PayScale's 2012

COMPENSATION

Best Practices Report

Outlook for Employers in 2012: Trends from the PayScale Survey of Compensation Best Practices

Executive Summary: Employers Plan to Give More and Bigger Raises in 2012

PayScale's 2012 Survey of Compensation Best Practices reveals a significant improvement in fortunes for both companies and employees in 2011 and 2012. Employees will benefit as well, as the vast majority of companies plan to adjust compensation this year. The boost in pay may be tied to an increasing focus on a perceived need to retain employees who are starting to leave for better pay elsewhere. On the technology front, companies responding report generally restrictive policies on employee use of social media, while sites like LinkedIn are becoming standard recruiting tools.

Across the board, companies are optimistic about 2012, with a majority planning to adjust compensation.

Survey Methodology

The PayScale Survey of Compensation Best Practices was conducted in November and December of 2011. Survey results were analyzed several ways, creating comparisons between small companies (<100 employees), medium-sized companies (100 - 1,000 employees) and large companies (1,000+ employees), as well comparisons of a number of industries including healthcare, finance and insurance, and information, media & telecommunications.

Real-Time Compensation Data Is a Competitive Advantage

Business works at Internet speed. No executive can rely on annual or quarterly sales updates anymore. With the ceaseless flow of data, today's business leaders can take the pulse of their business at any moment, and if they don't, they'll miss the twists and turns of the market. Everything that matters - their markets, their competitors, and their supply chain - churns constantly, so success depends on keeping up on the changes.

Most companies now regularly track dynamic data for sales, cycle time and a host of other key performance indicators (KPI). The vast sea of underutilized, dynamic compensation data therefore represents an opportunity for companies seeking an edge. Properly devised compensation strategies drive performance. Be warned though, just like all the other key variables, compensation data is in constant flux. Those that navigate that flux well will find success. Those that fail to do so will find themselves and their companies falling increasingly behind.

At the highest level, leadership needs to have a plan to attract and retain talent. Crafting and implementing the right philosophy and strategy for compensation is a key element of being competitive. These plans will be based on many factors, but one of them is a clear understanding of what similar companies are doing. PayScale's Survey of Compensation Best Practices is a great place to start

gathering the data. For a deeper look at compensation data, including regional and job-specific information, contact PayScale to learn more about how our data and software products can help inform compensation decision making.

A Return to Economic Optimism-- Is Your Company Ready?

2012 looks great to the employers surveyed. Two-thirds think their company's financial performance will improve in 2012 and the vast majority plan on increasing salaries at some point in the year. While this varies by industry, the outlook is positive overall.

2/3rds of employers expect their financial performance to improve in 2012.

It's no surprise that with a return to economic optimism companies are focused on hiring, not firing. About one-third of respondents plan to increase their workforce in 2012. Only 14 percent believe they will reduce workforce size this year. The competition for quality hires is going to be much stiffer in 2012 than it was in 2011. It's not the go-go days of the dot-com era, but managers responsible for compensation need to know that hiring is up.

For all respondents, compensation strategies are focused on keeping the employees they want and bringing in new talent where it is needed. Retention, in particular, is on everyone's mind. Less than 10 percent of respondents feel employee retention will be of little or no concern in 2012. To keep the employees they want companies will primarily focus on offering employees a merit-based pay plan (50%), with learning and developmental opportunities (45%) as a close second.

Do Your Job Better and Get Paid, But Don't Dream of Giant Raises

In today's economy, employees who want to be paid more should do their job better or seek a promotion. Companies principally adjusted pay to reward performance (69%) and as part of a promotion (49%). Employees should prepare for dramatic shifts, since base salary adjustments range from a decrease of 10 percent to an increase of 15 percent.

While employees might care about how big their slice is, someone has to decide how big the pie is. In 2011, as in 2010, just over half of the respondents identified the CEO as the one with ultimate compensation budget authority. Other critical budget owners are the head of HR and the CFO.

In 2011, the key compensation planning metric was employee retention. Eight out of ten companies have a formal strategy for compensation, and for most, cost of living advances are not part of it. Only 31 percent of respondents say that they grant them. Still, this is up from 25 percent in 2010. One way companies are addressing retention is by adjusting their pay ranges. Of those who have them, 66 percent adjusted pay ranges in 2011, a considerable increase from the 25 percent in 2010.

2012 Is Looking Up for Businesses

Employers, especially small businesses, are broadly optimistic about their potential for success in 2012. About 70 percent of respondents at small and medium companies think their financial performance will improve in 2012, compared to 64 percent of large companies.

Likely encouraged by this optimism, a whopping 93 percent of respondents from all company sizes plan to adjust the compensation of their workforce in 2012. And, the majority of respondents plan to make compensation adjustments via performance-based pay increases. Much like in 2011, retaining and attracting quality workers are the two chief compensation objectives for companies of all sizes in 2012.

93% of employers plan to adjust compensation in 2012

In terms of industries that think their financial performance will improve in 2012, business operation and support services (80%), information, media & telecommunications (78%), and retail (77%) sectors are most optimistic. The least optimistic industries are real estate & rental services (57%) and healthcare (59%). It's worth noting that even with the least optimistic industries, the majority are still optimistic.

Facebook at Work? It Depends…

For the first time in 2011, we expanded our survey to include questions on the changing world of work including the use of social media at work and for work.

Employee use of social media is a still-unfolding phenomenon in business. Is it a time-waster or is it a means for people to do their jobs better and promote the company brand? Companies remain undecided, but for some, the cons outweigh the pros. Just over half of companies say they have a formal policy regarding social media use by employees, but only about a quarter of those with polices encourage the use of social media. Nearly half of companies do not allow the use of social media at work.

Companies themselves though seem to see the value of social media as a recruiting tool. Over half of respondents report using social media tools, principally LinkedIn. Smaller companies are more likely than larger companies to use social media as a recruiting tool.

Over 50% of employers are using social media for recruiting.

Survey Highlights

- **The bleeding is stopping.** In 2011, only 14 percent of companies said they had decreased in size compared to 2009, when 41 percent said they had gotten smaller.
- **Employees see opportunity.** In 2011, the top reason for people leaving their organization was seeking higher pay elsewhere, while in 2010 the top reason personal reasons (changes in family, marriage, health, school, etc.).

- **Employers are worried about retention.** The majority of respondents (50%) felt employee retention was a top concern in 2011.
- **Growth is happening in the middle.** Large companies (>1,000 employees) were the most likely to decrease their organization size over the year, while medium companies (100 - 1,000 employees) were the most likely to increase their organization size.
- **Technology and media lead the way.** Companies in the information, media & telecommunications space were most likely to boost organization size over the last year: 57%. In a close second was transportation & warehousing/storage at 55 percent.
- **CEOs call the shots.** Over half of respondents say that the CEO is responsible for setting compensation budgets.
- **Compensation is structured to retain, not to hire.** The most important compensation objective guiding respondents' 2011 decisions for all company sizes were, "Retaining Top Employees."
- **Compensation analyses are still less than dynamic.** Only a third of companies reported conducting market and compensation analyses continuously, throughout the year.
- **Social media is not yet mainstream in business.** Of the companies with official policies, only a third promote the use of social media.

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Outlook for Employers in 2012:

PayScale's Compensation Practices Survey

1. **Overview**

The following is a summary of survey results for the 2011 Market Pricing Practices Survey, as well as a comparison of those results to the 2010 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?
  - What are companies' social media practices?

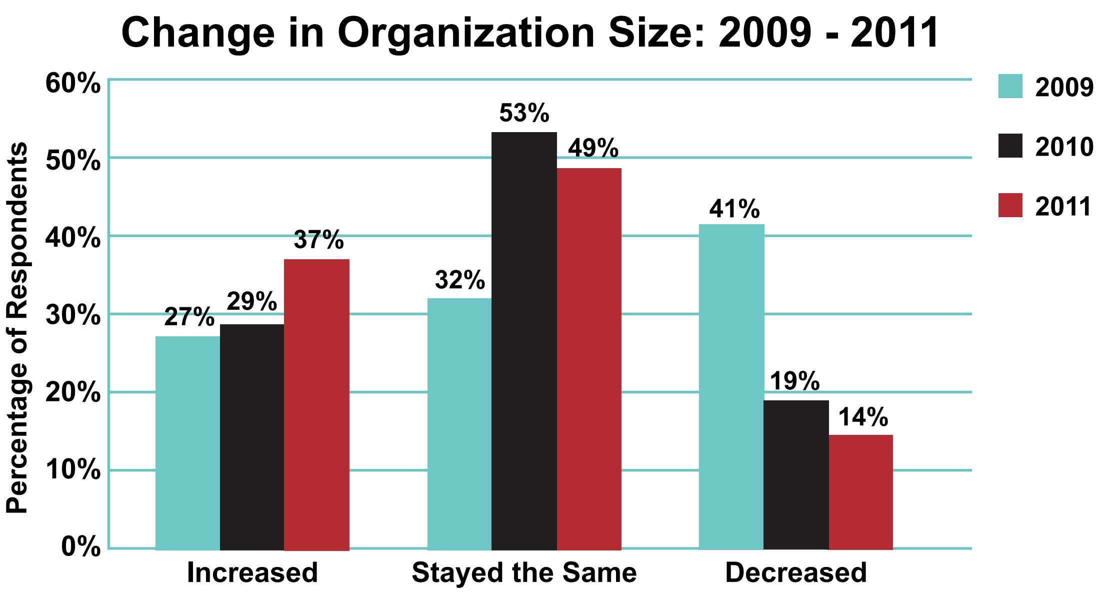
- The report shows results at a macro level, as well as interesting highlights by company size and industry.
  - **Company size breakdown:**
    - Small: < 100 employees
    - Medium: 100 - 1,000 employees
    - Large: >1,000 employees
  - **Industry breakdown:**
    - Industries included in the study are as follows: arts, entertainment & recreation, business operation support services, construction, finance & insurance, food services & accommodation, healthcare, information, media, & telecommunications, manufacturing, mining, oil & gas exploration, other, professional, scientific & tech services, real estate & rental services, retail, transportation & warehousing/storage, utilities, and wholesale trade.

2. **Hiring Practices: 2011 Continues the Upward Trend**

Changes in Organization Size: The Bleeding Has Stopped and Growth Is Returning

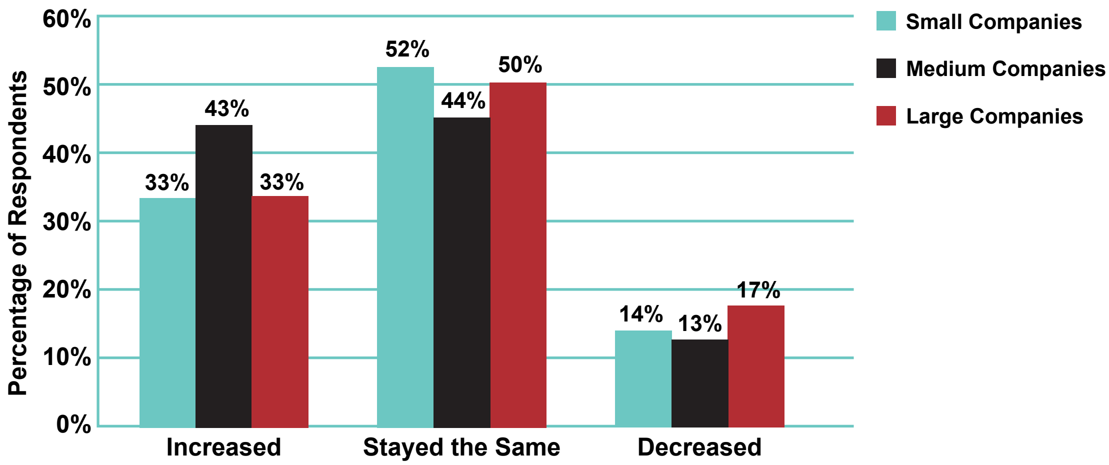
- In 2009, over 40% of respondents said their organization size decreased, while over 80% of respondents said their organization size stayed the same or increased in 2010. The percentage staying the same size or growing increased even further in 2011 to 86%.
- As the chart below indicates, more organizations increased their size in 2011 than in either 2009 or 2010.

- This growth appears to be sign of continued improvement in the economy, as fewer companies are terminating employees and are instead are holding constant or even adding new talent.



- When examining the results by company size, we see generally the same pattern: the majority of respondents, regardless of company size, chose to either maintain or increase their organization size.
- Large companies (>1,000 employees) were the most likely to decrease their organization size over the year, while medium compa nies (100 - 1,000 employees) were the most likely to increase their organization size.
- Even though large companies were the most likely to decrease their organization size, they are doing it less frequently than in recent years: over 50% of large companies decreased their organization size in 2009, while only 20% did so in 2010. In 2011 that percentage dropped again to 17%.

Change in Organization Size in 2011 by Company Size



- Similar to the patterns seen above, the majority of industries experienced either a constant or increasing organization size over the last year.
- However, there were some that stood out:
  - Organizations in the finance & insurance industry were most likely to keep the same organization size over the last year (60%). In a close second was healthcare at 59%.
  - Organizations in the information, media & telecommunications industry were most likely to increase their organization size over the last year (57%). In a close second was transportation & warehousing/storage at 55%.
  - Organizations in the food services & accommodation Industry were most likely to decrease their organization size over the last year (45%). Construction was second with 22% reducing their organization size.

Employee Departures: 2011 Saw More Leaving to Find Better Pay Elsewhere

- The top reason people left organizations in 2011 was to seek higher pay elsewhere.
  - In 2010, the top reason for people leaving their organization was personal reasons (changes in family, marriage, health, school, etc.), while in 2009 the top reason was poor performance.
- Personal reasons remained the second most popular reason for people leaving their organization in 2011.

- Seeking advancement elsewhere increased in significance over the last three years, with the percentage of respondents indicating it was among their top three reasons rising from 29% in 2009 to 42% in 2010 and 46% in 2011.
    - For both medium and large companies the top two reasons people left in 2011 were to seek higher pay and for personal reasons. However, for small companies, the top reason was poor performance, although the percentage of small compa nies who chose this as a top reason dropped from 65% last year to 48% this year.
- With the exception of construction, transportation & warehousing/storage, wholesale trade and mining, oil & gas exploration, the top reason for people leaving the organization was either seeking higher pay or personal reasons.
    - For organizations in the construction, transportation & warehousing/storage or wholesale trade industry, the top reason people left was poor performance, which was chosen by at least 54% of respondents.
    - For mining, oil & gas exploration, the top reason to leave was seeking advancement elsewhere, with seeking higher pay coming in second.
- 79% of respondents agree that pay is not the primary reason that people first start looking for a new job. This percentage has remained consistent over the last three years.

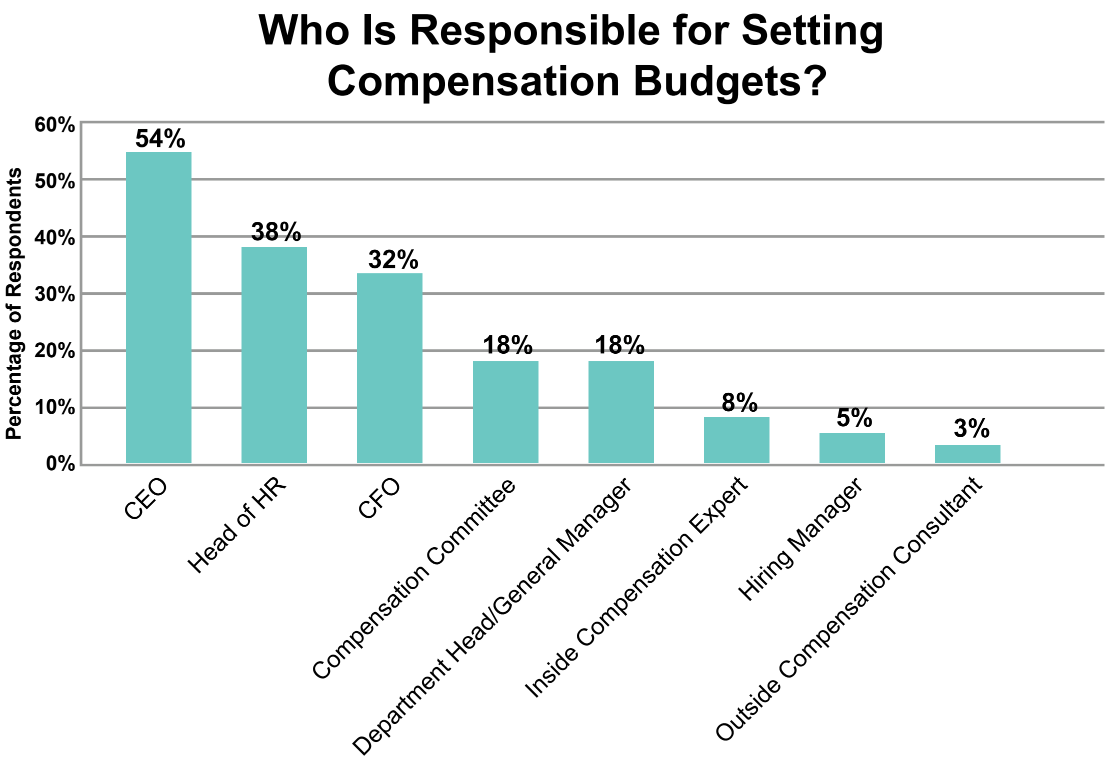
Employee Retention: Increasingly A Focus

- The concern with employee retention has increased since 2009.
    - In 2009, most respondents felt employee retention was either somewhat of a concern or not a concern. However, in 2010 almost 50% of respondents felt employee retention was a top concern or among their top concerns and only 17% felt it was of little or no concern.
    - The level of concern over retention was roughly the same in 2011: 50% felt it was a high or top concern and only 15% felt it was of little to no concern.
- Concern over retention was consistent across company sizes, although large companies were the most concerned: 56% felt it was a high or top concern.
- Similarly, concern was consistent across industries. Those in the mining, oil & gas exploration industry were the most concerned with employee retention: 70% felt it was a high or top concern.

3. Compensation Practices: 2011 Sees Few Changes

Compensation Practices Follow Familiar Patterns

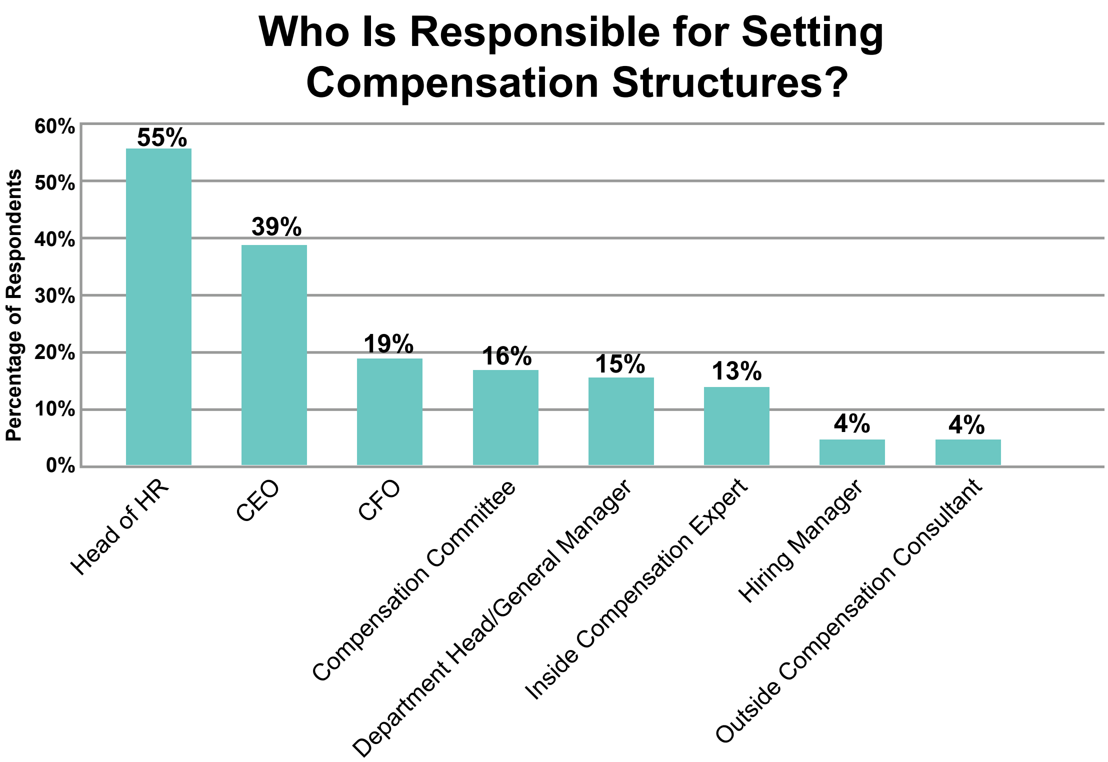
- **Setting Compensation**



**Note: Percentages add up to over 100% because multiple answers were permitted for this question.

- In both 2009, 2010 and 2011, the majority of respondents identified the CEO as the individual responsible for setting compensation: at least 50% each year.
  - The next most frequent choice across all years was head of HR and CFO, both with at least a third of respondents indicating they set the budgets.
  - The least frequently cited role in all years was outside compensation consultant, with 3% or less of the responses in both years.
- The same pattern is seen across most industries and company sizes. The exception is large companies, where the head of HR (51%) is usually responsible for setting compensation budgets, while CEOs and CFOs are second (46% each).

- **Compensation Structures**
  - Although the CEO is primarily responsible for setting compensation budgets, the head of HR is primarily responsible for setting compensation structures.



  - Over 50% of respondents reported that the head of HR sets compensation structures at their organization, compared to only 39% who indicated CEOs.
    - These results are very similar to those in 2010, where 54% of respondents indicated that compensation structures were determined by the head of HR.
  - The same pattern holds across most industries and company sizes. In small companies it is the CEO who sets compensation structures (53%).
- **Compensation Adjustments**
  - Over a third of respondents adjusted compensation for more than 50% of their workforce in both 2010 and 2011.
    - Overall, just 12% of respondents didn't adjust their compensation for any of their workforce in 2011, compared to 17% in 2010.
  - The main reason why companies adjusted compensation was "Performance-Based Pay Increases" (69%). The second most significant reason was "Employee Promotions" (49%).

- Large companies were the ones most likely to adjust compensation for over 50% of their workforce; 41% of them chose this option compared to 33% of small companies and 34% of medium ones.
- With the exception of construction, food services & accommodation, retail, transportation & warehousing/storage, and wholesale trade, the majority of respondents by industry adjusted compensation for more than 50% of their workforce in 2011.
    - Organizations in the food service & accommodation industry were the most likely ones to not adjust compensation at all in 2011 (23%), followed by those in the construction industry (19%).
- Regardless of company size or industry, the principal reason why companies adjusted compensation was "Performance-Based Pay Increases,"(69%). Just under half (49%) indicated "Employee Promotions" as a driver of compensation adjustment.
    - Note: Both of these percentages increased from 2010, where 67% adjusted compensation due to a "Performance-Based Pay Increase" and only 39% adjusted compensation for an "Employee Promotion."

- **Base Salary Increases**
    - On average, respondents spent 2%-3% of their total payroll on base salary increases in 2011, the same rate as 2010 and 2009.
        - Base salary adjustments ranged from a decrease of 10% to an increase of 15%.
    - Mining, oil & gas exploration and information, media & telecommunications were the two industries most likely to spend more than 10% of their total payroll on base salary increases.
        - Food services & accommodation and construction were the two industries most likely to spend 0% of their total payroll on base salary increases.
- **Pay Range Adjustments**
    - Of those who use pay ranges, 66% adjusted them in 2011, compared to only 25% of respondents in 2010.
        - Of those who adjusted their pay ranges, the average adjustment was approximately 5%, slightly up from an average of 4% in 2010.
- **Compensation Objectives**
    - The most important compensation objective guiding the respondents' 2011 decisions was "Retaining Top Employees," which was chosen by 54% of respondents. This was true across company sizes and industries.
        - The second most popular choice was "Attracting New Talent," identified by 16% of respondents as their primary objective, and by 32% of respondents as their second most important objective.
    - As in 2010, most respondents felt that "Introducing or Upgrading a "Pay-for-Performance Plan" and "Managing Increases in Healthcare Costs" held no importance whatsoever.

- **Salary Ranges vs. Market Percentiles**
  - Salary ranges per job group are common, but varying the target market percentile per job group is not.
  - The majority of companies (75% in 2010 and 78% in 2011) use salary ranges to structure their compensation programs, while only 6% use broad banding (very wide salary ranges covering a progression of similar jobs). The remaining respondents don't use either.
  - Of those companies that use salary ranges, the majority use ranges for groups of jobs (grades) rather than job-specific ranges (56% and 43%, respectively).
    - The likelihood of grouping salary ranges by grade increases with company size (the remaining percentages do not use either method).

Grouping of Salary Ranges by Company Size

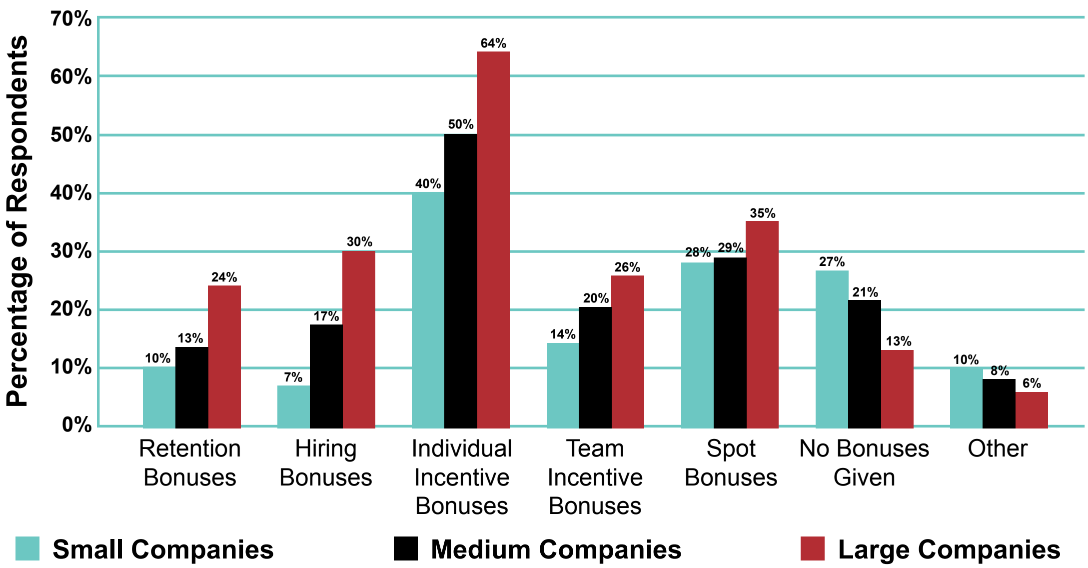
Company Size	By Grade	Each Job Has Its Own Salary Structure
Small	41%	44%
Medium	69%	29%
Large	73%	20%

  - The most common way for those who use grades to assign jobs to grades is to use market data (43%). This is true across all company sizes.
  - Additionally, aligning different jobs or categories of employees with different market percentiles, e.g. 50th for professional and 75th for executives and key jobs, is not especially common, as only 31% of respondents indicated they use this practice.
    - However, it is more common for larger companies. The following lists the percentage of respondents who align jobs with different market percentiles.
      - Small companies: 23%
      - Medium companies: 36%
      - Large companies: 42%
  - Varying the target market percentile per job is uncommon in most industries as well, except in the information, media, & telecommunications industry, where 52% of respondents align jobs with different market percentiles.

- **Adjustment of Salary Structures**
  - Of those companies that have a salary structure, "Adjusting Their Salary Structures as They See Necessary" or "Adjusting Annually" were tied for the most popular choice, with 41% each.
  - Just over 50% of respondents adjusted their salary structure in the l ast 12 months, up significantly from ~30% in 2010.
  - This pattern was generally the same across company sizes and industries.
- **Internal Pay Equity**
  - When evaluating internal pay equity, the majority of companies evaluate compensation for individuals in the same job (62%). The next most common factors considered for internal pay equity were “Compensation by performance level” and “Compensation across jobs at the same grade or level” (58% and 55% respectively).
  - The least common factor considered was “Compensation by employee potential (~20%).
    - Note, multiple answers were allowed for this question, so respondents often chose more than one option for how internal pay equities are addressed.

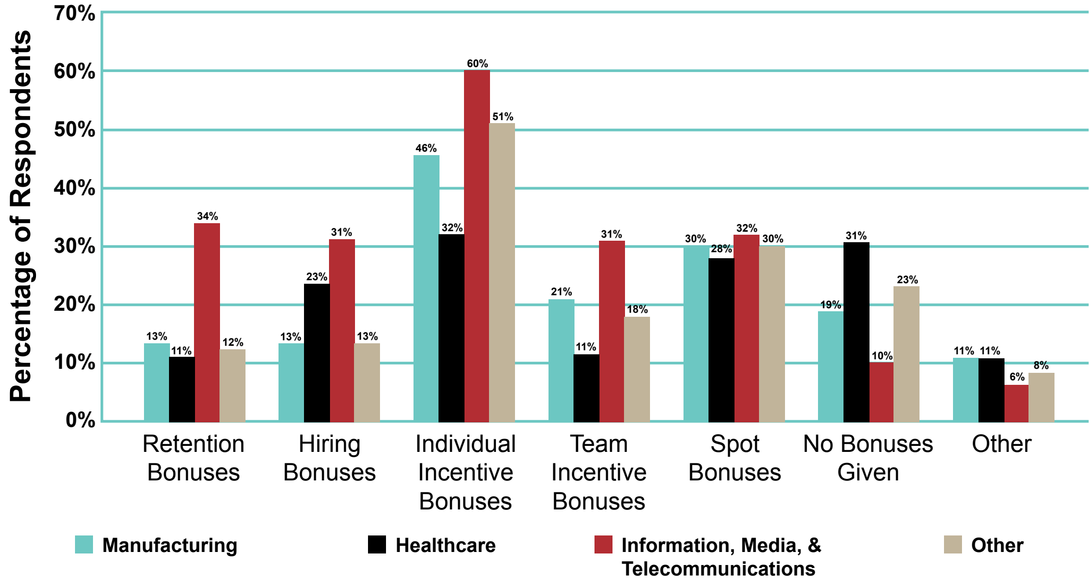
- **Cost of Living**
  - Cost of living increases remain rare, although their use increased over previous years. 31% of respondents granted them in 2011, compared to 25% in 2010 and 27% in 2009.
  - Inflation, which rose from just over 1% in 2010 to approximately 3.5% in 2011, may have played a role in the small increase in cost of living raises granted as it rose
- **Bonuses: Who Receives Them and What Type?**
  - On average, just as in 2010, respondents spent approximately 6% of their 2011 payroll budget on variable pay incentives,
    - The two main groups to receive variable pay incentives were executives (39%) and directors and managers (41%).
    - About 30% of respondents do not offer variable pay incentives at all.
  - Small companies are less likely to offer variable pay incentives than medium and large companies. The following lists the percentage of respondents who pay variable pay incentives.
    - Small companies: 57%
    - Medium companies: 62%
    - Large companies: 79%
  - In 2011, as in 2010, individual incentive bonuses were the most common type given, with nearly 50% of respondents reporting they awarded them.
  - Respondents are nearly evenly split between the use of discretionary bonuses or non-discretionary bonuses. Of those who use bonus programs, about 28% use discretionary programs, 41% use non-discretionary programs, and 31% use both.

Types of Bonuses Awarded in 2011 by Company Size



- Healthcare companies are less likely to pay variable pay incentives than companies in other industries. The following lists the percentage of respondents who pay variable pay incentives, organized by the three industries with the greatest number of respondents in the survey, and then all other industries.
  - Healthcare: 53%
  - Manufacturing: 64%
  - Information, media, & telecommunications: 83%
  - All other industries: 67%
  - The information, media, & telecommunications industry puts by far the most emphasis on pay incentives, with 83% of companies in this industry reporting their use.
- Manufacturing and information, media, & telecommunications organizations were the most likely to grant individual incentive bonuses (chosen by 46% and 60% respondents, respectively), while healthcare organizations were the most likely to give no bonuses.

Types of Bonuses Awarded in 2011 by Industry



- **Formal Compensation Strategy and Market Analysis**
  - Over 80% of respondents either have or are working on a formal compensation strategy.
    - The likelihood of having or working on a formal compensation strategy increases with company size.
      - Small companies: 75%
      - Medium companies: 86%
      - Large companies: 91%
  - Overall, 33% of respondents conduct market and compensation analyses continuously, throughout the year.
    - Organizations in the healthcare industry are leading the way with 47% of respondents saying they conduct market and compensation analyses continuously, throughout the year.
    - The likelihood of conducting a compensation study also increases with company size. The following lists the percentage of respondents who conducted or are currently conducting a market compensation study.
      - Small companies: 35%
      - Medium companies: 48%
      - Large companies: 68%
  - When looking at quarters, the most common quarters to conduct market and compensation analysis are Q3 and Q4 (11% and 13% of all respondents, respectively).

4. 2012 Hiring and Compensation: Outlook and Salaries Looking Up

Companies, in Particular Smaller Ones, Are Bullish

- Companies are generally optimistic. About two thirds of respondents think their company's financial performance will improve in 2012.
    - Respondents from small and medium companies are the most optimistic about their future financial performance (~70% of respondents). The small and medium companies are only slightly more optimistic than large companies, where 64% of respondents indicate they expect their company's financial performance to improve in 2012.
    - The most optimistic industries are business operation support services (80% think their financial performance will improve in 2012), information, media & telecommunications (78%), and retail (77%).
    - The least optimistic industries are real estate & rental services (57% think their financial performance will improve in 2012) and healthcare (59%).

Vast Majority Plan Salary Increases

- Similar to last year, companies are planning on increasing salaries.
    - In 2012, over 93% of respondents plan to give compensation adjustments to their workforce. 41% of those respondents plan to give compensation adjustments to more than 50% of their workforce.
- Similar to their 2011 practices, the majority of respondents plan to make compensation adjustments due to performance-based pay increases (72%).
- Finance & insurance, manufacturing, and mining, oil & gas are the three industries most commonly giving compensation adjustments to more than 50% of their workforce, with 53%, 47% and 46% response rates respectively.
- Other than food service & accommodation, about 90% of respondents in the other industries expect to give compensation adjustments in 2012. Less than 80% of those in the food service & accommodation industry expect to do so.

Most Expect to Maintain Size, with Few Planning to Decrease

- Like last year, companies plan to mostly maintain their current work force.
    - 55% of companies say they expect their workforce to stay approximately the same in 2012, while about 38% plan to increase their workforce, both totals are up ~5% from last year's expectations.
- Large companies are the ones least likely to increase their size and most likely to decrease their size in 2012.

How Do You Expect Your Workforce to Change in 2012 (by company size)?

Change To Workforce in 2012	Small Companies	Medium Companies	Large Companies
Increased	41%	41%	29%
Stayed the Same	53%	54%	61%
Decreased	6%	5%	10%

- The industries are split fairly evenly on whether they will increase or decrease their workforce in 2012.
- Below is a table highlighting some of the differences across industries.

How Do You Expect Your Workforce to Change in 2012 (sample of industries)?

Industries	Increased	Stayed the Same	Decreased
Business Operation Support Services	51%	37%	12%
Construction	42%	45%	13%
Finance & Insurance	17%	66%	17%
Healthcare	32%	62%	6%
Info, Media & Telecommunications	58%	36%	6%
Real Estate & Rental Services	34%	66%	0%

Employee Retention Even More Important in 2012

- Companies still want quality workers. Retaining and attracting quality workers are the two chief compensation objectives for 2012 (as they were in 2011), regardless of company size and industry.
- Regardless of company size, ~60% of respondents feel employee retention will be of either high concern or their top concern in 2012, while less than 10% feel it will be of little to no concern in 2012.
  - Mining, oil & gas exploration is the industry with the greatest concern for employee retention in 2012: 81% of respondents in this industry feel employee retention is a high or top concern for 2012.
  - Real estate & rental services is the industry with the least concern for employee retention in 2012: 21% of respondents in this industry feel employee retention is of little to no concern for 2012.

- The majority of companies plan to reward and retain high-performing employees through a merit-based pay plan (~50%).
    - The next most common approach is to provide learning and developmental opportunities (~45%) as rewards.

5. Social Media: Yes for Business, Maybe for Employees

- Facebook at work? It depends. Just over half of all respondents (53%) indicated their workplace has a formal policy on the use of social media.
    - Of companies with official policies, only 29% encourage the use of social media at work, while 42% say the use of social media is not allowed at all.
    - Of those companies that do not allow the use of social media, exactly half said they block access to websites such as Face book.
- The larger the company, the less likely it has a formal social media policy in the workplace: 57% of small companies have a formal social media policy, compared to 52% of medium companies and 47% of large companies
    - Small companies, however, were the least likely to block access to social media sites. Only 16% of small companies with an official social media policy blocked access to websites, compared to 24% of medium and large companies.
- The three industries most likely to have a formal policy on social media use are retail (65%), manufacturing (62%), and business operation support services (59%).
    - Healthcare, information, media, & telecommunications, and all other industries were split nearly evenly at ~50%.
    - For those with a policy in place, mining, oil & gas exploration was the strictest, as 71% of respondents indicated that the use of any social media was not allowed at work.
    - Information, media, & telecommunications was the only industry where a majority of companies with a formal policy actually encouraged the use of social media at work (59%), compared to all other industries (29%).

Social Media Emerges as a Recruiting Tool

- 56% of all respondents said they used social media to help recruit their workforce in 2011.
    - For those who do use social media, LinkedIn was the most popular website, with 80% of respondents saying they used it as a recruiting tool.
    - The second most popular choice was Facebook, which 45% of respondents used.
- Small companies proved the most likely to use social media for recruiting; 65% of respondents compared to 51% for medium companies and 44% for large companies.

    - It appears that smaller companies are more aware of social media and its potential benefits and drawbacks, being most likely to use it for recruiting, as well as the most likely to discourage its use by employees at work.
- Matching the trends of social media use by employees, information, media, & telecommunications was the industry most likely to use social media for recruiting (78%).
    - The industries least likely to use social media for recruiting were construction (71% don't use it), real estate & rental services (69%) and wholesale trade (64%).

Major Changes from Last Year: Improving Economy Increases Emphasis on Retention

- **Overview:** In general, trends from 2010 continued in to 2011, after a year of relative stagnation in 2009.
- **Greater Optimism**
    - In the past two years, companies have been focused on increasing their workforces at a steady rate.
    - In addition to increasing the size of their workforce, most companies indicated that they have increased employee wages in 2011, and intend to continue doing so in 2012.
- **Focus on Employee Retention**
    - This year, employers are even more concerned with employee retention than previous years, especially in the competitive information, media, & telecommunications industry.
    - Now that the economy appears to be improving, workers may no longer feel the need to stay in a job that doesn't satisfy them.
    - For this reason, among others, employers continue to feel that employee retention is one of their top concerns for 2011.
- **Salary Ranges by Grade**
    - This year, as in 2010, most respondents group their salary ranges by grade rather than having them be job specific.
    - For those companies that do group their salary ranges by grade, using market data was the preferred choice for deter mining pay levels.

About PayScale

PayScale is the largest online provider of compensation data, and planning software in the industry. With PayScale MarketRate™ organizations are able to easily match compensation data to their workforce based on their local market, industry and unique employee skills. PayScale Insight (TIM) combines market fresh pay data with easy to use comp planning software to help employers structure their compensation plan and maintain a competitive strategy year-after-year.

To learn more about PayScale compensation solutions, please visit www.Payscale.com/pro, email sales@payscale.com, or call (888) 699-0702.

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The PayScale Index – Review the latest pay trends as they evolve each quarter.