

# Broadening the Employee Value Proposition for Digital Talent

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*Almost every company is now a tech company in some way. The need for digital roles and specific skillsets in the financial services industry is at an all-time high. Firms in every sector are competing for the talent that they need to pursue innovation at the speed of today's demanding tech environment. In fact, according to our cyber security pulse study, 95% of financial services firms plan to increase their cybersecurity headcounts in 2017. It is undoubtedly the age of digital disruption. In order to compete with emerging tech firms and their highly appealing Silicon Valley approach to attracting and retaining key employees, the financial industry must acknowledge that the broader ecosystem of rewarding digital talent is changing and transform its value proposition with it.*

As such, it is time for traditional financial organizations to address and conquer one of their greatest current challenges—human capital. With the market's colossal leap towards tech-based jobs, yet its presently small, highly competitive digital talent supply, firms are left with no option but to re-evaluate all aspects of their human capital and rewards strategies. The employee value proposition is widening to become more holistic and cater to a rapidly shifting audience and workforce. Differentiating compensation practices, including performance management, expanded benefits, and recognition programs from their innovative competitors, are crucial to attract digital roles in the financial services industry.

However, to efficiently create a work environment that promotes these new practices to their full potential, financial services firms must have the right people and organizational structure in place. Based on our [Global Digital Compensation Survey](#), below we highlight a few useful concepts to consider your firm's value proposition accordingly.

## Create a competitive compensation plan that encourages innovation

How do your firm's pay practices compare to others in the industry? It's important to benchmark salaries and rewards strategies against the current market to determine areas for improvement. By doing so, you can address gaps and evaluate differentiating compensation levers to attract the best digital talent. Once this talent is found, companies can use market data to ensure their highest performers have appropriately differentiated pay. Promotions and pay based on performance support engagement and growth, keeping employees satisfied. According to our analysis, digital transformation roles in financial services and tech sectors have experienced an

8% pay increase year-on-year. As the number of digital roles continues to rise, so does the need for financial services firms to readjust their longstanding compensation policies.

## Embrace the Silicon Valley factor in your firm's benefits structure

Beyond carefully thought-out compensation plans, financial services firms require an attractive benefits structure that aligns with their technology-based competition. It's important to take a moment to ask yourself, "What could my employees get elsewhere?" This could include pension, leave, medical insurance, career progression, and other perquisites that encourage agile Silicon Valley-esque work environments. Millennials, who comprise the majority of all emerging digital roles, seek cultures that promote training and development, where firms support meaningful career planning. 89% of technology companies that participated in the Radford Talent Pulse Study consider the CEO as the most effective force in driving culture. While this is true, it's important not to lose sight of other strong culture drivers, including recognition programs, manager communication, and regular internal communications. According to survey results, nearly half of technology companies view these vehicles as effective. Young tech talent want to envision a bright future at their company, benefiting from clear job roles and levels, as well as managers who also serve as mentors, enabling effective occupational growth.

## Choose quality over quantity

Motivating engagement through performance management metrics that focus on improving the customer experience instead of revenue is another must-have factor for rewarding this particular generation of workers. 69% of firms included in our 2017 Talent Pulse Study assign employees a performance rating or label, and 86% expect managers to formally discuss individual performance with employees at least once annually. Performance scores are increasingly based on qualitative measures rather than quantitative, and hone in on behaviours and values that embrace a customer-centric approach. This method not only drives achievement, but also instils a sense of purpose in an employee's work—a significant component of the broadening value proposition.

## Recognition of talent can go a long way

In order to successfully master this tech-inspired business remodel, you must properly acknowledge your most digitally-skilled professionals for their contribution to the firm. Interestingly, 72% of technology companies say both monetary and non-monetary forms of recognition are equally effective. Following a similar direction, financial services firms emphasize methods that once again reach beyond pay, offering appropriate recognition tools and innovative reward practices that provide opportunities for further engagement. It is important to ensure that your team members feel valued. Even where recognition is not used as a tool for performance management, an expression of appreciation for the work an employee does is a simple exercise that can truly go a long way, especially in a world where millennials and tech talent respond to the innate sense of purpose that acknowledgement can bring.

To further explore this topic and learn more about McLagan's Global Digital Compensation Survey, [contact our team](#).

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