

6 Questions to Ask When Evaluating Salary Surveys

1. Is the data current or will you need to age it?

Data Need: The marketplace is changing more quickly than ever before. Compensation data that is nine months old might not reflect current trends in your industry or location. How old is the compensation data you’re working with?

Traditional:	Traditional salary surveys are conducted annually and are completed in about three to six months. The compensation information gathered for them must then be aged by a compensation professional to bring it up to date. If you are using traditional survey results six months after they were published, you’re likely making decisions based on data that is a year old.
PayScale:	PayScale’s employee-submitted, online survey data does not need to be aged. It is collected and processed continually. Therefore, it is always at market.

2. Are all locations, major and rural, covered?

Data Need: If your employees are located in Hawthorne, New Jersey or Danbury, Connecticut, you may be paying them according to data collected in Manhattan, New York. Would you prefer to work with compensation data from your own town?

Traditional:	Traditional surveys select from a limited number of geographic locations, typically in or near major cities, when collecting salary data. This method works well for companies located in and around metropolitan centers. But, this big city focus causes extra work for HR professionals in rural areas. They must adjust the data they receive to meet their unique needs, such as differences in cost of living and available talent in a rural versus a metropolitan location.
PayScale:	Because PayScale’s online survey draws from any and all locations, without limits, it covers a broader geographical area of inputs and can usually drill down with a high level of accuracy to a specific location. This specificity means that companies in rural locations using PayScale’s data are more likely to come up with salary numbers based upon data from their home town and are less likely to over or under pay their talent.

3. Does the data match the unique combinations of knowledge and abilities that you require in your positions?

Data Need: Depending on a company’s product, you may require an unusual combination of knowledge, skills and abilities from your employees. For example, your company may want a salesperson with deep technical knowledge in order to sell your hi tech product. Or, you may want a person with an advanced degree, as well as a certification in a laboratory skill.

Traditional: A traditional compensation survey either does or does not include information about pay differential for different years of experience, certifications or skills, but never in combination with one another. If the employee’s collection of qualities are too unusual, it’s likely that they will not be covered in a traditional survey, or at least not in the combination you need.

PayScale: An online survey like PayScale’s has a higher likelihood of including unusual combinations of skills and abilities simply because it draws from a larger pool of survey entries and allows for more data points to be included in a report. This broader base of input can be useful when seeking extraordinary employee qualities, such as a special security clearance, highly technical education, or management experience.

An example data summary from PayScale Insight™

Market Details

Data Summary ▶

Cash Compensation

Benefits Summary

Compensation Influencers:

Employment Setting

Skills and Experience

Training and Education

Location

Anonymous Profiles

Job Summary

Employer List

[Create Full Report \(pdf\)](#)

[Create Summary Report \(pdf\)](#)
(requires Adobe Reader)

This report was run on Friday, February 12, 2010.
Please review to ensure an accurate report.

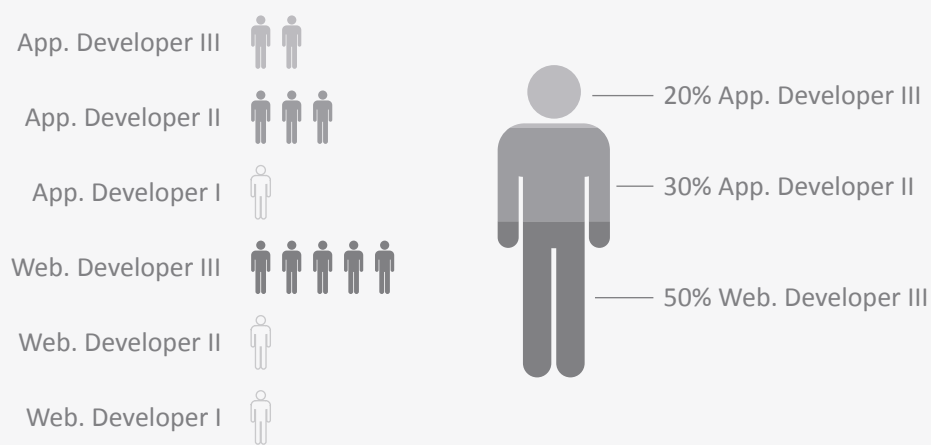
Distribution of data in this report:

Sample size: 12
Report effective date: Wednesday, January 13, 2010

Job Titles:	Organization Sizes:	Years Experience Ranges:
Database Administrator (DBA) 50%	12 to 24,999 33%	1 to 2 years 50%
Software Developer 17%	Other 8%	3 to 9 years 25%
Software Engineer / Developer / Programmer 17%	Unspecified 58%	10 years 25%
Programmer Analyst 17%	Organization Types:	Cities:
	Company 83%	Halifax 100%
	Other 17%	
Industries and Product Activities:	States:	Date Ranges:
Software Applications 17%	Nova Scotia 100%	2009 Q4 25%
IT Consulting 17%		2009 Q3 17%
Other 67%		2009 Q2 8%
		2008 Q3 33%
Metropolitan Areas:		2008 Q2 17%
Halifax, Nova Scotia Metro Area 100%		

4. How many compensable factors are used to accurately determine pay?

Data Need: How many factors are you comfortable including in your compensation calculations? The more you can account for the more competitive your salary decisions will be. But, do you have the time to labor over such compensation decision as much as you'd like? Probably not. Depending on how specialized the employee's knowledge, skills and abilities are, specifying your salary calculations to fit them can be very time consuming.

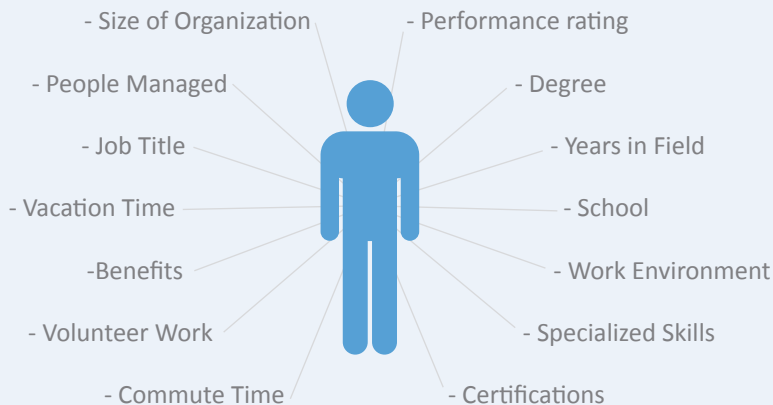
<p>Traditional:</p>	<p>Calculating salaries from a traditional survey can consume a lot of your most precious resource: time. You must sort through job titles like “Applications Developer I” or “Applications Developer II” and then find the job title or titles that your employee seems to fit into. If the employee has qualities found in several different job titles, you must then do some calculations to blend the data from several positions to come up with a base salary number.</p> <p><i>Employers Blend Data from Traditional Surveys</i></p> 
<p>PayScale:</p>	<p>PayScale’ software produces a salary report much more quickly and accurately than a traditional survey because it begins from a different point. PayScale responds to specific input from you before any calculations are made. You tell us exactly what you want. We input your employee’s education, skills, experience level, certifications and dozens of other compensable factors into our system and come up with a unique report for your employee. You don’t have to blend data. You only need to enter the most specific and accurate data you can about your employee and press “Submit.” PayScale’s reporting system can process well over 100 factors in minutes to create a highly targeted, specific report about an individual employee.</p>

PayScale:
(con't)

Online Salary Database Creates Unique, Highly-Matched Results

Results are based on factors that are proven to statistically drive pay.

- 250 compensable factors
- Specific to your industry
- Specific to your location



Compensable Factors

	PayScale	Traditional
Experience		
Size of Organization	✓	✓
Type of Organization	✓	✓
Years in Field	✓	
Role	✓	
People Managed	✓	
Certifications	✓	
Performance Ratings	✓	
Compensation		
Salary	✓	✓
Benefits	✓	✓
Bonus	✓	
Perks	✓	
Work Environment	✓	
Vacation Time	✓	

	PayScale	Traditional
Function		
Job Title	✓	✓
Job Description	✓	✓
Role	✓	
Level	✓	
Specialized Skill	✓	
Education		
Level	✓	
Degree	✓	
School	✓	
Lifestyle		
Commute Time	✓	
Volunteer Work	✓	
Savings	✓	

5. Does the provider offer transparency about how and from whom they collect their data?

Data Need: HR professionals and other compensation professionals may or may not understand exactly where their compensation data comes from. They cannot research whether the employees at the source of their data match well with the employees for whom they are benchmarking position.

Traditional:	Traditional salary surveys have long been trusted sources of salary information because their methods are well-known and understood. Nonetheless, the exact source of each bit of data is not included in a traditional survey. The paperwork required to include this information would be cumbersome.
PayScale:	PayScale includes information about its methodology and sources for data as a standard offering, right down to the specific user profile that provided the information. This source transparency is a revolutionary advancement in compensation accuracy. Not only that, PayScale tells you why it used the source as an appropriate match for a report, along with giving you access to that source's anonymous PayScale profile. An employer can see exactly who provided the salary information in a PayScale report. And, the employer can choose to change where some of the data is being collected from to create a report that matches their needs better.

PayScale:
(con't)

100% Transparency on Source of Data and Why Used in Report

Request help with this report

DBA

Profile Details Ordered by Matching Precedence

<ol style="list-style-type: none"> 1. PayScale Job Title: Database Administrator (DBA) 2. Location: Halifax, Nova Scotia, Canada Metropolitan Area 3. Organization's Product/Business: - any - 4. Years Experience Range: 2-3 5. Skill/Specialty: SQL, C#, PHP, .NET, Python 	<ol style="list-style-type: none"> 6. Number of Employees: 95 7. Typical Degree Level: Bachelor's Degree 8. Organization Type: Company 9. Certification: - any - 10. Number Supervised: 0
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Report Rating:

Report Data Modeling

- Search Region: 📍 Metro / Micro Area [\[change\]](#)
- Priority Match: Automatic [\[change\]](#)
- Job Match Adjustment: = [\[change\]](#)
- Search Date Range: Automatic [\[change\]](#)

Corresponding profiles last updated: 2/12/2010 4:33:14 PM | Date Report Run: 2/12/2010 4:33:14 PM

[MarketRate Profile Survey \[edit\]](#)

Having this data transparency and access to all of the source information greatly reduces the time spent by the HR professional explaining how an employee's compensation number was reached.

6. How much time do you need to invest before you get the data?

Data Need: In order to receive data from a salary data source, employers must enter into a process of some kind with the data provider. Sometimes the employer takes part in the survey before being eligible to receive the survey results.

Traditional:

Traditional surveys typically request or even require that employers participate in their survey before receiving results. This participation usually involves submitting comprehensive data about the company, the policies and practices related to compensation and information about current employees' total compensation. The employer then waits for a period of time, typically six months, before gaining access to the survey results. The employer then rematches the processed data to their employees' unique knowledge, skills and abilities through aging and blending the data with multiple sources.

PayScale:

In order for employers to receive salary data from PayScale's database, they enter in a job title which unlocks a set of questions about compensable factors that affect pay. These compensable factors can include experience and education level, skills and certifications, managerial scoping questions, and job specific questions such as travel requirements for sales positions. The employer can enter as many factors as they wish but are only required to complete a few. Adding in more details provides the employer a more accurate result.

The employer then receives a report, almost instantly, that is specific to the job in their organization and based upon PayScale's real time salary survey data. No aging or blending of the survey result is required. Employers can then review that data and rerun their report immediately, if they wish. Re-running reports in the future to get updated market data is done by simply clicking on a report and re-running it to get fresh market data.

Bonus: PayScale’s as Accurate as Traditional Surveys

Is employee-submitted online data less accurate than traditional, employer-submitted data? Let’s check the facts before you decide. You may be in for a surprise. Keep in mind, every survey has a bias.

For example, some of the more well-known, traditional surveys focus on compensation numbers from Fortune 1000 companies so their data skews towards those levels of pay. By comparison, PayScale’s survey covers the whole country so we skew towards the national average. We can help you select data from only certain sizes of companies, if you want. But, otherwise, you’ll get more national average results from our survey.

To find out how accurate our numbers are compared to the most highly regarded surveys in the marketplace, PayScale conducted a study.

	PayScale	“Gold Standard”
Incumbent Data	5 million+	1.2 million
Companies	36,000+	2,345
Locations	100% of U.S., plus most English-speaking countries and China	200 MSA’s in U.S. and Globally
Job Titles	7,000+	365 Non-Management

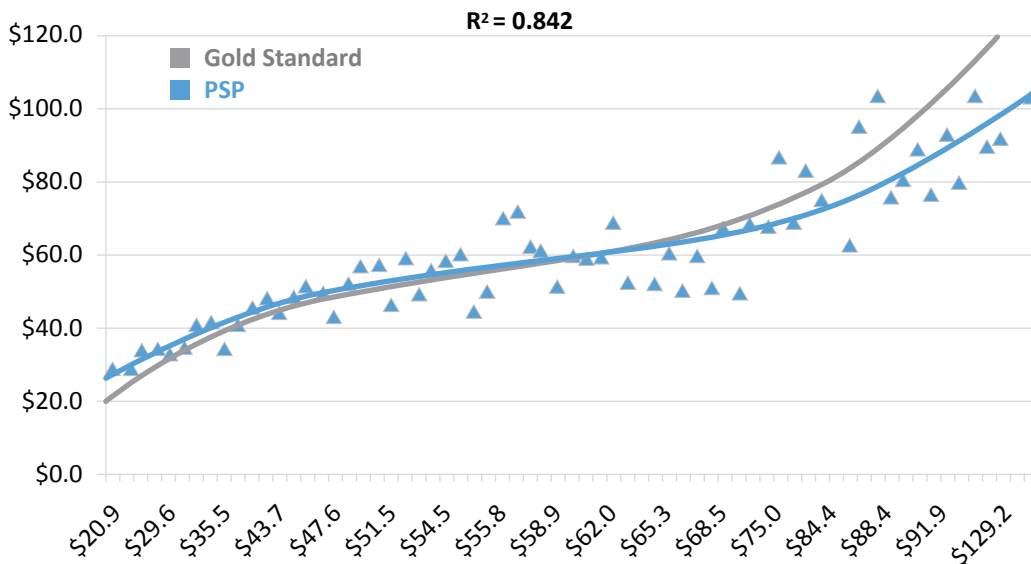
PayScale’s comparison covered a cross-section of 24 jobs in New York, Boston and Pittsburgh – a total of 72 data points. It was found that PayScale’s data correlated with the traditional data source to an accuracy level of 0.842. This is a very high level of correlation. It shows that PayScale’s data collection methods and analyses result in as accurate and market-rate compensation data as the current gold standard.

Study Details:

- At .84, PayScale is highly correlated to “Gold Standard” (1=perfect correlation)
- “Gold Standard” Benchmark Job Definitions
 - 72 “Benchmark Jobs” in 3 major cities
 - “Gold Standard” covered 89% of benchmark jobs, PayScale covered 96%
- PayScale offers slightly lower compensation numbers at highest paid jobs and higher numbers at lowest paid jobs

- “Gold Standard” skews to mostly larger companies; more likely to have higher paid executives
- PayScale skews slightly white collar; less likely to have production workers

PayScale Highly Correlated to Gold Standard



If you are interested in seeing a copy of this study, please request one and we will provide it for you.

How Can PayScale Help You?

Give us a call and let us answer your questions. 1-800-PayScal(e)

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.