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Job title turmoil

When company finances are tight, do titles make up for money?

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"Due to budgetary constraints, we can't give you a salary increase, but we can offer you the title of senior software developer." Sound familiar? When employers cannot afford to raise salaries or hire new workers, they often pursue alternative strategies, such as offering job title changes, to retain good employees. Whether you are an IT employer or employee, you need to consider the benefits and ramifications of using a new job title in lieu of financial compensation.

Title tips

Though flattering, for some employees, title upgrades can spell trouble. While your new title may sound awe-inspiring, you will one day have to live up to what it promises. "Employers often judge a new candidate by his or her previous job title and assume that IT executives have had the extensive experience needed to fulfill a high-level position," says Sandra Grabczynski, author of *A Corporate Guide To College Recruiting* (Effective Recruiting Solutions, 1999) and consultant with Effective Recruiting Solutions [collegehiring.com], a staffing firm in Whitmore Lake, Mich.

In the new job, if you lack the experience associated with a particular job title, you risk being quickly fired as your new employer discovers just how much you don't know.

You may also be taking yourself out of the running for jobs you do want. Employers searching for less-experienced workers might see your previous job title, assume that you are overqualified, and discard your application.

And as impressive as your title might sound, it won't get you an interview if you don't have the experience a company seeks. According to a survey by Drake Beam Morin [dbm.com], a Boston-based global workplace consulting firm, "...many [companies] are turning to more-experienced executives for help in mission-critical areas such as strategic planning, operations, acquisitions and venture capital funding." This is based on the idea that younger workers tend to possess technical skills while older employees usually have more management and customer relationship experience.

Finally, remember that a high-level job title does not guarantee an equal or higher salary at a different company. Your skill, experience, company size and location are just some of the factors that ultimately determine your salary. "People changing jobs, either by force or by choice, may find themselves receiving offers lower than the pay of the job they recently left," says Johanna Schlegel, editor-in-chief of Salary.com [salary.com] in Wellesley, Mass.

Of course, sometimes it's time for a change.

"I knew I had the experience and qualifications necessary for a new job title that would benefit my career in the long run," says Michica Medina, a senior site content developer at CareerSite.com [careersite.com], an e-recruitment ASP in Ann Arbor, Mich. "Since my employer considers me to be a valuable part of the company, and my skills matched the job description, he accepted my request for a title change. My career research and our detailed conversation about the job resulted in a final decision that worked out well for both of us."

But title changes can be misused, which is why it's so important to talk to your employer and consider your long-term career goals. Depending on the relationship you have with your boss, you might want to

accept the job title now with the guarantee that you will receive a pay increase in the near future, especially if you'll be taking on additional responsibilities. Otherwise, you might end up working extra hours without appropriate compensation.

Just a temporary fix

Obviously, simply changing an employee's title is no easy way out of the no-raise dilemma. Just as workers need to think about whether a title change makes sense for them, employers also should consider the long-term effects of such an action on the business and other employees. It might seem like an adequate form of compensation at the moment, but it is still a temporary fix.

Even if you use a job title as a last resort to hold onto an employee until extra funding is available, remember that skilled IT workers are still highly in demand. Both technical and traditional companies are competing for experienced talent. Your tech employees can easily check salary information online and look for another employer who will provide better pay and additional benefits.

But if you do decide to change employee titles, don't forget to update the job descriptions, too, to match these titles on a regular basis. Only employees with experience matching the job description should hold high-level positions. Then, co-workers will be more likely to respect, value and work toward holding one of these jobs in the future.

As Dudley Brown, managing director of California technology-search firm BridgeGate [bridgegate.com], says in Workforce magazine: "Work isn't always about being promoted; it's also about learning to mature in a particular job and harnessing the power of that maturity for career development."

If cash-strapped employers want to keep workers happy, they might want to think beyond raises and title changes. Bosses can consider alternative compensation options such as extra vacation days, flexible work hours, retention bonuses, and more. To get ideas, they can also research industry salary trends and various benefit packages online. But their most important information may come from within.

"Employers can improve retention rates significantly by talking to their employees to see what their needs are," Grabczynski says. "Most employees want to be appreciated. Financial compensation takes on less importance over time, and workers want to be valued. Appreciation programs can be extremely beneficial and cost-effective. A simple compliment, coffee and donuts, or a certificate of merit can go a long way to improve internal work relations and keep employees happy."

Beware 'title inflation'

Of course, title changes are probably here to stay for companies in a financial pinch. That's why it's important for hiring managers to protect themselves from 'title inflation' by stating job requirements clearly and thoroughly researching applicant experience levels in the hiring process.

And, regardless of previous job titles held, candidates also need to be truthful about their duties, history and skills to avoid potential embarrassment. "If employers do not conduct adequate job interviews, and new hires cannot handle job expectations," Grabczynski says, "there can be a substantial loss of time, money and respect for both the employer and new employee."

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