

## Recruiting in a Competitive Market - by Anne Howard

The erosion of the multi-layered hierarchy, broader, more open communication, an aging workforce and fewer new entrants to the workforce are all contributing to an increasingly competitive recruiting environment. That in turn has begun making what had been an individually negotiated senior management and executive perk a more commonly used enticement for potential new hires in all positions.

**The Related Service Credit** is an interesting and potentially complicated recruiting tactic. Related Service Credits provide new employees with credit for their work experience in other organizations, usually in similar positions; sometimes in similar positions and similar industries. Related Service Credits are typically applied to vacation entitlement and health benefit waiting periods. Seniority and service recognition are being included in some instances. Savings plans and pension plans do not yet appear to be included though those two are the obvious next possibilities.

### How Related Service Credits Work

**Health Benefits** – the typical waiting periods for coverage are waived with the new employee being eligible for benefits effective with their date of hire for those benefits where there is usually a waiting period of some duration. For example: dental coverage often has a waiting period of 3 months before the new employee is eligible to participate. The related service credit eliminates the waiting period.

**Vacation Time** – the typical work experience required to reach the next level of vacation time allotment is waived and credit is given for experience in other organizations.

For example where the company provides 2 weeks vacation after 1 year, 3 weeks after 5 years and 4 weeks after 10 years, 5 weeks after 15 years, 6 weeks after 20 years.

A Related Service Credit for vacation could provide a new employee with 10 or more years' related experience with 4 weeks vacation in the first year.

**Seniority and Service Recognition** – typically seniority affects such things as order in which people are laid off and recalled to work, who has first option on prime vacation times and service recognition has to do with receipt of some form of recognition for years of service. If credit is given for related service the new employee acquires the rights associated with the level of credit provided.

### Potential Issues with Related Service Credits

1. Longer-term employees who have worked with the organization may be demotivated by the "gifting" to new hires of something they feel is recognition for their loyalty and contribution to the company.
2. There needs to be some carefully thought out solutions to some of the issues related to how the related service credit is applied. How much related service credit is provided and how it is determined which might help to resolve some of the issue noted above and will help to prevent situations like the example that follows.

*A highly valued employee who joined the company a few years ago and who did not receive any credit for related service discovers that new hires are receiving credit for related service and says: "I had 20+ years related experience when I joined here five and a half years ago and I should get credit for that service too". Where equal credit for experience is provided it would not be unreasonable for that person to think they should receive 6 weeks vacation time (using the above example of vacation) for related service and 3 weeks vacation for experience gained in this company.*

3. Identifying which of the employment benefits could be and would be included. Where there is a Collective Agreement involved this can become considerably more complex.
4. Identifying the cost associated with implementing Related Service Credits and determining if it is a cost effective recruiting tool.
5. While it does not appear to have become an issue yet, it is reasonable to think the potential exists for a discriminatory employment practices challenge on the basis of age discrimination as the related service experience is only possible for older workers.





A good approach to addressing this issue is to determine whether this is an approach that is consistent with organizational culture and to be proactive in developing a policy for Related Service Credit prior to it becoming a pressure point in a specific recruiting situation.

Interested in seeing how Anne can help resolve recruiting issues? See the [Recruiting Case Study](#).