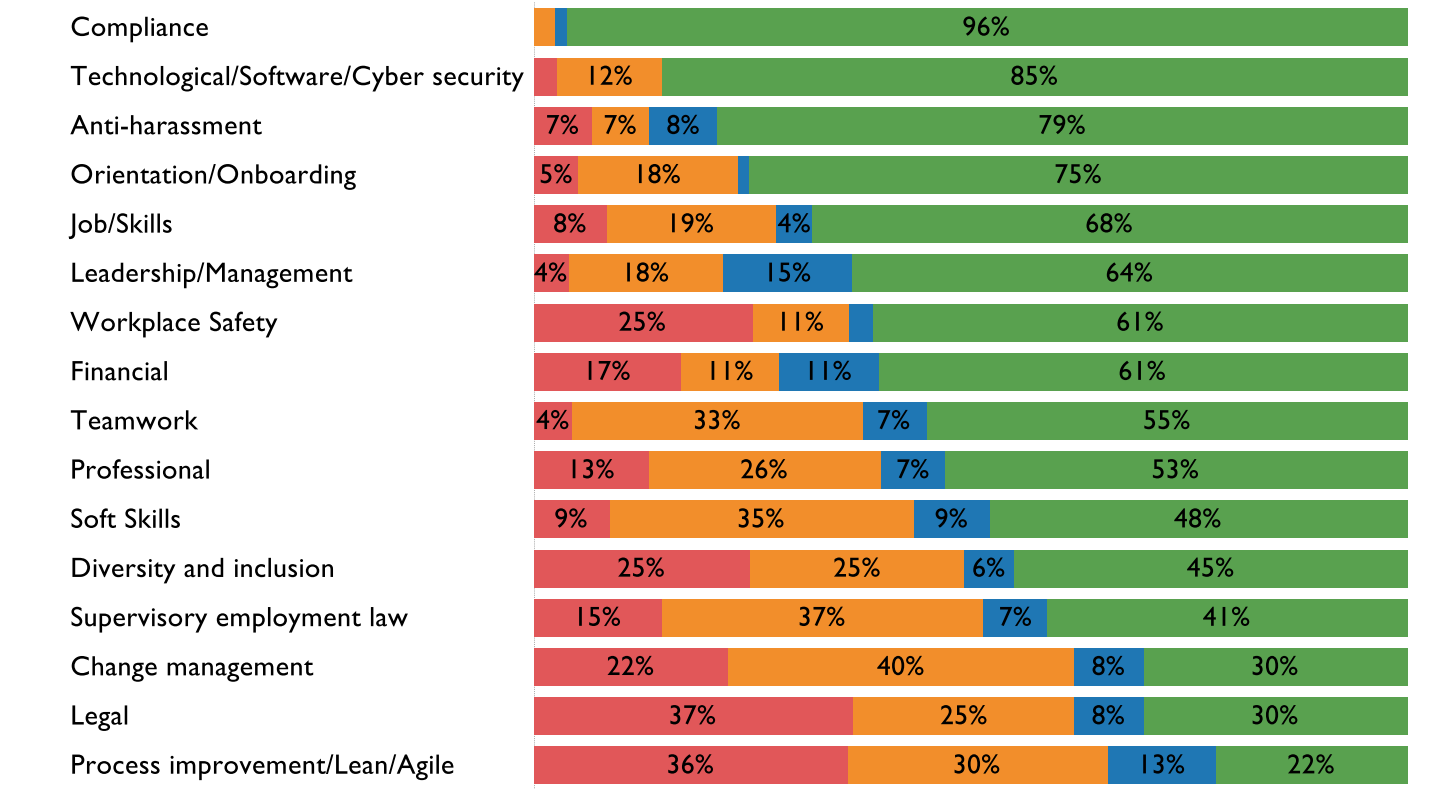


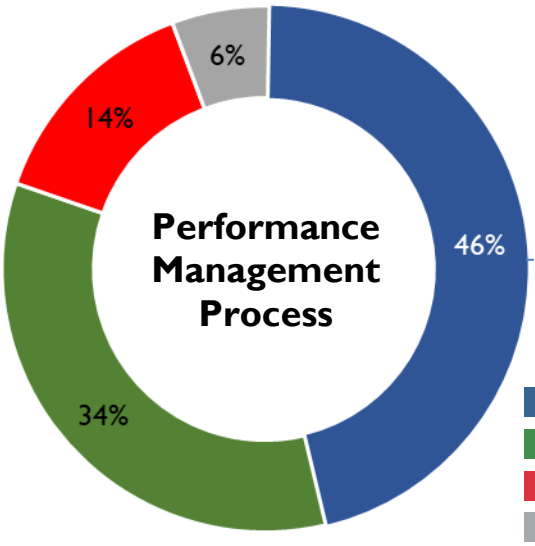
Concerns for retaining various employee groups can shift from year to year. As targeted employee groups shift with regards to retention efforts, organizations are trying to find new means or tools to improve retention. To realize the full benefit of such tools, an organization needs to know what motivates their talent and how to leverage their talent's desires to attain a particular end result, be it a sales goal, engagement level, retention rate, etc. One tool that can be powerful in better understanding employees is stay interviews. These conversations help understand the employee's wants, needs, and concerns before it is too late.

DEVELOPING EMPLOYEES

With the current workforce skills shortage and the generational shift, employee development is becoming more and more important for employers. It's important not only to have employees perform to the best of their abilities, but also to help engage and retain key employees and to quickly bring new employees to a level where they are adding significant value to the organization. Respondents were asked what training opportunities they offer internally or externally. The top three offered trainings are compliance, cyber security, and anti-harassment training.

Training Opportunities





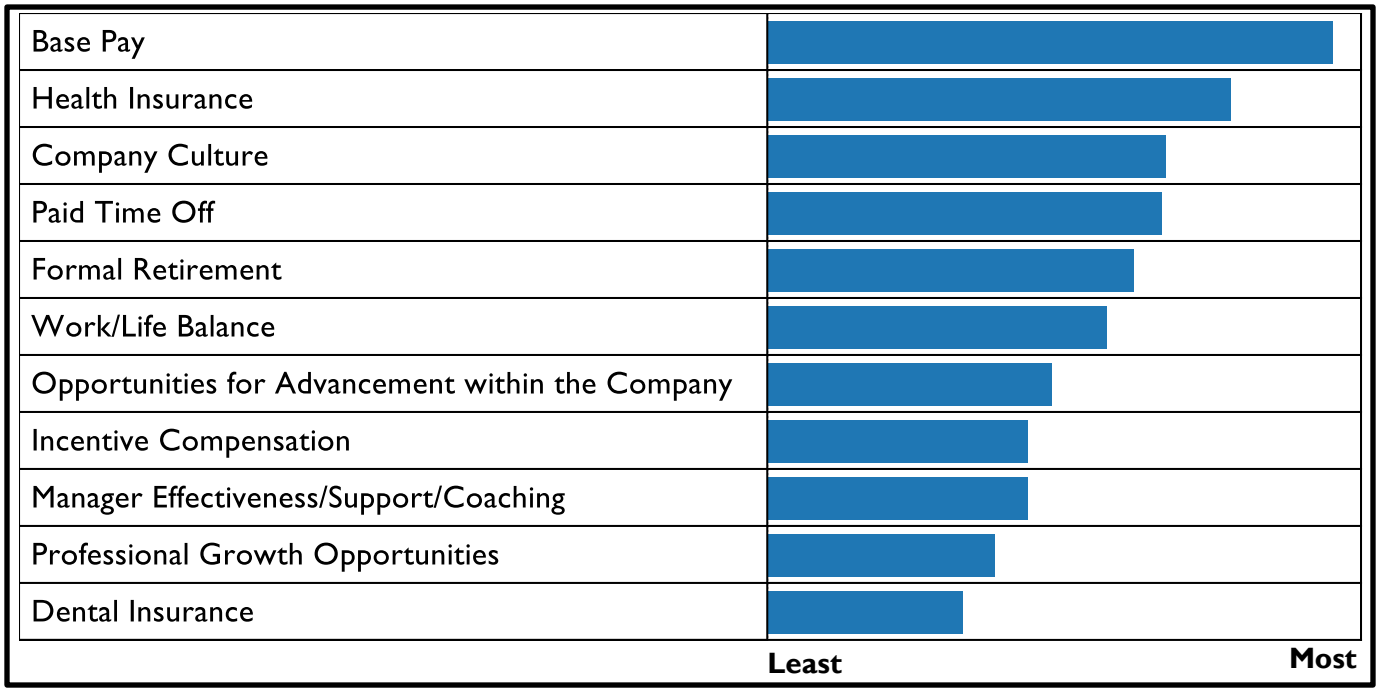
94% of respondents indicated that they currently have a performance management system in place, with 46% utilizing a traditional process

- Traditional (manager/supervisor meets with employee once or twice a year)
- Formal frequent feedback (monthly or quarterly check-ins with employee)
- Informal feedback/on-demand coaching (real-time feedback to employee)
- No Performance Management Process

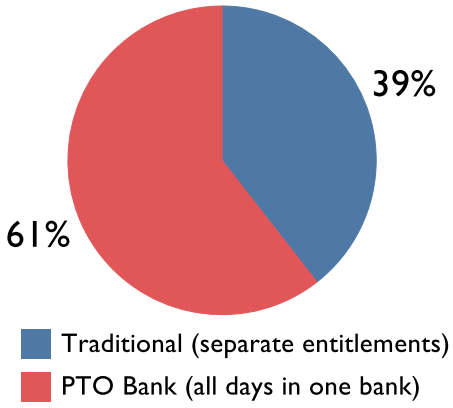
MOTIVATING EMPLOYEES

Respondents were asked to rank their reward offerings based on the perceptions of their employees' order of importance. We find that in the 2019 survey, base pay is the overwhelming most important benefit offering, with health insurance being the second most.

Benefits Rating by Importance



Paid Time Off Policy

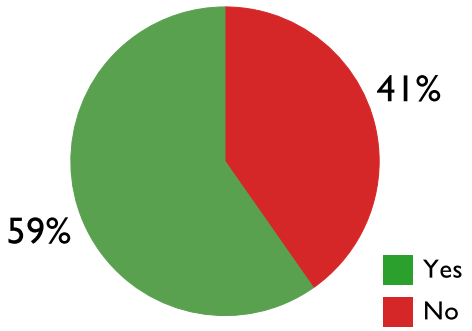


Over 60% of the reporting organizations administer a PTO Bank type policy. In addition, the median number of paid **holidays** offered to employees across reporting organizations was **seven days**, including floating holidays.

Work/Life

Part of work/life balance for employees is the ability to work remotely. Nearly **95%** of employers **do not** allow or allow less than a quarter of their employees to work remotely.

Companies providing an annual Total Rewards Statement



Nearly 60% of respondents share an annual Total Rewards Statement with employees. By providing employees with an up-to-date value of the benefits they receive, companies may see higher retention and improved engagement from their employees.

COMPENSATION TRENDS

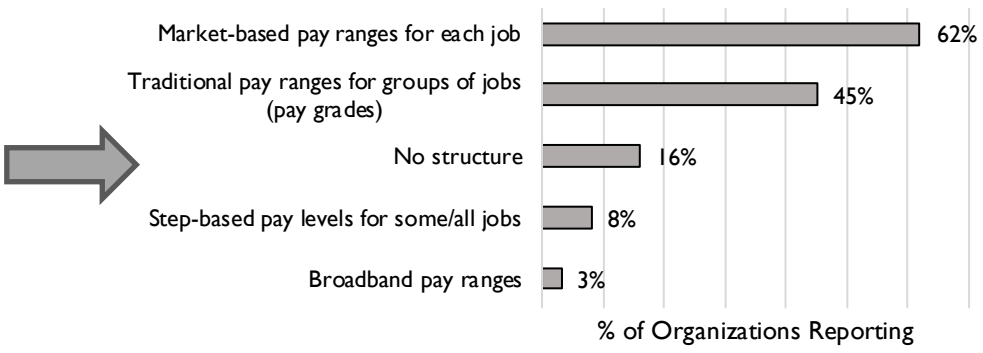
Data suggests that base pay is the most important element of total rewards for employees. Surveyed participants indicated that projected base pay increases for 2019 will remain consistent with the 2018 increases.

Industry	Median Base Pay Increases		Median Pay Structure Increases	
	Actual in 2018	Projected in 2019	Actual in 2018	Projected in 2019
Association, Education, Public Administration	2.0%	2.0%	2.0%	2.0%
Finance, Banking, and Credit Union	**3.0%**	**3.0%**	**2.8%**	**3.0%**
Human and Social Services	2.0%	2.5%	--	--
Manufacturing	3.0%	3.0%	3.0%	3.0%
Professional and Business Services	3.0%	3.0%	--	--
Wholesale and Retail Trade	3.0%	3.0%	--	--
All Other Industries	3.0%	3.0%	2.0%	2.0%
All Industries	3.0%	3.0%	2.5%	2.9%

For all industries, the median base pay increase for 2019 is projected to be 3%, as seen in 2018. Also, the median base pay structure increase projected for 2019 for all industries is 2.9%, which is higher than what was seen in 2018 (2.5%).

Utilized Base Pay Structure

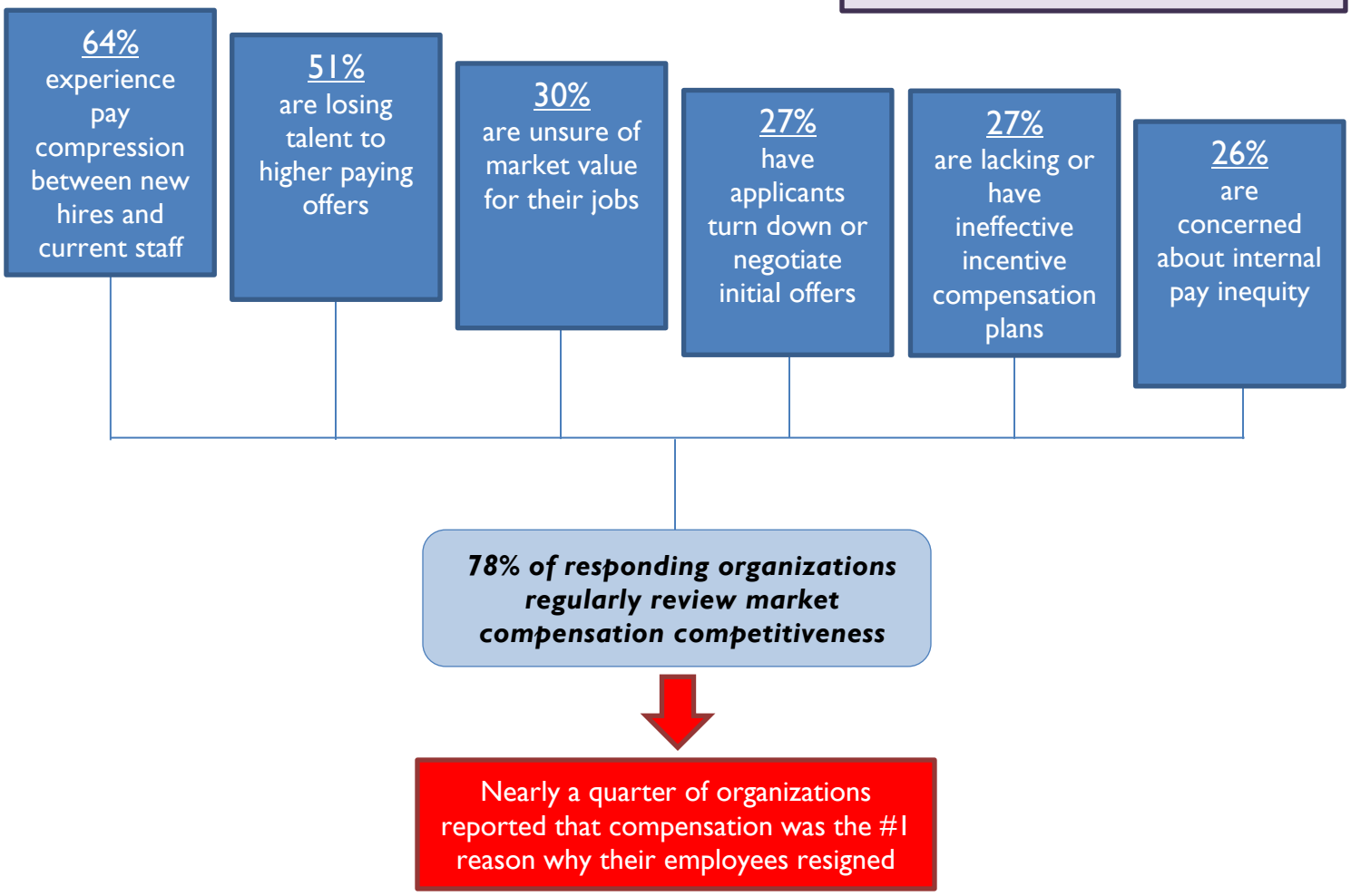
The most prevalent utilized base pay structure among the finance, banking, and credit union industry was market-based pay ranges for each job. Only 3% of organizations are utilizing broadband pay ranges with each range spread being between 80% and 200%.



TOTAL REWARDS CONCERNS

The top total rewards concern is pay compression between new hires and current staff. Retaining critical talent due to higher paying offers is the second highest total rewards concern where over half of reporting organizations indicated this causing apprehension.

Only half of reporting organizations agree or strongly agree that their business objectives/strategy inform their talent management and rewards programs.



78% of responding organizations regularly review market compensation competitiveness

Nearly a quarter of organizations reported that compensation was the #1 reason why their employees resigned

In a tight labor market, a key component to attract, retain, and motivate talent is an effective compensation program that aligns with the business strategy. ***How do you know if your compensation program is effective?*** Listed below are six questions to consider when you evaluate your compensation program as these are correlated with the compensation concerns many organizations are currently experiencing.

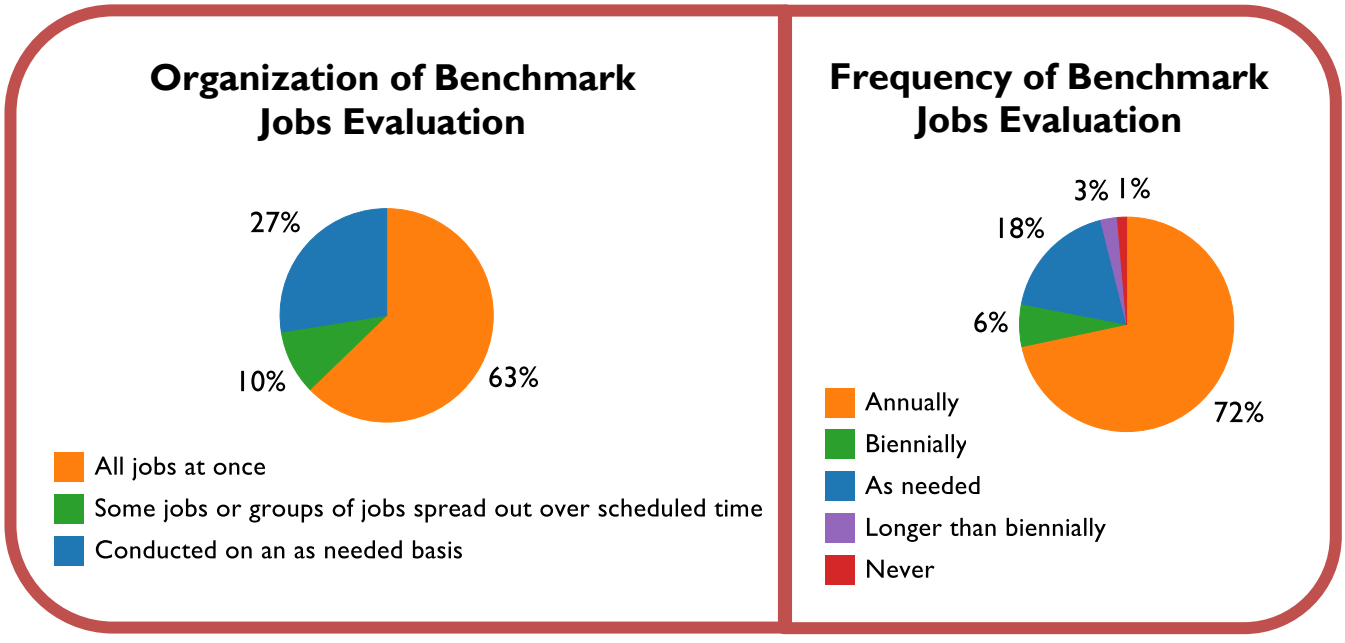
1. Does your compensation align with your organization's strategy, objectives, and culture?
2. Is your organization struggling to retain employees?
3. Are you able to attract the quality talent that you need?
4. Is your organization equitable to all employees?
5. Are your incentive compensation plans motivating your employees to achieve desired business results?
6. Are your compensation administration processes time-consuming and painful?

COMPENSATION EVALUATION

This year's data suggests that 94% of responding organizations use formally published compensation data to evaluate market competitiveness of jobs, which is by far the most prevalent source of data used in the market. BLS/Government salary data is the second most commonly used compensation data, but only about a quarter of organizations are utilizing this source. No finance, banking, and credit union organization indicated pulling data from IRS Form 990, which is not a surprise as only four organizations indicated that they are tax-exempt.

Data Source	% of Respondents
Formally published compensation surveys	94%
BLS/Government salary data	24%
Crowd sourced data subscription	18%
Free data from the internet	10%
SEC/Proxy data	3%
IRS Form 990 data	0%

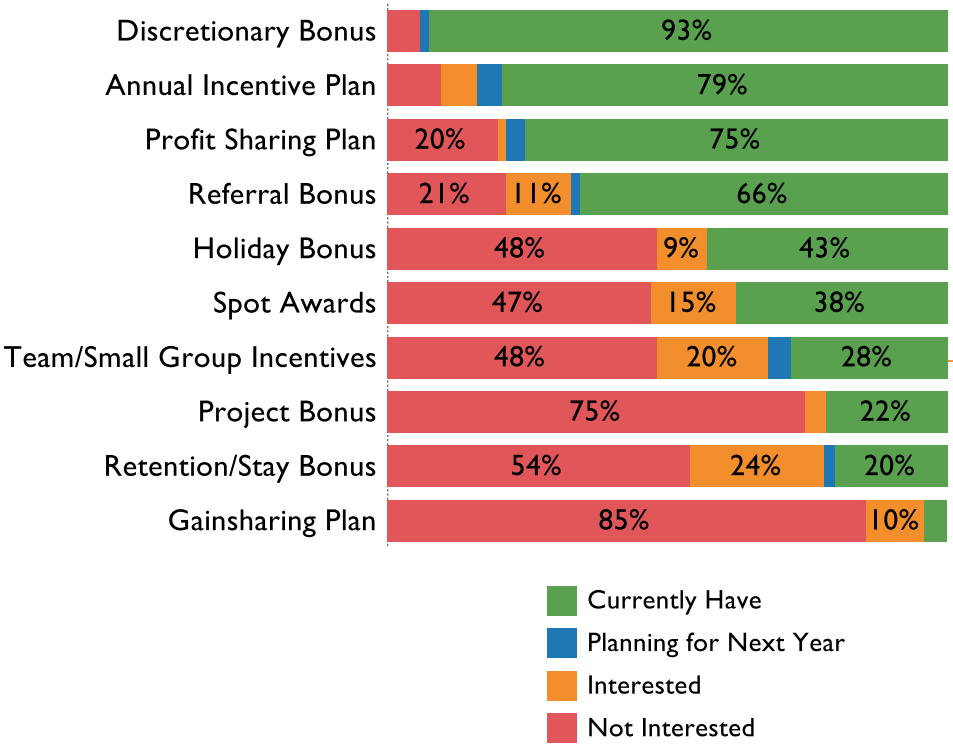
Organizations have taken different approaches on how they evaluate job competitiveness compared to the external market and how frequent this evaluation is completed. More than 60% of finance, banking, and credit union institutions are conducting market analyses of all jobs at once and nearly three out of every four are conducting a job evaluation on an annual basis. On an as-needed basis is the second most prevalent frequency of job market evaluation, however, that is less than 20% of organizations.



Additional Options in Compensation Packages

Commonly used short-term compensation related motivators added to base pay include discretionary bonuses, annual incentive plans, profit sharing, and referral bonuses. Additionally, over half of responding organizations currently have or are interested in a holiday bonus.

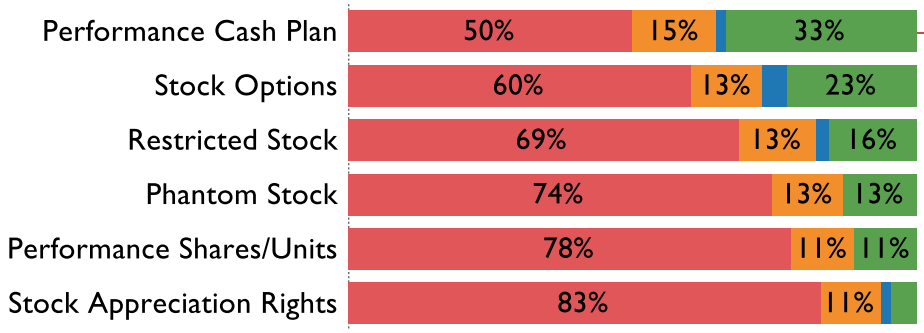
Short-term Incentives



Potential Shift
Only 28% of organizations currently have team/small group incentives, however, 24% indicated they are planning for next year or are interested in the short-term incentive.

When compared to short-term incentives, long-term incentives are less prevalent among reporting organizations; however, these incentives can be extremely effective in motivating talent, especially executives.

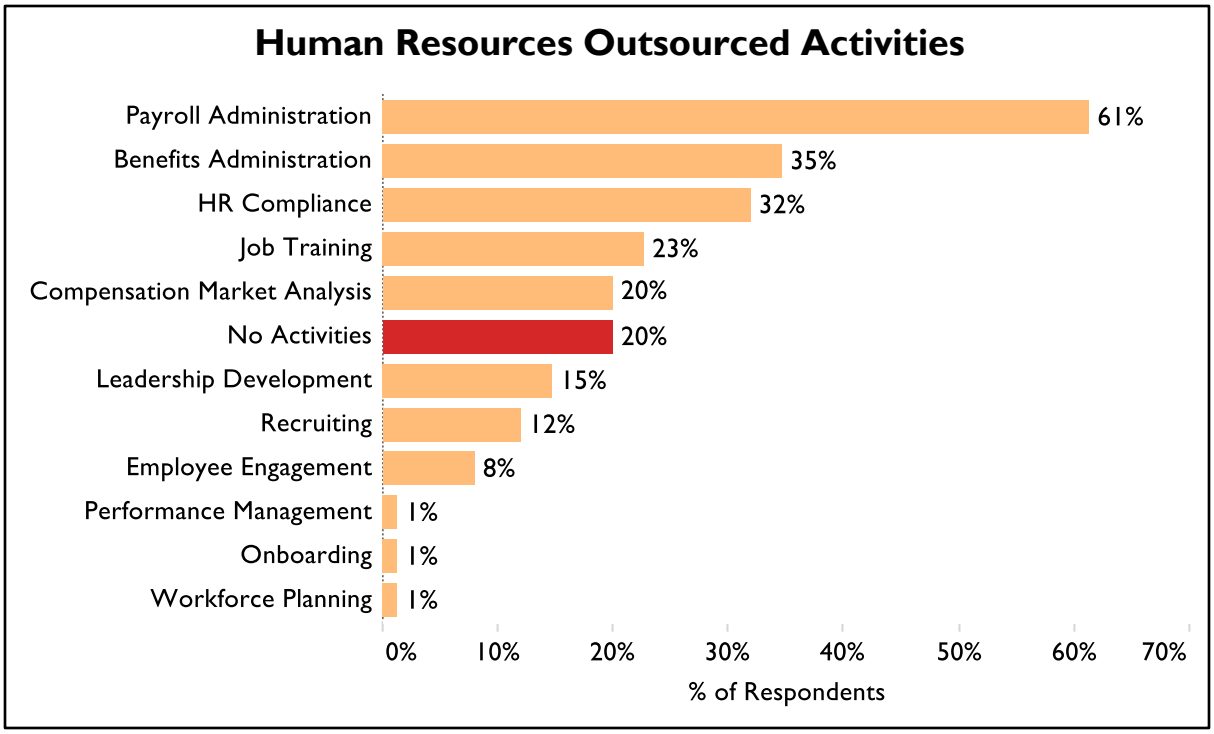
Long-term Incentives



Approximately 50% of organizations currently have, are planning for next year, or are interested in a performance cash plan.

HUMAN RESOURCES PARTNERSHIPS

Often times, human resources professionals have too much to accomplish in the number of hours in a day. Additionally, it is difficult/seldom to have a group of professionals that are an expert in every human resources area. Therefore, organizations are partnering with external resources to assist with everyday tasks and other specialized work. Only 20% of responding organizations indicated that they do not outsource any Human Resources activity. Over 60% of companies reported they outsource payroll administration.



Also, of the organizations outsourcing a Human Resources activity, over 75% are seeking external assistance for more than one activity.

CONCLUSION & RECOMMENDATIONS

Use the survey results to understand the concerns and challenges facing HR departments, and what your organization can do to align your offerings with the interests of the external talent you are trying to attract, and the internal talent you are looking to engage and retain.

Retaining and building your current talent is the first critical step in these disruptive times. Organizations need to look within to attract and grow the talent required to succeed. Talent has a choice to remain with their current organization or easily find new employment. The package of tangible rewards (pay, benefits, training) and intangible rewards (career development, manager relations, office environment, culture) will be what separates organizations from each other. Additionally, beyond the "what" of the employment value proposition stated above, the "how" is becoming equally important. Consider the following recommendations:

- Authenticity and transparency in business strategy, operations, and communications
- Leading with purpose creates job and strategy alignment
- Setting expectations and managing with accountability drives performance
- Inclusion, equality, and equity will drive the workforce of the future

Thank you for taking a sincere interest in this information and seeking to become an employer that has the talent needed to adapt, grow, and succeed, and builds strong connections within its workforce.

**Learn more about these 2019 strategies by attending one of QTI's Leadership Roundtables in one of our various markets. For more information, please contact Jill Dohnal at 608.257.1057.*

QTI Consulting, Inc.

1010 E. Washington Ave. Suite 314
Madison, WI 53701-0552
(608)663-4801
Consulting@qtigroup.com

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