Here comes the Sun

With the economy warming up, 2013 is looking bright for businesses as many organizations are showing growth, and expressing the most optimism yet in post-recession years.
EXECUTIVE SUMMARY

COMPENSATION FORECAST:
SUNNY WITH A CHANCE OF RAISES

The sun is shining on businesses once again as optimism has rebounded. Compensation purse strings are loosening for employers in nearly all industries and for companies of all sizes. According to The Payscale 2013 Compensation Best Practices Survey, many employers reported that they grew more than predicted, increased the raises given in 2012 over previous years and more than two-thirds expect increased growth in 2013. Businesses are expressing the most optimism we’ve seen in post-recession years.

SURVEY METHODOLOGY

The survey of Compensation Best Practices was conducted in November and December of 2012. 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 as comparisons of a number of industries including healthcare, finance and insurance, and information, media & telecommunications. There were 4,429 respondents.

WORKFORCE GROWTH AND OPTIMISM

The results of our survey demonstrate continued improvement in the economy, as more companies look to expand after a period of relative stagnation. Organization sizes increased more in 2012 than in either

Companies Expecting Financial Performance to Improve in 2013

- 44.8% Small
- 33.7% Medium
- 21.4% Large

70% of executives expect their company’s financial performance to improve in 2013, compared to 65% of non-executives.
2010 or 2011, most often growing more than even forecasted in 2012. In our 2011 survey, 38% of companies expected their workforce to grow in 2012, and 50% actually experienced an increase in workforce size. Going into 2013, 53% of companies expect their workforce to increase in size with 15% more businesses planning to hire than in 2012.

If 2012 represented the return of raises, 2013 makes that forecast even more solid with 85% of all companies planning to give raises in 2013. In the survey, 56% of companies reported that performance-based pay increases are the main reasons for raises—an increase from 48% in 2012.

TREAD WITH CARE IN 2013

Competition is heating up and it’s getting more challenging to retain top talent. As in 2012, retention continues to be the top concern among businesses, even becoming more important. In 2009 only 28% of companies listed retention as their top concern, but by 2012 that number increased to 49%, and for 2013 a whopping 59% of companies are more worried about retaining talent than anything else.

Finding skilled labor is also a top concern for most companies. In the survey, 67% of companies are having a hard time filling skilled job positions with 61% of those saying the reason is a lack of qualified job applicants. Though unemployment is still high, the reported skills gap shows us that there are many job categories in high demand.

IT and technical jobs are the most difficult to fill, but on the industry level, nearly two-thirds of all companies in the Mining, Oil & Gas Exploration and Construction categories report having hard-to-fill positions.

SOCIAL MEDIA ACCEPTANCE AT WORK IS INCHING UP

Employee use of social media became slightly more accepted in 2012 over 2011 with 56% of companies having a formal policy regarding social media use by employees. In 2012 more companies actually encouraged its use at work than in 2011, 35% vs. 29%, while fewer companies banned its use, 36% vs. 42%.

The industries most encouraging of social media at work were, not surprisingly, Information, Media & Telecommunications (56%) and

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WHEN ASKED WHAT THEIR TITLE SHOULD BE, WE GOT SOME INTERESTING ANSWERS. HERE ARE A FEW:

Jack of all Trades, HR Guru, Harmony Hero, the Company Mom, the Dear Abby of Management, King of All HR, Total Compensation Czar, Chief Peace Keeper, Policy Ninja, Jack of All Traders, HR Czar, Miracle Maker, Jill of All Trades, and Playground Monitor.
Of those who do use social media, LinkedIn was the most popular social network, with 87% of respondents saying they used it as a recruiting tool, followed by Facebook, 44%, and Twitter, 21%.

**SURVEY HIGHLIGHTS: 2012 REVIEW**

- **CEOs call the shots.** Consistently since 2009, more than half of respondents say that the CEO is responsible for setting compensation budgets.

- **Half of all companies grew.** The majority of respondents, regardless of company size, chose to either maintain or increase their organization size, with exactly half reporting company growth.

- **Compensation is structured to retain, not to hire.** As in 2011, the most important compensation objective guiding respondents’ 2012 decisions for all company sizes was “Retaining Top Employees.” This continues to be a top concern for 2013.

- **Social media is gaining ground in business practices.** Of the companies with official policies, more than one-third promote the use of social media, especially LinkedIn and mostly for recruiting.

- **Small and medium companies are the ones to watch.** Large companies were the most likely to decrease their organization size over the year, while small and medium companies were the most likely to increase their organization size.

- **Mining, Oil & Gas Exploration companies lead the way.** Companies in this category were most likely to boost organization size over the last year: 63%. In a close second was the Information, Media & Telecommunications Industry (60%).

- **The skills gap is substantial.** Large companies are most likely to have positions that have been open for six months or more; 51% have them, compared to 40% of medium companies and only 23% of small companies (35% overall). Lack of qualified applicants was the top reason for unfilled positions (61%), followed by being unable to offer a competitive salary (22%). This was broadly the case for all company sizes and industries.
2013 PREDICTIONS

- **Optimism abounds.** Companies are optimistic about 2013, with 66% expecting their financial situation to improve in 2013, and only 7% expecting it to worsen.
- **Companies want government help with the skills gap in 2013.** 56% want the government to address the under-supply of qualified workers by offering employers tax incentives to invest in educating their own workers. 34% said government should increase education spending, and 33% promoted investment in retraining programs for the unemployed.
- **The U.S. view on higher taxes is bleak.** 33% said they think increased top income-tax rates will have a negative effect on business growth, and only 4% think it will have a positive effect.
- **Salaries will go up.** 85% of companies say they plan to give pay raises in 2013, and 57% say they will give raises to at least half of their workforce.
- **Companies will pay for performance.** Performance-based pay increases are the driver for pay raises in 2013, with 56% of companies saying it is the main reason for pay raises, as opposed to 48% in 2012.
- **They’re growing.** Over 50% of organizations expect to increase in size in 2013. In last year’s survey, only 38% said they expected their workforce to increase in 2012.
- **Retention continues to be a top concern for 2013.** 59% of companies feel employee retention is either a high concern or their top concern, while fewer than 10% say it is a little concern or not a concern for 2013.
- **They’re preparing for the talent wars.** Companies will fight for talent with strategies that focus on offering merit-based pay and learning and development opportunities.
- **ObamaCare isn’t a big concern.** Companies of all sizes told roughly the same story, with about 75% expecting no changes in their staffing plans due to the implementation of federal healthcare law, 7% plan cutting back hours, and 14% say they will hire fewer workers in 2013.
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The following is a summary of survey results for the 2012 Compensation Best Practices Survey, as well as a comparison of those results to the 2011 Compensation Best Practices Survey.

The data and analysis in this report focuses on answering the following questions:

- 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?
- How are companies coping with the skills gap?
- How are companies dealing with new governmental policies, particularly regarding taxes and healthcare?

The report shows results at a macro level, as well as by company size and industry.

- Company size breakdown:
  - Small: <100 employees - 45%
  - Medium: 100 - 1,000 employees - 34%
  - Large: >1,000 employees - 21%

INDUSTRY BREAKDOWN:

Industries included in the study are as follows:

- Finance & Insurance
- Healthcare & Social Assistance
- Information, Media & Telecommunications
- Manufacturing
- Professional, Scientific & Tech Services
- Arts, Entertainment & Recreation
- Business Operation Support Services
- Construction
- Food Services & Accommodation
- Mining, Oil & Gas Exploration
- Real Estate & Rental Services
- Retail
- Transportation & Warehousing/Storage
- Utilities
- Wholesale Trade
FEELINGS ABOUT THE ECONOMY

CHANGES IN ORGANIZATION SIZE

- As shown in the chart below, more organizations increased their size in 2012 than in either 2010 or 2011.
- This change appears to be a sign of continued improvement in the economy, as more companies look to expand after a period of relative stagnation.

CHANGE IN ORGANIZATION SIZES: 2010-2012

![Change in Organization Sizes Chart]

- 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 companies (100 - 1,000 employees) were the most likely to increase their organization size.

2012 CHANGES IN ORGANIZATION SIZE, BY COMPANY SIZE

![2012 Changes in Organization Size Chart]

- Similar to the patterns seen above, the majority of industries experienced either a constant or
increasing organization size over the last year.

Some industry highlights:

- Mining, Oil & Gas Exploration companies were most likely to increase in size, with 63% reporting organization growth.
- The Information, Media & Telecommunications industry had a particularly turbulent year: 60% of respondents reported size increases—the second-highest of all industries. However, they were also tied for the most likely to decrease in size with Transportation & Warehousing/Storage, at 22%.
- Organizations in Business Operation Support Services and Construction were least likely to decrease in size, only 12%.

REASONS FOR PEOPLE LEAVING AN ORGANIZATION

- The top two reasons for people leaving an organization in 2012 are the same as 2011: personal reasons (family, marriage, health, school, etc.) and to seek higher pay elsewhere.
- Relocation, seeking advancement opportunities elsewhere, and culture fit all declined in popularity as the top reason for leaving an organization in 2012. Relocation fell from 8% to 5%, advancement opportunities fell from 17% to 16%, and culture fit fell from 10% to 9%.
- For small companies, poor performance was the most important reason for someone leaving an organization (23%), and 57% of small companies said it was one of the top three reasons.
- For medium and large companies, seeking higher pay and advancement opportunities elsewhere were the two most cited top reasons.
- In Mining, Oil & Gas Exploration, Retail, Manufacturing, and Finance & Insurance, seeking higher pay was the most important reason for leaving.
• For Wholesale Trade, Transportation & Warehousing/Storage, Real Estate & Rental Services, and Construction, poor performance was the biggest reason for people leaving.

• In the survey, 80% of respondents agree pay is not the primary reason that people first start looking for a new job. This percentage has remained consistent over the last four years.

EMPLOYEE RETENTION

• In line with organization expansion, concerns over employee retention have increased in 2012, a trend that started back in 2009.

• In 2009, most respondents felt employee retention was either somewhat of a concern, or not a concern.

• However, in both 2010 and 2011, about 50% of respondents felt it was a high or top concern, and only 15% in 2010 and 17% in 2011 felt it was little or no concern.

• In 2012, nearly 60% said employee retention was a high or top concern, and only 10% felt it was little or no concern.

• This level of concern was consistent across company sizes, although medium-sized companies were most concerned with retention: 63% cited it as a high or top concern, compared to 58% of small companies and 59% of large companies.

• Similarly, as seen in the chart below, the concern was largely similar across all industries: in the industry least concerned with retention, Wholesale Trade, 52% of respondents still said it was a high or top concern.

• The Professional, Scientific & Tech Services industry was most concerned: 69% said it was either a high or top concern, and only 5% said it was a low concern or no concern.
COMPANIES CONCERNED WITH RETENTION

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Note: Multiple answers were allowed for this question, which is why the percentages add up to over 100%.

- Since 2009, the majority of respondents have chosen the CEO as the individual responsible for setting compensation—at least 50% each year.
- The least popular choice 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, except large companies, where the head of HR (54%) is usually responsible for setting compensation budgets, while CEOs and CFOs are second (42% each).
COMPENSATION STRUCTURE

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

WHO SETS COMPENSATION STRUCTURES?

- Almost 50% of respondents reported the head of HR sets compensation structures at their organization, compared to only 42% of CEOs.
- This pattern is seen across all industries and medium to large companies, however, for small companies the CEO is typically the one who sets compensation structures (56%).

PAY RAISES

- 57% of respondents gave raises to more than 50% of their workforce in 2012, up from 35% in 2011, and a third gave raises to 90% or more of their workforce.
- Overall, 19% of businesses did not give any pay raises in 2012, the largest proportion in three years, and a large jump from 12% in 2011.
- Medium-sized organizations were the ones most likely to adjust compensation for more than 50% of their workforce; 60% of them chose this option compared to 50% of small companies and 59% of large ones.
• Small companies were most likely to not give any raises in 2012; 24% of respondents reported this choice, compared to just 15% of medium organizations and 14% of large ones.

• Manufacturing was the industry most likely to give raises to at least 50% of their workforce; 62% of respondents choose to do so.

• Business Operation Support Services companies were least likely to give raises, with 29% of companies reporting no pay raises, and only 41% giving raises to least half their workforce.

• The main reason why most companies adjusted compensation was “Performance-Based Pay Increases” (48%) and second was “Cost of Living Adjustments” (20%).

• Encouraging employee retention was the second most important reason for pay raises among the Information, Media & Telecommunications and Professional, Scientific & Tech Services.

• Notably, 20% of companies in the Mining, Oil & Gas Exploration industry said labor market adjustments were the main reason for pay adjustments in 2012.

• Of organizations who have pay ranges, 56% adjusted them in 2012, compared to 66% of respondents in 2011.

COMPENSATION OBJECTIVES

• The most important compensation objective guiding the respondents’ 2012 decisions was “Retaining Top Employees,” which was chosen by 66% of respondents.

• This was true across company sizes and industries. Last year, “Retaining Top Employees” was also the most popular choice, but only chosen by 54% of respondents.

• The second most popular choice was “Attracting New Talent”, with 12% of respondents choosing it was the primary objective, and 39% choosing it as the second most important objective.

• “Managing Increases in Healthcare Costs” was the least important objective, chosen by only 13% of respondents as being in the top two objectives.

SALARY RANGES VS. MARKET PERCENTILES

• Salary ranges by job group are common, but varying the target market percentile by job group is not.

• The majority of companies (78% in 2011 and 82% in 2012) 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 44%, respectively).

**COMPENSATION STRUCTURE BY COMPANY SIZE**

<table>
<thead>
<tr>
<th>Company Size</th>
<th>Each Job Has Its Own Salary Structure</th>
<th>By Grade</th>
<th>Broadband</th>
<th>No Structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small</td>
<td>50%</td>
<td>32%</td>
<td>4%</td>
<td>14%</td>
</tr>
<tr>
<td>Medium</td>
<td>30%</td>
<td>52%</td>
<td>6%</td>
<td>11%</td>
</tr>
<tr>
<td>Large</td>
<td>18%</td>
<td>68%</td>
<td>9%</td>
<td>5%</td>
</tr>
</tbody>
</table>

- The most common way for those who use grades to assign jobs to grades is to use market data (40%). This is true across company sizes.
- Aligning different jobs or categories of employees with different market percentiles, e.g. 50th for professional and 75th for executives and key jobs, is a growing trend practiced by 41% of respondents in 2012, an increase from 31% in 2011. See below for details on the trend by company size.
- Small companies: 36% in 2012 vs. 23% in 2011.
- Medium companies: 41% in 2012 vs. 34% in 2011.
- Large companies: 51% in 2012 vs. 49% in 2011.
- Varying the target market percentile per job is uncommon in most industries as well, except in the Business Operation Support Services and Mining, Oil & Gas Exploration industries, where 50% of respondents align jobs with different market percentiles.

**INTERNAL PAY EQUITY**

- When evaluating internal pay equity, the majority of companies evaluate compensation for individuals in the same job (66%). Note, multiple answers were allowed for this question, so respondents often chose more than one option for how internal pay equities are addressed.
- Other common factors considered for internal pay equity were...
“Compensation by performance level” and “Compensation across jobs at the same grade or level” (51% and 49% respectively).

- The least common factor considered was “Compensation by employee potential” (20%).

**COST OF LIVING**

- Cost of living increases remained rare in 2012. In the survey, 71% of respondents say they do not grant them, compared to 69% in 2011 and 75% in 2010.

**BONUSES: WHO RECEIVES THEM AND WHAT TYPE?**

- Bonuses were a popular option for employers in 2012, with 71% of respondents saying they gave variable pay incentives. In 2011 70% of respondents gave bonuses.
- Among those giving out bonuses, the two most likely recipients were directors and managers (77%) and executives (70%).
- In 2012, as in 2010 and 2011, individual incentive bonuses were the most common type given, with about half of all respondents reporting they awarded them.
- Respondents favored non-discretionary bonuses over discretionary ones. Of those who use bonus programs, 27% use only discretionary programs, 39% use only non-discretionary programs, and 34% use both.
- Small companies are less likely to offer variable pay incentives than medium-sized and large companies. The following lists the percentage of respondents who do not pay variable pay incentives.
  - Small Companies: 34%
  - Medium Companies: 28%
  - Large Companies: 23%
- Healthcare companies are less likely to pay variable pay incentives than companies in other industries. The following lists the percentage of respondents who do not pay variable pay incentives for the five industries with the most data and then all other industries combined.
  - Healthcare: 42%
  - Manufacturing: 22%
• Information, Media, & Telecommunications: 16%

TYPES OF BONUSES AWARDED IN 2012 BY COMPANY SIZE

- Finance & Insurance: 14%
- Professional, Scientific & Tech Services: 21%
- All Other Industries: 33%
  - Professional, Scientific & Tech Services companies were most likely to give out bonuses to non-supervisory workers: 78% of respondents said they gave out bonuses to Professional, Technical, and Administrative Employees.
  - Finance & Insurance and Information, Media & Telecommunications were the most likely to grant individual incentive bonuses (78% and 79% of respondents, respectively).

TYPES OF BONUSES AWARDED IN 2012 BY INDUSTRY

Workers in Media & Telecommunications were the most likely to get a bonus in 2012.

79% of companies in these industries paid individual incentive bonuses.
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: 74%
  - Medium Companies: 85%
  - Large Companies: 93%
- 51% of respondents said they typically perform market and compensation analysis annually or bi-annually.
- The likelihood of conducting a compensation analysis at least once a year increases with company size. The following lists the percentage of respondents who conduct market and compensation analysis annually or bi-annually:
  - Small Companies: 46%
  - Medium Companies: 49%
  - Large Companies: 63%
- Q4 is the most popular time to conduct analysis (21%), however 37% of respondents have no set time of year and look at pay on an individual basis as necessary.

ARE YOU STAYING COMPETITIVE BY KEEPING UP WITH THE TRENDS IN COMPENSATION STRATEGIES AND STRUCTURES?

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OUTLOOK FOR 2013

- Companies are optimistic about 2013, with 66% of companies expecting their financial situation to improve in 2013, and only 7% expecting it to worsen.

- Small companies are the most optimistic about their future financial performance (70% of respondents). These figures beat out the optimism at large and medium companies, where 61% and 64% of respondents indicate they expect their company’s financial performance to improve in 2013, respectively.

- The most optimistic industries are Wholesale Trade (84% think their financial performance will improve in 2012), Real Estate & Rental Services (78%), Information, Media & Telecommunications (77%), and Retail (77%).

- The least optimistic industries are Healthcare & Social Assistance (33% expect their financial situation to weaken), Transportation & Warehousing/Storage (27%), and Finance & Insurance (26%).

2013 FINANCIAL OUTLOOK BY COMPANY SIZE

![Graph showing financial outlook by company size]
IMPACT OF GOVERNMENT

- We asked United States’ respondents about the implementation of the Patient Protection and Affordable Care Act (Obamacare), healthcare insurance penalties, and the effects of increased top income tax-rates.

- Companies of all sizes told roughly the same story, with about 75% expecting no changes in their staffing plans due to the implementation of federal healthcare law, 7% plan cutting back hours, and 14% say they will hire fewer workers in 2013.

- The healthcare industry reported its plans being most affected, with only 60% of respondents saying there were no changes expected, while 12% said they would cutback hours, 15% said they would hire fewer full-time workers, and 13% planned for other cutbacks.

- Under new healthcare law, most businesses in the United States with more than 50 employees that do not offer health insurance to 100% of their employees will face penalties.
  - 62% of companies said this will not affect their health care offerings, while 10% said they would increase employee premiums and copays, and 8% said they will offer insurance to all employees. 15% of respondents were still unsure how their company’s offerings would be affected.

- All industries and sizes reported similar effects on their health care offerings.

- Companies took a bleak view of higher taxes; 33% said they think increased top income-tax rates will have a negative effect on business growth, and only 4% think it will have a positive effect.

- Manufacturing took the dimmest view of taxes; 39% said they thought it will have a negative effect on business growth.

- Business Operation Support Services was most positive about taxes, but even in that industry only 7% of companies predict a positive effect, and 59% predict no effect.

SALARY INCREASES

- Similar to last year, companies are planning on increasing salaries. 85% of companies say they plan to give pay raises in 2013, and 57% say they will give raises to at least half of their workforce.

- Performance based pay increases are the driver for pay raises in 2013, with 56% of companies saying it is the main reason for pay raises, as opposed to 48% in 2012.

- Finance & Insurance and Manufacturing are the industries with the highest expectation of giving at least 50% of their workforce pay raises, with 66% and 64% response rates, respectively.

- The Healthcare & Social Assistance industry planned to give fewer pay raises than other industries in 2013, with 21% of companies planning to give no pay raises at all.
workforce size

- Companies plan to continue expanding in 2013.
- Over 50% of organizations expect to increase in size in 2013. In last year’s survey, only 38% said they expected their workforce to increase in 2012.

how do you expect your workforce to change in 2013? (by company size)

<table>
<thead>
<tr>
<th>Change to Workforce</th>
<th>Small</th>
<th>Medium</th>
<th>Large</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase</td>
<td>55%</td>
<td>55%</td>
<td>48%</td>
</tr>
<tr>
<td>Stay the Same</td>
<td>39%</td>
<td>36%</td>
<td>39%</td>
</tr>
<tr>
<td>Decrease</td>
<td>5%</td>
<td>9%</td>
<td>14%</td>
</tr>
</tbody>
</table>

- Industries had significant variance in responses, with Manufacturing most likely to predict shrinking workforces at 14%.

how do you expect your workforce to change in 2013? (industry sample)

<table>
<thead>
<tr>
<th>Change to Workforce</th>
<th>Increase</th>
<th>Stay the Same</th>
<th>Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance &amp; Insurance</td>
<td>51%</td>
<td>43%</td>
<td>6%</td>
</tr>
<tr>
<td>Healthcare &amp; Social Assistance</td>
<td>50%</td>
<td>41%</td>
<td>10%</td>
</tr>
<tr>
<td>Information, Media &amp; Telecommunications</td>
<td>65%</td>
<td>29%</td>
<td>6%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>49%</td>
<td>37%</td>
<td>14%</td>
</tr>
<tr>
<td>Professional, Scientific &amp; Tech Services</td>
<td>62%</td>
<td>32%</td>
<td>5%</td>
</tr>
<tr>
<td>Other</td>
<td>53%</td>
<td>39%</td>
<td>8%</td>
</tr>
</tbody>
</table>
EMPELOYEE RETENTION REMAINS A PRIORITY

• Regardless of company size, 59% of companies feel employee retention is either a high concern or their top concern in 2013, while fewer than 10% say it is a little concern or not a concern for 2013.

• Professional, Scientific & Tech Services and Information, Media & Telecommunications are the industries most concerned with retention in 2013, with 69% and 66% citing it as a high or top concern, respectively.

• Companies in Wholesale Trade were least concerned with retention, with 17% of respondents saying it was of little or no concern.

• As the graph below shows, companies are focusing on offering merit-based pay and learning and development opportunities to attract and retain quality employees in 2013.

PLANS FOR RECRUITING AND MAINTAINING HIGH PERFORMING EMPLOYEES IN 2013

HIRING WOES

• Just over half of respondents agree with the statement: “There is a lack of qualified applicants for our open job positions.”

• Medium companies were most likely to agree (55%), while large companies were least likely to agree (47%).

• Nearly 2/3 of Mining, Oil & Gas Exploration and Construction companies agree (64%), the highest of all industries.

• Arts, Entertainment & Recreation respondents are least likely to agree, only 32% believing there is a lack of qualified applicants.

• Large companies are most likely to have positions that have been open for six months or more; 51%
have them, compared to 40% of medium companies and only 23% of small companies (35% overall).

- Information, Media & Telecommunications and Manufacturing were the two most likely industries to have unfilled positions for at least 6 months (45%).

- Recruitment difficulties varied by company size, as seen in the chart below; large companies struggled filling IT positions, while small companies had the hardest time with Sales.

- The most popular responses for Other were technical/ engineering positions and medical specialists.

TOUGH TO FILL POSITIONS BY COMPANY SIZE

- Lack of qualified applicants was the top reason for unfilled positions (61%), followed by being unable to offer a competitive salary (22%). This was broadly the case for all company sizes and industries.

- According to companies, the best way for the government to address the under-supply of qualified workers is to offer employers tax incentives to invest in educating their own workers, selected by 56% of respondents.

- 34% said government should increase education spending, and 33% promoted investment in retraining programs for the unemployed.

- The least popular response was to reform immigration policy to attract more skilled workers from abroad; only 14% of respondents considered it an appropriate response.

THE MOST POPULAR WRITE-INS FOR "OTHER" HARD-TO-FILL JOBS WERE:

- Engineering
- Technical
- Finance
- Medical Specialists
- Maintenance
- Machinists
- Truck Drivers
- Recommended government actions varied considerably by industry, as seen in the chart below.

- The most expressed Other responses were that the supply of workers is not a problem for government to address, less government involvement overall (e.g. “Ease up on red tape and employee rights”, “do not extend unemployment benefits”, etc.), and improving the education system.

**HOW SHOULD THE GOVERNMENT ADDRESS THE SUPPLY OF QUALIFIED WORKERS?**

- **56%** of companies want the government to address the skills gap with tax incentives to educate their own workers.
USE OF SOCIAL MEDIA BY EMPLOYEES

- Over half of all respondents (56%) indicated their workplace has a formal policy on the use of social media, up from 53% last year.

- Of companies with official policies, the proportion of respondents encouraging social media use at work rose to 35% in 2012 from 29% in 2011.

- Similarly, only 36% of those companies say the use of social media is not allowed at all, compared to 42% who said that was the case in 2011.

- The larger the company, the more likely it has a formal social media policy in the workplace: 50% of small companies have a formal social media policy, compared to 58% of medium companies and 64% of large companies.

- Small companies were also the least likely to block access to social media sites. Only 11% of small companies with an official social media policy blocked access to websites, compared to 23% of medium companies and 21% of large ones.

- The Finance & Insurance industry was most likely to have a formal policy on the use of social media; 71% of respondents in the industry said they had one.

- Construction and, surprisingly, Professional, Scientific & Tech Services industries were the only industries in which less than half of respondents said they have formal social media policies in place, with 39% and 47%, respectively.

- For those with a policy in place, Healthcare & Social Assistance was the strictest, as 51% of respondents indicated that the use of any social media was not allowed at work.

- Information, Media, & Telecommunications is the only industry where a majority of companies with a formal policy actually encouraged the use of social media at work (56%), although Professional, Scientific & Tech Services companies were just under that mark at 49%.
SOCIAL MEDIA AS A RECRUITING TOOL

- 57% of all respondents said they used social media to help recruit their workforce in 2012.
- For those who do use social media, LinkedIn was the most popular website, with 87% of respondents saying they used it as a recruiting tool.
- Facebook was the second most popular network, utilized by 44% of respondents, and 21% used Twitter.
- Overall, larger companies were more likely to use social media for recruiting; 68% did so, while only 59% of medium companies and 50% of small companies did so.
- In the Information, Media & Telecommunications industry, 84% of companies use social media for recruiting, the highest of any industry.
- The Healthcare & Social Assistance and Construction industries were least likely to utilize social media in recruiting at 46% and 45%, respectively.

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