Outlook for Employers In 2010:

PayScale's Compensation Trends & Best Practices Survey




PayScale

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Executive Summary

Compensation budgets in the year 2009 were lean for employers in nearly all industries and for companies of all sizes. According to PayScale's Compensation Trends & Best Practices Survey, conducted in October 2009, employers reported that they offered fewer pay increases last year, terminated more poor performing employees and, though they expect to see the economy improve in 2010, don't plan to increase their employees' salaries much in 2010.

PayScale's survey results were reviewed several ways, with comparisons done between small companies (<100 employees), medium-sized companies (100-1,500 employees) and large companies (1,500+ employees), as well a closer analysis of three major industries: health-care, manufacturing and not-for-profit.

Unexpected Market Changes

Over 50% of companies thought their compensation budget would increase in 2009 but that occurred at only about 10% of companies.

Overall, companies were less concerned about retention and more budget conscious in 2009 than they expected to be. The average number of full-time employees per company dropped overall. This shift was seen most dramatically at large companies.

Employee retention efforts diminished, with target incentive bonuses being 15% less common in 2009 than the previous year. Similarly, there was a decreased concern about employee retention as 24% of respondents in 2008 believed that employee retention would be a major concern in 2009, whereas only 19.6% of 2009 respondents are concerned about it in 2010.

The high level of unemployment in 2009 resulted in tougher standards for poor performers, as poor performance was a more likely reason for employee termination in 2009. Perhaps the most unexpected change was seen when looking at compensation budget reductions between 2008 and 2009. Over 50% of companies thought their compensation budget would increase in 2009 but, in reality, that occurred at only about 10% of companies.

HR Decisions in 2009

For companies of all sizes, their central compensation objective in 2009 was to attract and retain quality workers. Despite these goals, few additional dollars were given to employees beyond established salary and benefits. If incentive bonuses were given at all in 2009, they were typically given at large companies and most often to executives and managers. Large companies were also most likely to grant hiring and retention bonuses. At small and medium-sized companies, spot bonuses were more common.

Cost-of-living increases were rare, perhaps due to the low inflation rate. Over 70% of employers did not give across-the-board increases for cost of living.

The person making the majority of compensation decisions at small companies in 2009 was the CEO, while the head of HR took on that responsibility at large companies.

Regarding market salary data, over 70% of large companies have conducted or are currently conducting a market study this year, compared to only 50% of medium-sized companies and less than 30% of small companies. The majority of survey respondents don't currently use performance or compensation management software, despite this being the fastest growing segment for human capital management, according to a study conducted by Bersin & Associates, a human resources research and advisory services firm.

Healthcare companies were most likely to increase their organization's size over the year, while the majority of companies in the manufacturing and not-for-profit industries reported a decrease in their organization's size. The manufacturing industry was hardest hit, with 63% of companies decreasing in size.

Predictions for 2010

Employers are generally optimistic about business in 2010, with over 50% of respondents expecting that the economy will improve next year. Large companies are the most optimistic; 60% believe the economy will improve.

Despite this reported optimism, most companies plan to keep their salaries flat next year. Few employers expect to spend more on talent. This is a major shift from previous years. Nearly 50% of respondents expected their compensation budget to increase in 2009, but only 17% of respondents in 2009 expect a budget increase in 2010.

Among industries surveyed, manufacturing is the most optimistic that the economy will improve in 2010, with 60% of respondents anticipating improvement. The majority of respondents from the healthcare industry (45%) and the not-for-profit industry (44%) feel the economy will stay the same in 2010.

Across all industries, companies intend to hire more workers in 2010, rather than reduce their workforce.

Across all industries, companies intend to hire more workers in 2010, rather than have a workforce reduction. Large companies are most likely to hire in response to the improving economy. Smaller companies are the least concerned about employee retention in 2010, with 60% reporting little concern, while only 45% of large companies are not concerned. The two chief talent management concerns for the manufacturing industry are retaining quality workers and managing increased healthcare costs.

The majority of companies in all industries report that retaining and attracting quality workers are the two chief objectives for their compensation plans in 2010.

Survey Highlights

- The total number of terminations due to poor performance rose from 41% in 2008 to 46% in 2009.
- Medium-sized companies were most likely to increase their organization's size in 2009.
- The top reason for employee turnover in small and medium-sized companies in 2009 was poor performance. Personal reasons were the next most common reason for leaving, with interpersonal relations being the least common.
- Only 21% of large companies decreased their size between 2007 and 2008, but over 50% decreased their size between 2008 and 2009.

At large companies, personal reasons (family issues, etc.) and seeking advancement opportunities elsewhere were the most common reasons employees left.

- At large companies, personal reasons (family issues, etc.) and seeking advancement opportunities elsewhere were the most common reasons employees left.
- Regarding market salary data, over 70% of large companies conducted a market study in 2009, compared to only 50% of medium-sized companies and less than 30% of small companies.
- The majority of survey respondents don't currently use performance or compensation management software, despite this being the fastest growing segment for human capital management according to recent studies. Manufacturing companies are least likely to use performance management software or tools; 70% do not use them.
- 68% of respondents use salary ranges to organize employee compensation. Only 6% report using broad bands and 26% use neither. In addition, most companies report adjusting their salary structures on an as-needed basis, rather than on a schedule.
- Not-for-profit companies were less likely to pay incentive bonuses than other industries, with 54% stating that they did not pay them in 2009. Not-for-profit companies were more likely to grant spot bonuses. Manufacturing companies were more likely to grant target bonuses.
- Attitudes toward the economy in 2010 vary by company size. 18% of small companies believe that the economy will weaken, while only 12% of large companies believe this is so.
- The most common reason that employees left manufacturing jobs in 2009 was poor performance (48%), while people left healthcare work, most often, for personal reasons (52%). Relocation was another common reason employees left companies in healthcare (35%) and not-for-profit (33%) sectors. In manufacturing, 37% of employees left to seek higher compensation.

Summary of Data on Compensation Practices and Outlook for 2010

1. Overview

PayScale's report focuses on hiring and compensation practices.

The following is a summary of survey results for the 2009 Market Pricing Practices Survey, as well as a comparison of those results to the 2008 Market Pricing Practices Survey.

- The report focuses on the following key issues in analyzing the data:
    - What are companies' hiring practices and how have they changed?
    - What are companies' compensation practices and how have they changed?
    - What are companies' plans for the future in terms of both hiring and compensation practices?
- The report will produce results at a macro level, as well as by company size and industry
    - Company Size Breakdown:
        - Small: < 100 employees
        - Medium: 100-1,500 employees
        - Large: >1,500 employees
    - Industry Breakdown: Due to limited counts for some industries, we will only focus on the three industries below separately and group all others under the title "Other":
        - Top three Industries of the respondents: healthcare, manufacturing, and not-for-profit
        - Other Industries:

- Accounting	- Colleges and Universities	- Food and Beverage	- Real Estate
- Advertising	- Communication	- Food Manufacturing	- Recreation
- Aerospace	- Construction	- Government	- Retail
- Agriculture	- Consulting	- Hospitality	- Software Development
- Apparel	- Education	- Insurance	- Staffing/ Recruiting
- Architecture	- Electronics	- IT Services	- Technology
- Automobile	- Energy	- Law Enforcement Legal	- Utilities
- Banking	- Engineering	- Marketing Pharmaceuticals	
- Biotechnology	- Entertainment		
- Chemicals	- Environment		
- Childcare	- Finance		
- Churches			

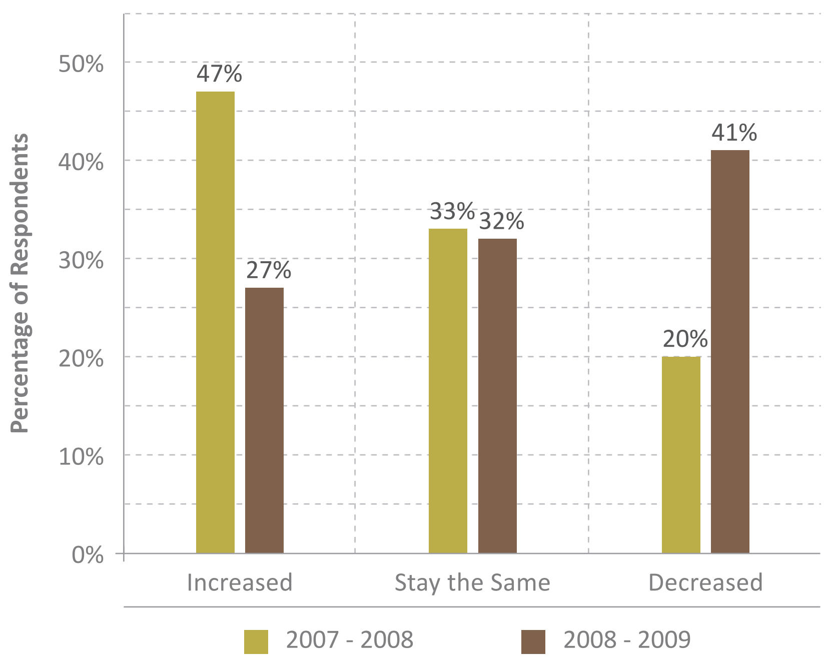
2. What are companies' hiring practices and how have they changed?

Over 75% of respondents do not have a formal pay plan for acquiring employees with specific skills or certifications.

Responses Across All Companies for 2009 and Comparisons to 2008:

- Over 75% of respondents in 2009 and 2008 do not have a formal pay plan for acquiring employees with specific skills or certifications.
- Organizations increased in size in 2008 and decreased in 2009.
    - Between 2007-2008 over 40% of respondents say their organization size increased, while over 40% of respondents say their organization size decreased between 2008-2009.

Change in Organization Size: 2008 vs. 2009



- Companies were tougher on poor performers this year.
    - According to respondents, the top reason for employees leaving an organization was poor performance (termination) with 46% of respondents.
        - This number increased from 41% of companies in 2008, which might imply that a tougher job market allows employers to have a higher standard for employees.

- The employer knows there are thousands of qualified unemployed workers who would gladly take a job and thus they expect their current workers to have high levels of performance.
- Since many companies in 2009 were cutting back on employees, using this as a time to let go of marginal employees made sense.
- In other words, there is no better time to "trim the fat" than in a recessionary period.

Over 85% of respondents agree that pay is often not the primary reason that people first start looking for a new job.

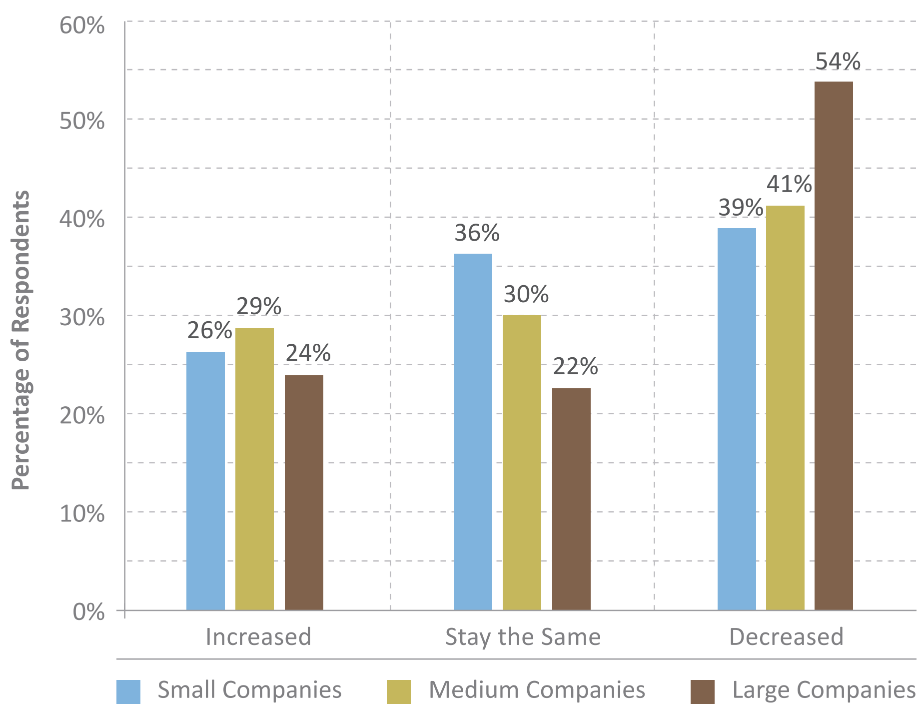
- Over 85% of respondents agree that pay is often not the primary reason that people first start looking for a new job.
- Employee retention was not a major concern in 2008 or 2009 as the majority of respondents (~30%) list it as only "Somewhat of a Concern."
  - However, back in 2008, over 50% of respondents believed employee retention would be a major concern for their organization in 2009.
  - In 2009, this trend reversed as over 50% of respondents believed employee retention would not be a major concern for their organization in 2010.

Responses by Company Size

Regardless of the size of the company, companies were more likely to decrease their organizations size in 2009 than 2008.

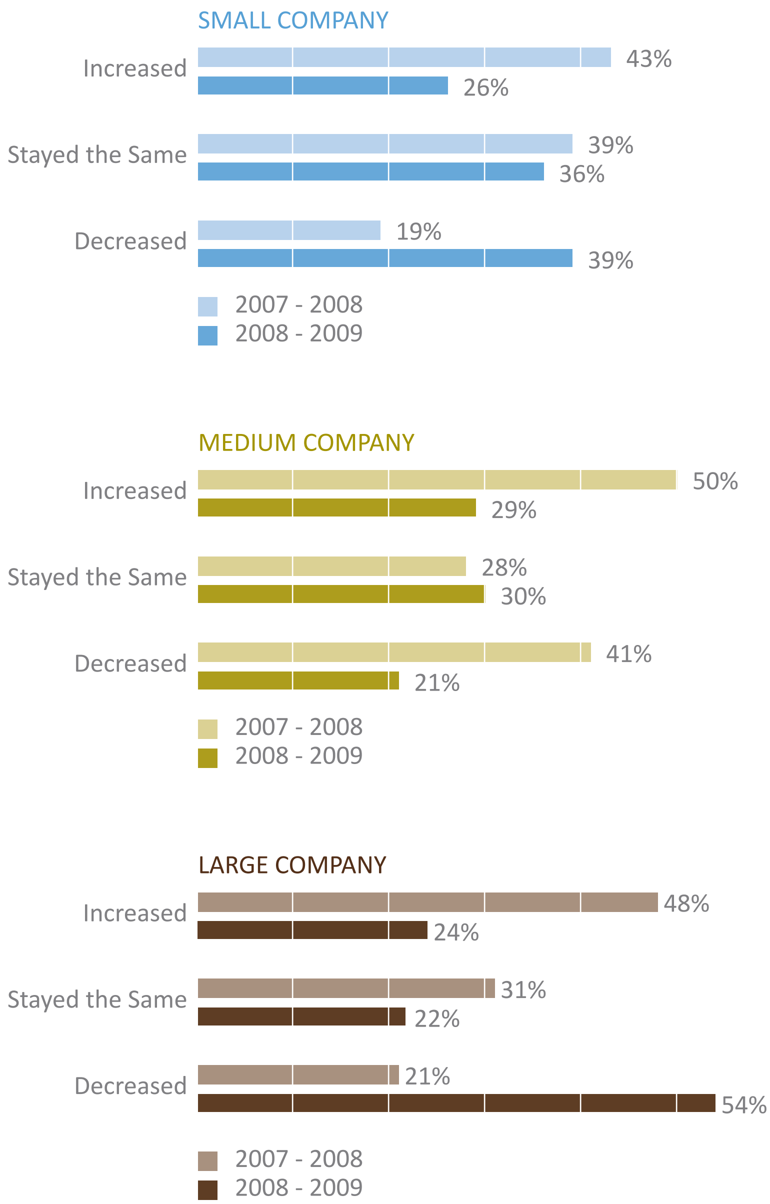
- Changes in Organization Size:
  - Regardless of company size, organizations decreased between 2008 and 2009.
  - Large companies (>1,500 employees) were the most likely to decrease their organization's size over the year, while medium companies (100-1,500 employees) were the most likely to increase their organization's size.

Change in Organization Size: By Company Size



- When comparing changes in organization size across the two survey years, one can observe a distinct change: Regardless of the size of the company, companies were more likely to decrease their organization size in 2009 than 2008.
- The largest change was for large companies: Only 21% of large companies decreased their size between 2007 and 2008, while over 50% decreased their size between 2008 and 2009.

Change in Organization Size by Company Size: 2008 vs. 2009



Medium-sized companies were most likely to terminate employees for poor performance in 2009.

- Responses to Poor Performers
  - Medium-sized companies had the strongest response to poor performance in 2009 compared to 2008: In 2009, 50% of medium companies listed “Poor Performance” as a reason for leaving the organization (compared to only 41% in 2008).

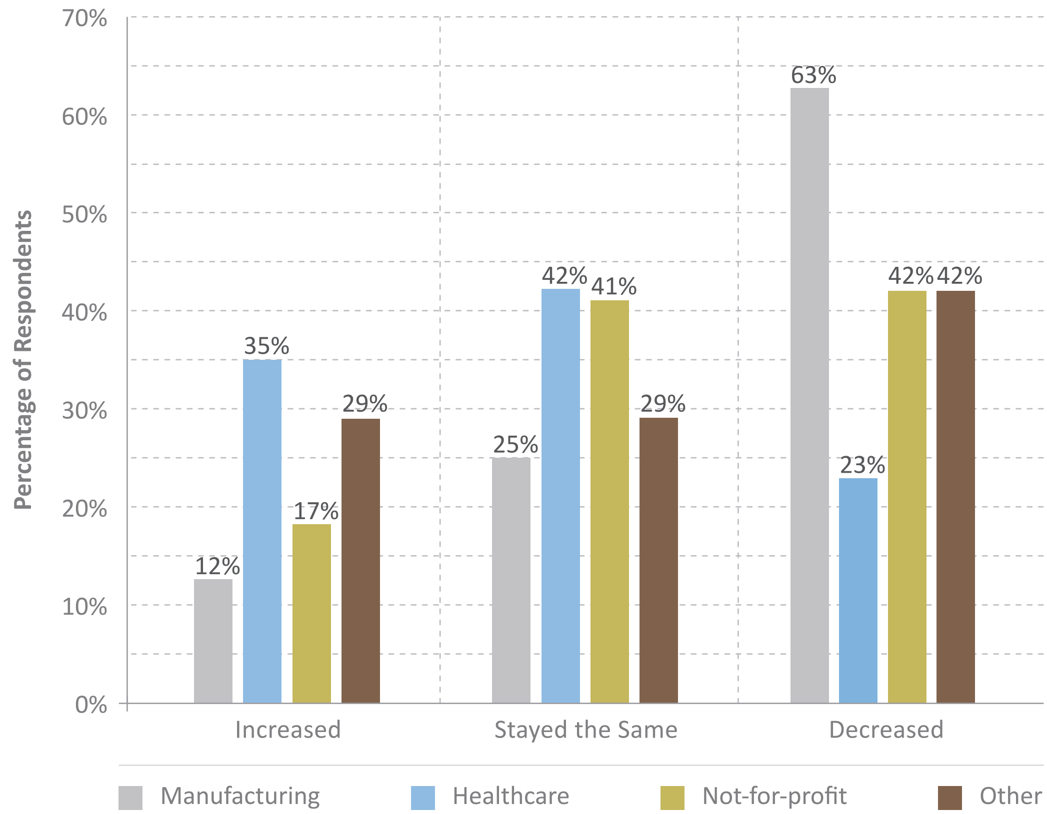
- Poor performance was a top reason for leaving both small and medium-sized companies in 2009, but not large companies.
  - The top reason for leaving a large organization was a tie between "Personal Reasons" and "Seeking Advancement Opportunities Elsewhere." About 49% of respondents from large companies chose each of these answers, compared to only 27% choosing "Poor Performance."
  - In fact, "Poor Performance" was the 5th most important reason for leaving a large organization, compared to the number one reason for small and medium-sized organizations.
- Employee Retention
  - Employee retention was only somewhat of a concern for small or medium-sized companies in 2009 (~30%).
  - The majority of respondents (37%) from large companies list it as "One of Many Concerns" in 2009.
  - However, concern over employee retention in large companies reduced between 2008 and 2009, since in 2008 employee retention was listed as "A Leading Concern" by the majority of respondents (34%).
  - When asked about future concerns over employee retention, small companies did not feel it was a major concern looking ahead:
    - In 2008, 58% of small companies said employee retention would not be a major concern in 2009.
    - In 2009, this ratio remained unchanged.
  - Only large companies felt employee retention would be a major concern in both 2009 and 2010; however the ratio reduced from 68% (2008) to 53% (2009).

Employee retention was a low priority for small and medium-sized companies in 2009.

Responses by Industry

- Changes in Organization Size:
  - The majority of manufacturing and not-for-profit Industry respondents stated their organization size decreased in 2009.
  - The majority of healthcare industry respondents decided their organization would stay the same size.
  - Healthcare industry companies were the most likely to increase their organization's size over the year, while manufacturing industry companies were the most likely to decrease their organization's size.
    - This result has a strong tie-in to the economy in 2009: Healthcare remained a hot and growing industry, while the manufacturing sector suffered great losses.

Change in Organization Size: By Company Size



In all industries, poor performance was a key reason for employees to leave a company in 2009.

- Why did employees leave a company in 2009?
  - Poor performance was a key reason for employees to leave a company, regardless of industry:
    - Manufacturing: 48%
    - Healthcare: 48%
    - Not-for-Profit: 42%
    - Other: 45%
  - The top reason for employees to leave companies in the healthcare industry was personal reasons (family, marriage, kids, etc.) (52%).
    - Personal reasons were a key reason for leaving manufacturing (33%), not-for-profit (34%), and other (40%) industries as well.
  - Relocation to a new area was another common reason to leave both the health-care industry (35%) and the not-for-profit industry (33%).

- Employees in the manufacturing industry left over compensation/seeking more pay (37%)
- Employee Retention
  - Employee retention was only somewhat of a concern for the healthcare and other industries in 2009 (~31%).
  - The majority of respondents from manufacturing companies (29%) and from not-for-profit companies (31%) list it as "One of Many Concerns" in 2009.
  - When asked about future concerns over employee retention, answers varied by industry:
    - The majority of employers in the manufacturing industry expect that employee retention will be a major concern in 2010 (57%).
    - The answers were a 50/50 split in the healthcare industry.
    - The majority of respondents in the not-for-profit (71%) and other (55%) industries did not feel it was a major concern in 2010.

The majority of employers in the manufacturing industry expect that employee retention will be a major concern in 2010.

3. What are companies' compensation practices and how have they changed?

Responses Across all Companies for 2009 and Comparisons to 2008:

- Who is responsible for setting compensation within your organization?
  - In both 2008 and 2009, the majority of respondents chose the CEO as the one responsible for setting compensation: 45% in 2008 and 50.5% in 2009.
  - The next most popular choice in both years was head of HR: 37.3% in 2008 and 43.8%.
  - The least popular choice in both years was outside compensation consultant with less than 3% in both years.
- The majority of respondents (~2/3) did not budget for compensation programs in 2009.
  - They do not expect this budget behavior to change in 2010.
- Salary ranges per job are common, but varying the target market percentile per job is not.
  - The majority of companies (over 2/3 in both 2008 and 2009) use salary ranges to structure their compensation programs, while less than 10% use broad banding (very wide salary ranges covering a progression of similar jobs). The remaining respondents don't use either.

- Of those who use salary ranges, the majority use job-specific ranges, rather than grouping salary ranges by grade.
- Additionally, aligning different jobs or categories of employees with different market percentiles (e.g. 50th for professional and 60th for executives and key jobs) is not common.
    - At least 70% of respondents (in both years) do not target different market percentiles by job.

- Adjustment of salary structures: Most companies are not adjusting their midpoints over all, a reflection of both low inflation and the generally weak demand for employees.
- Cost of living increases are rare – almost 75% of respondents say they do not grant them.
    - This may tie into the fact that inflation has been low (and at times negative) over the last year.
    - For example, the Bureau of Labor Statistics finds inflation between November 2008 and November 2009 to be 1.8%, which is the first positive 12-month change since February 2009.
    - For the first time, Social Security benefits did not have a cost-of-living increase at the end of 2009.

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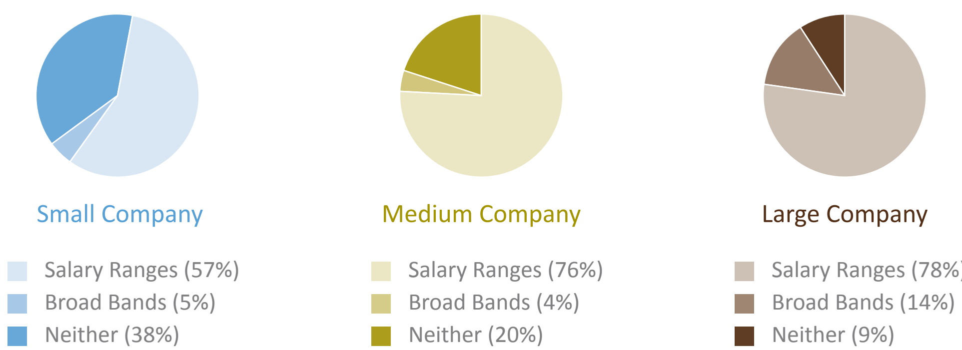
- Discussion of bonuses: Who receives them and what type?
    - Executives and managers are the two groups most likely to receive incentive bonuses.
    - In 2008, the most common bonus awarded was a target incentive bonus (67% of respondents).
    - This changed dramatically in 2009, as target incentive bonuses (52%) fell second to spot bonuses (65%).
- 35% of respondents conduct market and compensation analysis as needed.
    - However, when looking at quarters, the most common quarter to conduct market and compensation analysis is Q4.
- Over 65% of respondents do not use performance management software or compensation management software.
- The top issue related to compensation data purchased or used in the past: Ensuring data matches business needs (job titles, locations, etc.) – almost 80% of respondents chose this option.
- 37% of respondents say the money for compensation data and tools comes out of HR's budget.

Responses by Company Size

- Who is responsible for setting compensation within your organization?
  - Small Companies: CEO (58%)
  - Medium Companies: Head of HR (59%)
  - Large Companies: Head of HR (60%)
- The likelihood of budgeting for compensation programs in 2009 increases with company size.
- Small Companies: 79% did not budget for compensation programs
- Medium-sized Companies: 59% did not budget for compensation programs
- Large Companies: Only 24% did not budget for compensation programs
- Regardless of company size, respondents do not expect their compensation budgets to change in 2010.
- Regardless of company size, salary ranges per job are common:

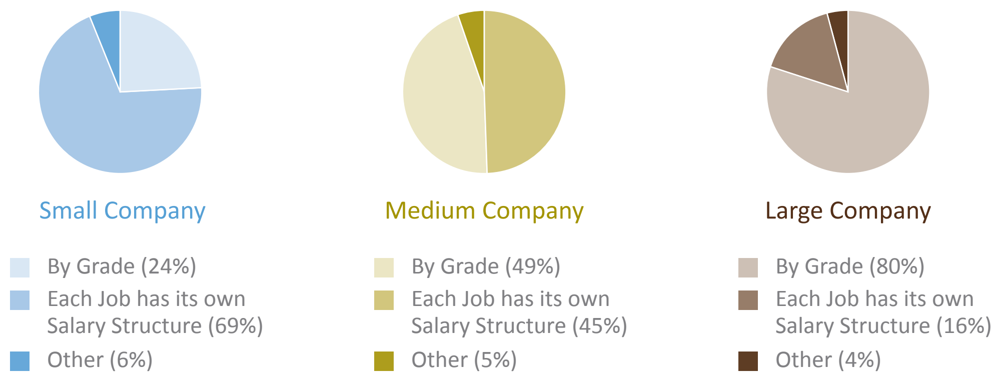
Regardless of company size, respondents do not expect their compensation budgets to increase in 2010.

Structure of Compensation Program by Company Size



- The likelihood of grouping salary ranges by grade increases with company size.

Grouping of Salary Ranges by Company Size



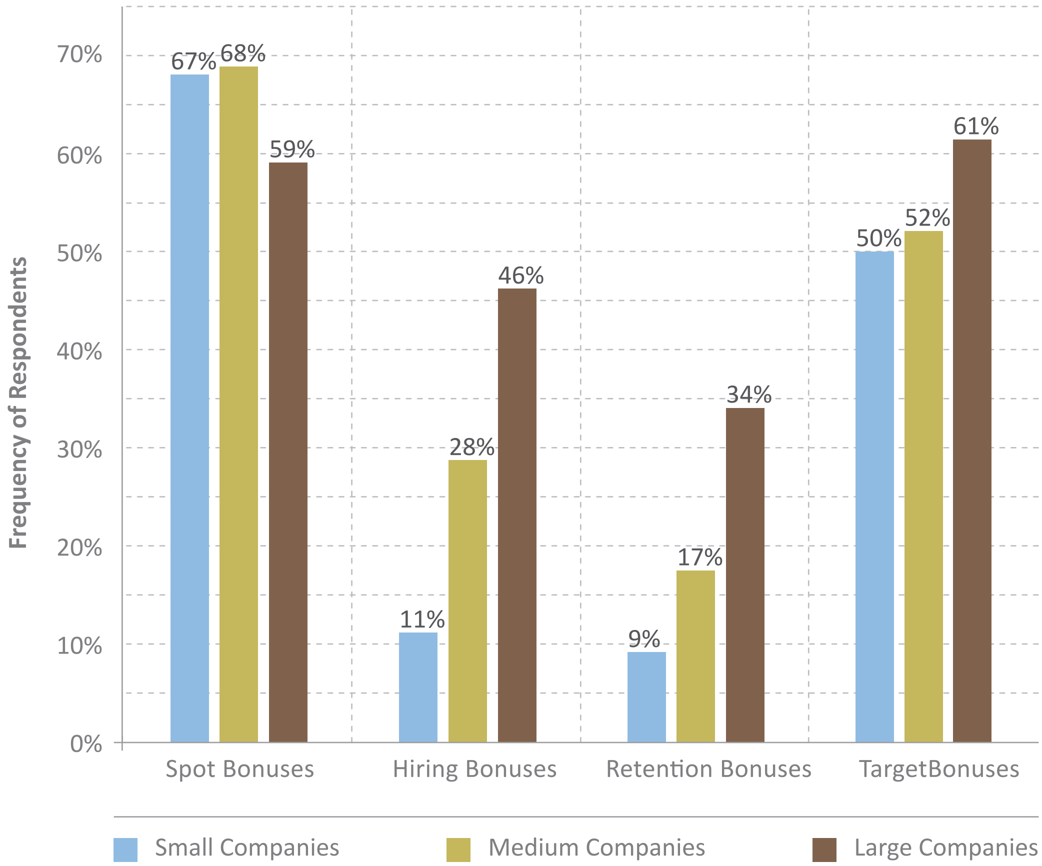
  - Of the large companies that group salary ranges by grade, the majority have multiple salary structures for different jobs and different structures for different geographical locations.
- Varying the target market percentile per job is not common. The following lists the percentage of respondents who do not align jobs with different market percentiles:
  - Small Companies: 78%
  - Medium-sized Companies: 72%
  - Large Companies: 63%
- Cost of living increases are rare – at least 70% of respondents from all company sizes say they do not grant them.
  - They are the rarest in large companies as ~80% of respondents say they do not grant them.
- Discussion of bonuses: Who receives them and what type?

Small companies are less likely to pay incentive bonuses than medium-sized and large companies.

  - Small companies are less likely to pay incentive bonuses than medium-sized and large companies: 37% of small companies, 29% of medium-sized companies, and 23% of large companies do not pay incentive bonuses.
  - Of those who pay incentive bonuses, executives and managers are the two groups most likely to receive them, regardless of company size.
  - Large companies are the ones most likely to grant target incentive, hiring, and retention bonuses.

What type of bonuses do companies use as part of their compensation program?

Spot bonuses were the most common bonuses awarded by small companies in 2009.



- In 2008, the most common bonuses awarded by medium-sized and large companies were target incentive bonuses (72% and 79% of respondents respectively).
- This changed dramatically in 2009:
    - Target incentive bonuses (52%) fell behind spot bonuses (68%) for medium-sized companies.
    - Although target incentive bonuses are still the most common for large companies, they fell from 79% of respondents to 61% of respondents.
- Spot bonuses were the most common bonuses awarded by small companies regardless of the year (65% in 2008 and 67% in 2009).

- ~37% of respondents from small and medium-sized companies conduct market and compensation analysis as needed, while only 24% of large companies conduct these analyses as needed.

Large companies are more likely to use performance or compensation management software.

- Large companies are more likely to use performance management software or compensation management software:
  - Percentage of respondents who don't use performance management software or tools:
    - Small Companies: 78%
    - Medium-Sized Companies: 61%
    - Large Companies: 46%
  - Percentage of respondents who don't use compensation management software or tools:
    - Small Companies: 82%
    - Medium-Sized Companies: 70%
    - Large Companies: 52%
- The top issue related to compensation data purchased or used in the past is ensuring data matches business needs (job titles, locations, etc.):
  - 75% of small companies, 82% of medium-sized companies, and 84% of large companies chose this as their top issue.
  - Money for compensation data and tools comes from different places depending upon company size. Below are the top choices:
  - Small Companies: 33% say their organization's budget
  - Medium-Sized Companies: 51% say HR's budget
  - Large Companies: 68% say HR's budget

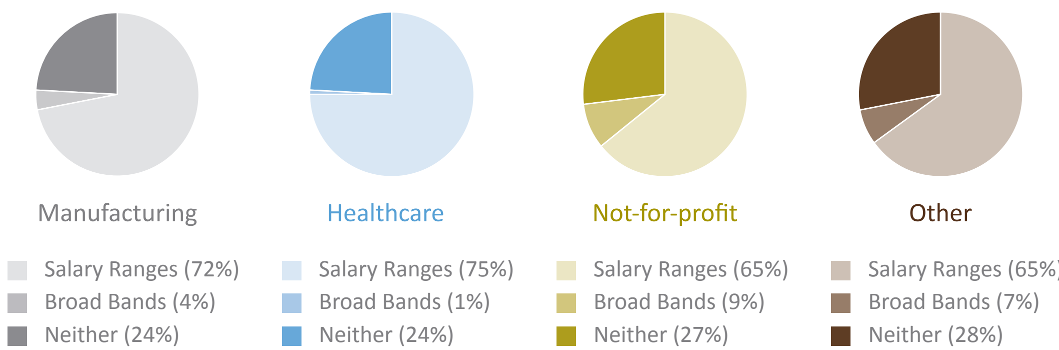
Responses by Industry

- Who is responsible for setting compensation within your organization?
  - Manufacturing: Head of HR (50%)
  - Healthcare: CEO (43%)
  - Not-for-Profit: CEO (51%)
  - Other: CEO (53%)
- The likelihood of budgeting in 2009 for compensation programs in 2010 was low regardless of industry size:
  - Manufacturing: 71% did not budget for compensation programs
  - Healthcare: 62% did not budget for compensation programs
  - Not-for-Profit: 56% did not budget for compensation programs

- Other: 64% did not budget for compensation programs

- Regardless of industry, salary ranges per job are common.

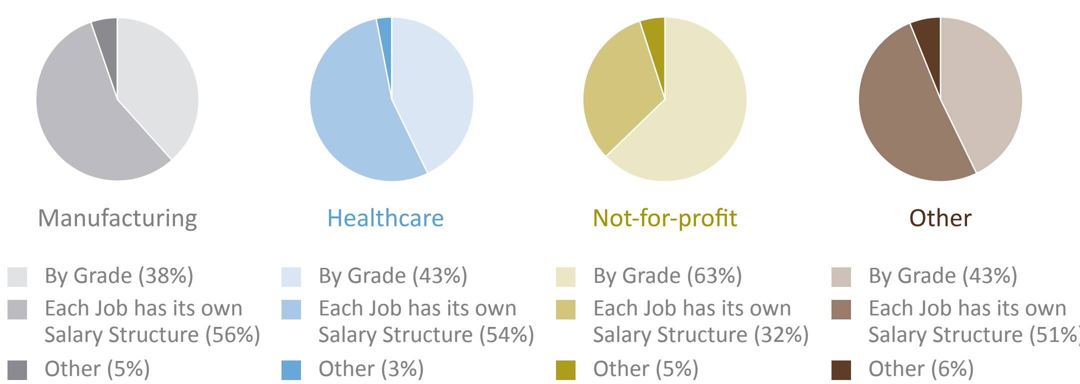
Structure of Compensation Program by Industry



Employers in the not-for-profit industry are the most likely to group salary ranges by grade, while those in manufacturing are the least likely.

- Employers in the not-for-profit industry are the most likely to group salary ranges by grade, while those in manufacturing are the least likely:

Structure of Compensation Program by Industry

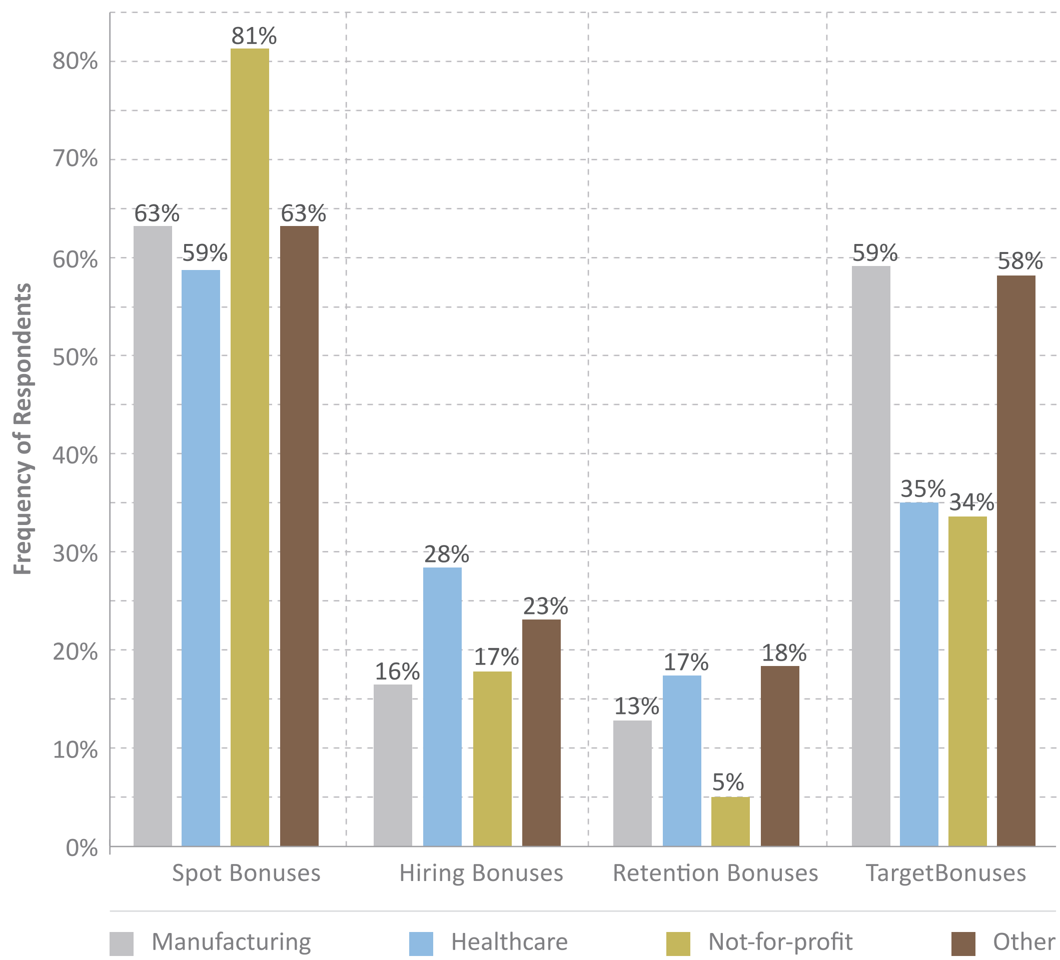


- Of the not-for-profit companies that group salary ranges by grade, the majority of respondents have multiple salary structures for different jobs, but the majority don't have different structures for different geographical locations.

- Varying the target market percentile per job is not common. The following lists the percentage of respondents who do not align jobs with different market percentiles:
    - Manufacturing: 77%
    - Healthcare: 73%
    - Not-for-Profit: 81%
    - Other: 72%
- Cost-of-living increases are rare – at least 70% of respondents from all industry categories say they do not grant them.
    - They are the rarest in the manufacturing industry as 76% of respondents say they do not grant them.
- Discussion of bonuses: Who receives them and what type?
    - Not-for-profit companies are less likely to pay incentive bonuses than the other industries: 54% of not-for-profit companies, 39% of healthcare companies, 28% of other companies, and 23% of manufacturing companies do not pay incentive bonuses.
    - Of those who pay incentive bonuses, executives and managers are the two groups most likely to receive them, regardless of industry.
    - Not-for-profit companies are the most likely to grant spot bonuses, while manufacturing companies are the most likely to grant target bonuses.

Not-for-profit companies are less likely to pay incentive bonuses than companies in other industries.

What type of bonuses do companies use as part of their compensation program?



At least 34% of respondents from all industry categories conduct market and compensation analysis as needed, rather than on a regular basis.

- At least 34% of respondents from all industry categories conduct market and compensation analysis as needed.
- The use of performance management software or compensation management software is unlikely regardless of industry:
    - Percentage of respondents who don't use performance management software or tools:
        - Manufacturing: 70%
        - Healthcare: 67%
        - Not-for-Profit: 66%
        - Other: 63%

- Percentage of respondents who don't use compensation management software or tools:
  - Manufacturing: 80%
  - Healthcare: 75%
  - Not-for-Profit: 69%
  - Other: 71%
- Money for compensation data and tools tends to come from HR's budget. Below are the top choices:
  - Manufacturing: 44% say HR's budget
  - Healthcare: 35% say their organization's budget
  - Not-for-Profit: 41% say HR's budget
  - Other: 37% say HR's budget

4. What are companies' plans for the future in terms of both hiring and compensation practices?

Responses Across all Companies for 2009 and Comparisons to 2008:

Employers are generally optimistic. Over 50% think that the economy will improve in 2010.

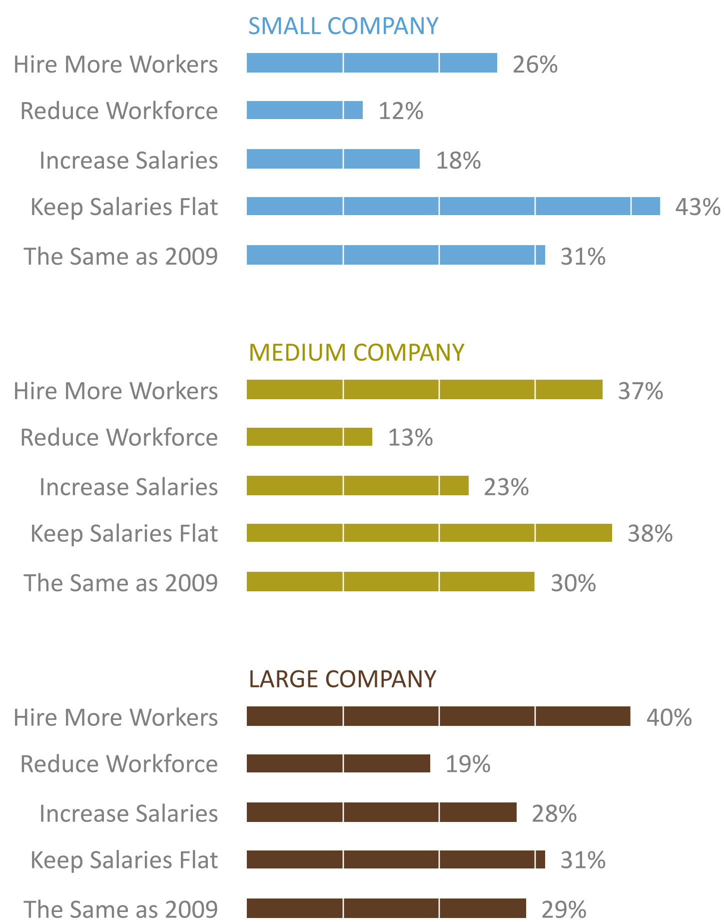
- People are generally optimistic: Over 50% of respondents think the economy will improve in 2010.
- However, salaries aren't going anywhere.
  - The most common effect of the economy on workforce strategy / practices is companies will likely keep salaries flat for the coming year.
  - Respondents don't foresee the need for across the board raises, anticipating a continued weak job market and low inflation.
- Companies do intend to increase hiring: About 1/3 of companies say their workforce strategy for the coming year will be to hire more workers, where only 13% think they will be reducing their workforce.
- Companies want quality workers: Retaining and attracting quality workers are the two chief compensation objectives for 2010.
- Compensation budgets are falling.
  - About 50% of respondents in 2008 thought their compensation budgets would increase between 2008 and 2009. However, only 9% of respondents in 2009 say their budgets actually did increase over that time.
  - Only 17% of respondents in 2009 think their compensation budgets will increase in 2010.

Responses by Company Size

- People are generally optimistic, regardless of company size: Over 50% of respondents from all company sizes think the economy will improve in 2010.
- However, salaries aren't going anywhere:
  - Companies are more likely to keep salaries flat in 2010 than give salary increases.
  - Small companies are the most likely to keep salaries flat (43%) rather than increase salary (18%).
- Companies do intend to increase hiring: Regardless of company size, companies intend to hire more workers in 2010 rather than have a workforce reduction.

Regardless of company size, employers intend to hire more workers in 2010.

How is the economy shaping your workforce strategies and practices for 2010?



Retaining and attracting quality workers are the two chief compensation objectives for companies of all sizes in 2010.

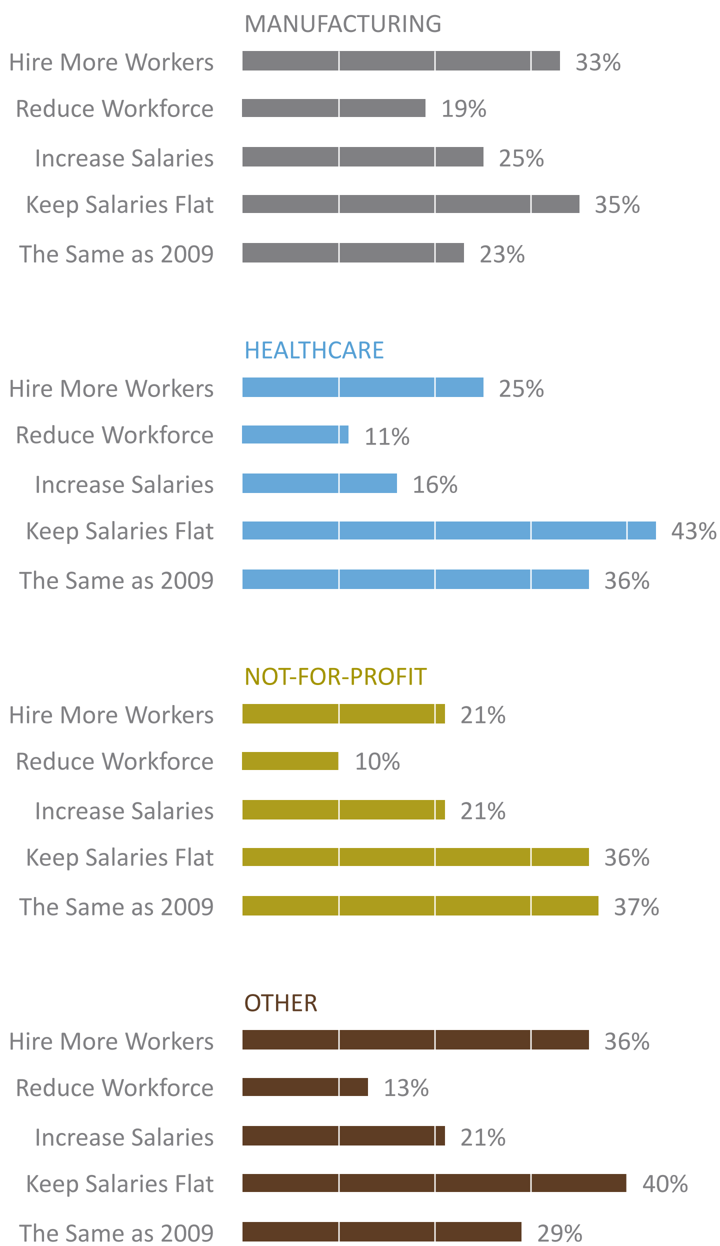
- Companies want quality workers: Retaining and attracting quality workers are the two chief compensation objectives for companies of all sizes in 2010.
- Compensation budgets are falling.
    - About 54% of small companies, 48% of medium-sized companies, and 34% or large companies in 2008 thought their compensation budgets would increase between 2008 and 2009.
    - However, only 10% of small companies, 8% of medium-sized companies, and 11% of large companies in 2009 say their budgets actually did increase over that time.
    - Only 19% of small companies, 14% of medium-sized companies, and 17% of large companies of respondents in 2009 think their compensation budgets will increase in 2010.

Responses by Industry

- People from the manufacturing industry are generally optimistic: Almost 60% of respondents think the economy will improve in 2010.
    - Similarly the majority of respondents from other industries think the economy will improve in 2010 as well (54%).
    - The majority of respondents from the healthcare industry (45%) and the not-for-profit industry (44%) feel the economy will stay the same in 2010.
- Salaries aren't going anywhere.
    - Companies are more likely to keep salaries flat in 2010 than give salary increases.
    - Healthcare companies are the most likely to keep salaries flat (43%) rather than increase salary (16%).
- Companies do intend to increase hiring: Regardless of industry, companies intend to hire more workers in 2010 rather than have a workforce reduction.

The two chief concerns for employers in the manufacturing industry are retaining quality workers and managing increases in healthcare costs.

How is the economy shaping your workforce strategies and practices for 2010?



- Companies want quality workers: Retaining and attracting quality workers are the two chief compensation objectives for the healthcare, not-for-profit, and other industries in 2010.
    - The two chief concerns for those in the manufacturing industry are retaining quality workers and managing increases in healthcare costs.
- Compensation budgets are generally not expected to increase in 2010.
    - Only ~17% of companies, regardless of industry, think their compensation budgets will increase in 2010.

About PayScale

PayScale is the largest provider of on-demand compensation data in the industry. Through PayScale MarketRate™ organizations are able to get instant access to detailed compensation data matched to their organizations location, industry and size. PayScale Insight (TIM) provides organizations with a structured application for benchmarking employees and positions in real time and for analyzing alternate pay scenarios for their workforce.

To learn more about PayScale MarketRate™ and Insight™ visit www.PayScale.com/pro, email sales@payscale.com, or call (888) 699-0702.