



2013-2014 Compensation Trends

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October 17, 2013

Agenda

- Canadian Market Headlines and Indicators
 - Current Hiring Environment
 - Expected Workforce Changes
 - Turnover and Engagement
- Base Salaries
 - Salary Budget Trends
 - Pay Increases and Engagement
 - Midpoint Adjustments
- Cash Incentive Payments
- Long-term Incentive Awards



Technology in the Headlines

- **Canadian technology industry...**

“Demand for new software tools that enable cloud, social, mobile and data analytics can be expected to remain robust for the foreseeable future,” Raman Chitkara, a PwC partner and global technology industry leader

- Jacob Serebrin, TechVibes, September 6, 2013

- **Your talent reality...**

“...only one in 10 organizations in Canada is able to meet critical IT needs in emerging areas like mobile, cloud computing, analytics and social media, according to a [new IBM study](#). By 2016, we’ll be a full 100,000 tech workers short.”

- “Why Canada is Failing at Tech” (Ryan Holmes, Financial Post, July 10, 2013)

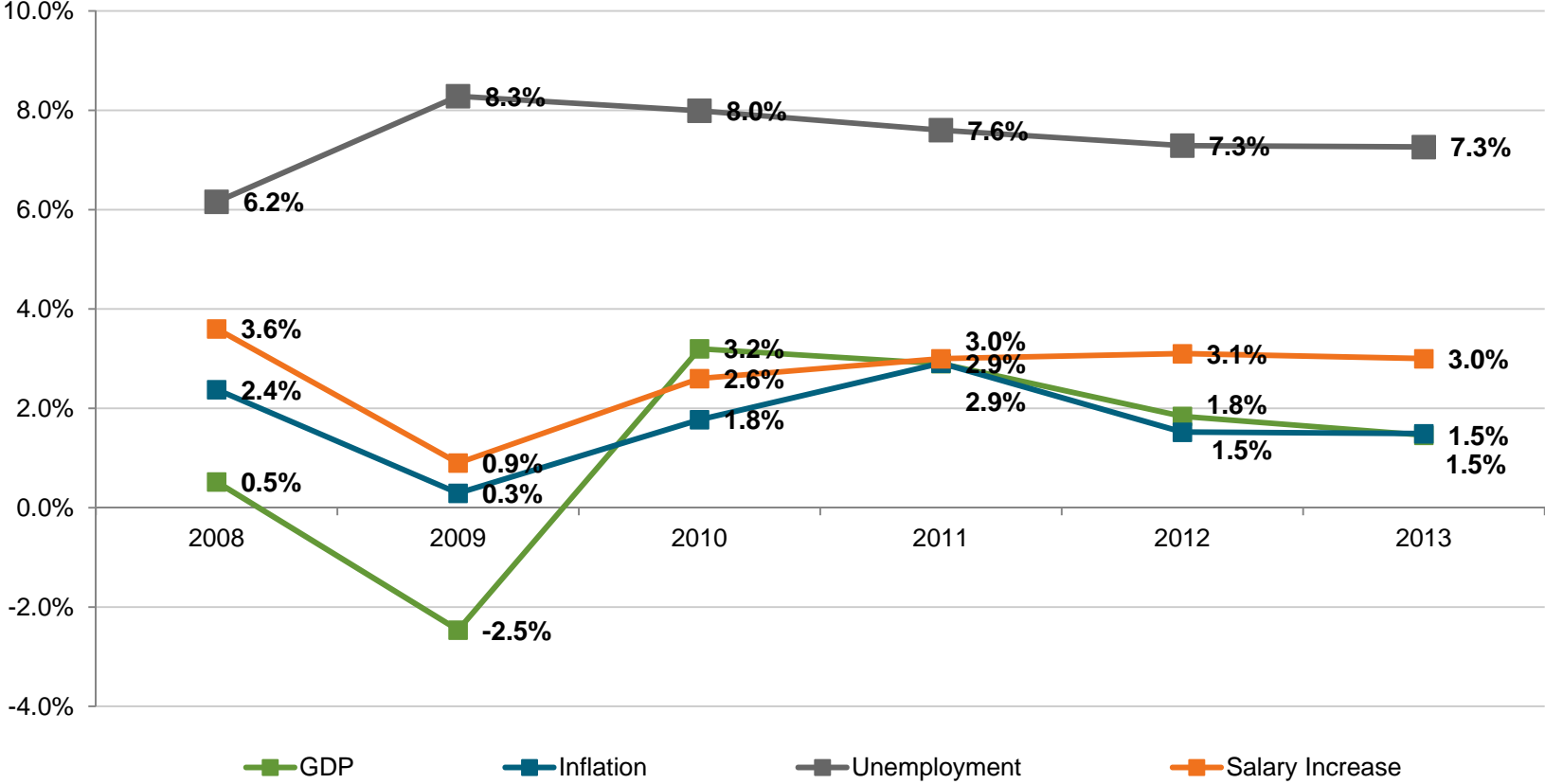
- **Engagement on the rise...**

“...Companies that managed higher employee engagement relative to their peers throughout the economic downturn are now seeing dramatic, positive impacts to their revenue growth. Engagement levels are on the rise globally... shifting across regions.”

- 2013 Trends in Global Employee Engagement (Aon Employee Engagement Survey)



Key Canadian Market Indicators



Source: Radford Trends Report – Technology Edition – Q3 2013; IMF World Economic Outlook, 2013



Global Market Trends

- Canada continues to see less market fluctuation than other global regions

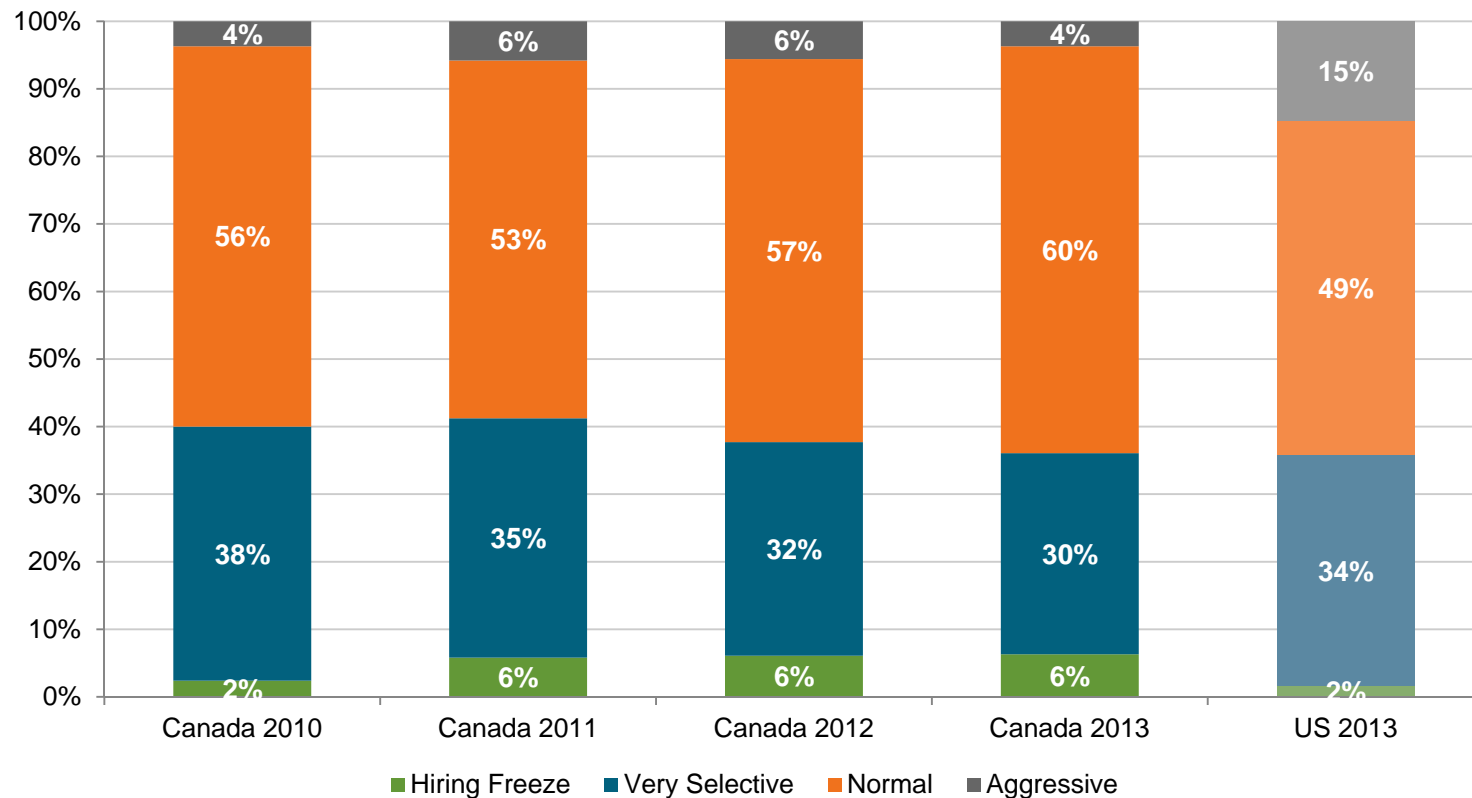
Country	Average Voluntary Turnover	Aggressive Hiring*	Expected Workforce Increasing*	Average 2013 Overall Salary Increase Budget (Diluted)
Argentina	8.5%	1.5%	12.9%	18.8%
Brazil	10.2%	4.4%	21.1%	7.8%
Canada	8.6%	3.7%	17.2%	3.0%
China	11.9%	9.4%	30.5%	8.4%
India	12.4%	11.2%	38.4%	10.8%
Russia	8.4%	3.1%	19.2%	8.1%
United Kingdom	12.4%	5.2%	26.4%	3.1%
United States	11.4%	14.8%	38.7%	3.2%

*Percent of companies responding
Source: Radford Trends Report – Technology Edition – Q3 2013



Current Hiring Environment

- Companies in Canada are increasingly in a “normal” hiring mode vs. more aggressive hiring in the US



Source: Radford Trends Report – Technology Edition – Q3 2010 - Q3 2013



Expected Workforce Changes

- Over the next 12 months, most companies in Canada expect to add headcount or stay the same size, with 17% expecting to increase their workforce

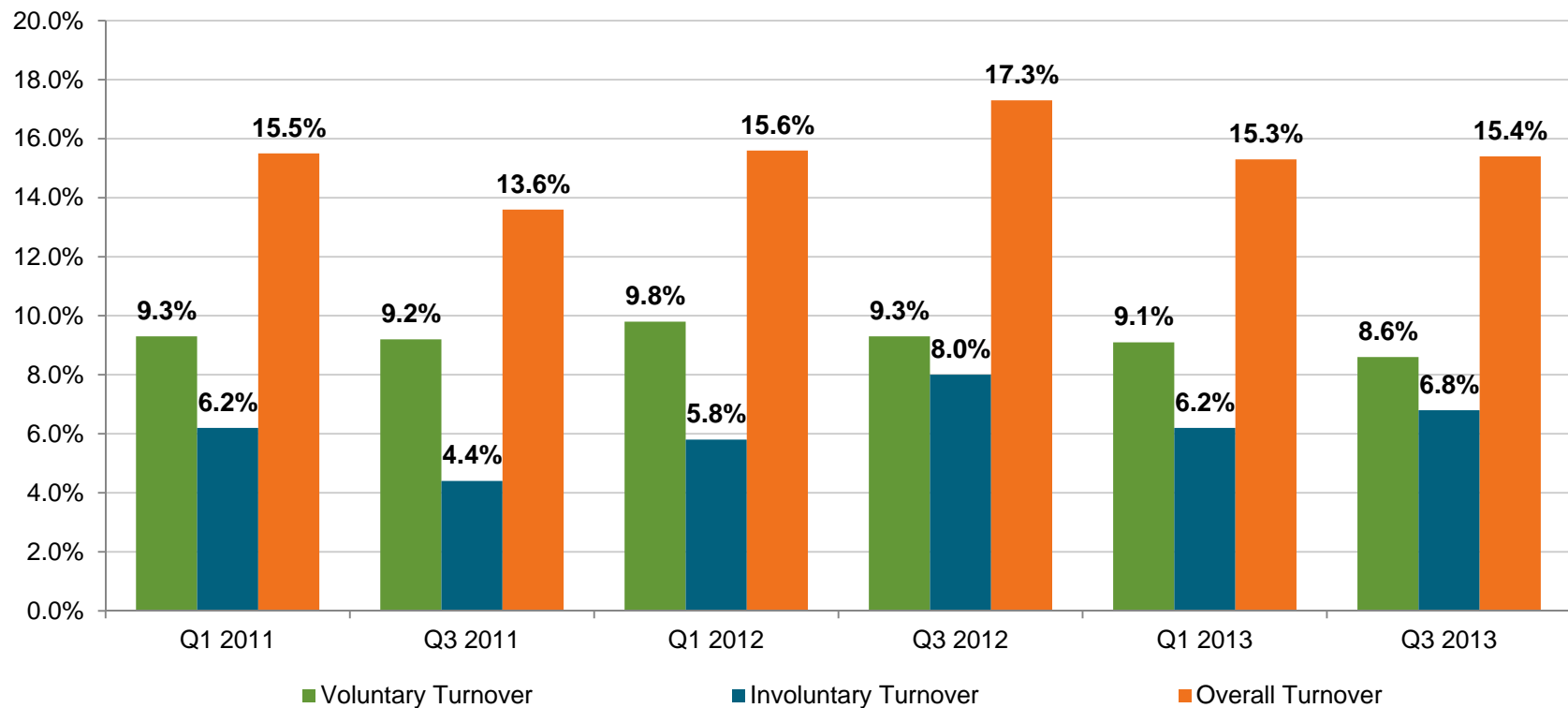
Changes in Full-time Workforce	2013 to 2014
Decrease	6.2%
Stay About the Same Size	63.5%
Increase by up to 5%	10.6%
Increase more than 5% up to 10%	3.3%
Increase more than 10%	3.2%
Unknown	13.1%

Source: Radford Trends Report – Technology Edition – Q3 2013



Historical Turnover

- While involuntary turnover continues to fluctuate, voluntary turnover in Canada holds steady at approximately 9.0%



Source: Radford Trends Report – Technology Edition – Q1 2010 - Q3 2013



Voluntary Turnover & Engagement

- Voluntary turnover over the next 12 months (April 2013 – April 2014)
 - 40% of companies in Canada state some level of concern
 - About 60% not concerned
 - More likely in Product Development, Sales and Services than other areas
 - 78% do not offer retention bonuses

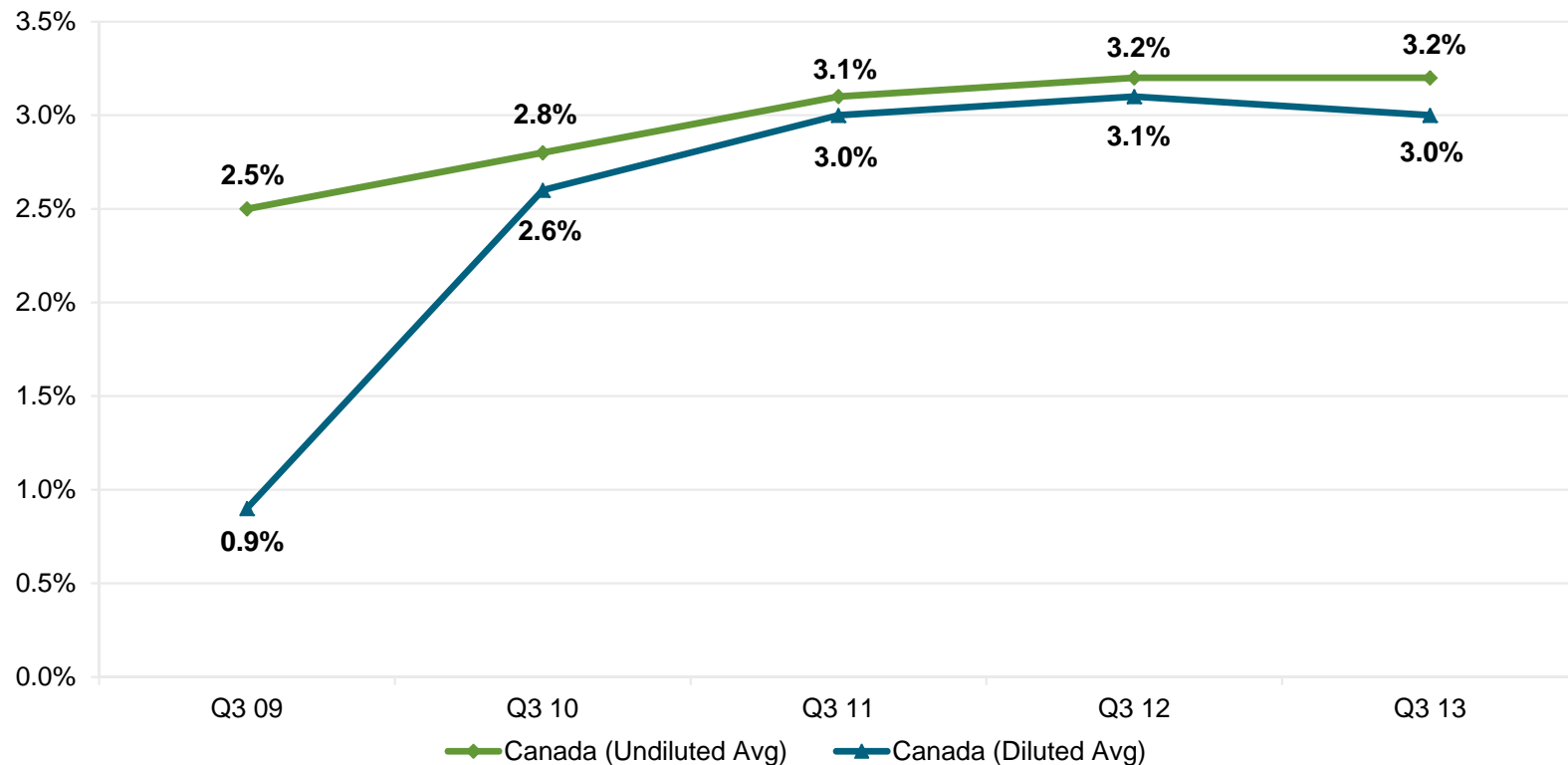
Top Two Reasons Why Employees Voluntarily Terminate	Canada (% of Co) n=181
More pay/better benefits/higher level position	91.7%
Career change/return to school	51.4%
Issues with the company, management or peers/low job satisfaction	32.0%
Relocation out of area/retirement	9.9%
Other	14.9%

Source: Radford Trends Report – Technology Edition – Q2 2013



Canadian Base Salary Budget Trends

- Overall salary budgets are stable, at around 3% since the 2009 downturn



Source: Radford Trends Report 2010-13 and Radford International Semi-annual Summary of Industry Trends – 2009



Canada Merit and Overall Increases

Average Diluted Salary Increase	2013 Budget		2013 Actual		2014 Budget	
	Merit	Overall	Merit	Overall	Merit	Overall
Overall Population	2.7%	3.0%	2.6%	2.8%	2.9%	3.2%
Sales Population	2.5%	2.7%	2.3%	2.5%	2.8%	3.0%

Prior Year/Next Year Action	2013 to 2014
Freeze/Freeze or Exceptions	0.0%
Freeze/Increases	6.0%
Exceptions/Freeze or Exceptions	0.0%
Exceptions/Increases	0.0%
Increases/Freeze or Exceptions	0.0%
Increases/Increases	94.0%

Source: Radford Trends Report – Technology Edition – Q3 2013



Pay Increases and Engagement

- Employee population receiving increases
 - Over 60% of companies provided more than 90% of employees with salary increases in 2012 and 2013
 - Companies typically do not limit receipt of salary increases to high performers or critical functional areas
- Increase budget for promotions
 - Only 33% of companies report using a separate salary increase budget specifically for promotions
 - 18% do not track promotional increases vs. a budget
 - Nearly half of companies manage promotional increases within the overall salary increase budget

Source: Radford Trends Report, Q3 2013 Global Edition Hot Topics Survey



Canada Midpoint Adjustments

- Nearly 50% of companies plan to adjust salary range midpoints within the next 12 months

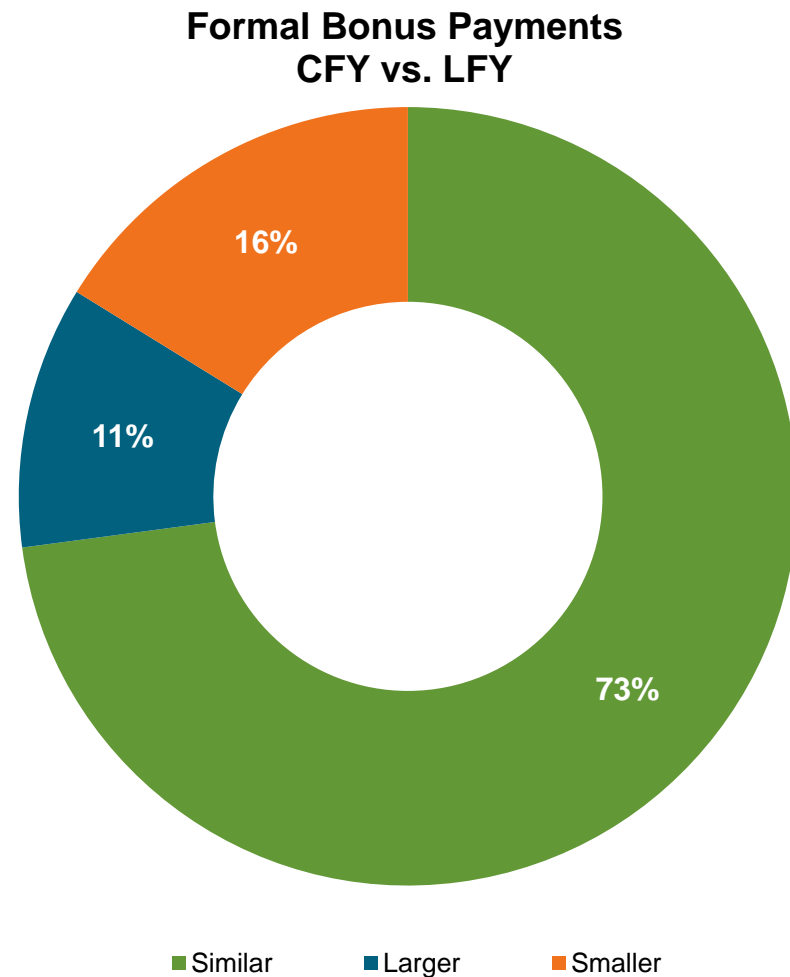
Level	% of Cos. With Midpoint Adjusted in 2013	Actual Midpoint Last 12 months	Forecast Midpoint Next 12 months
Executives	37%	2.9%	2.7%
Management	49%	2.6%	2.5%
Individual Contributor	51%	2.8%	2.5%
Support	45%	2.7%	2.5%

Source: Radford Global Technology Survey - Practices Report – July 2013



Cash Incentive Payout Levels

- Companies in Canada are paying similar bonuses in 2013 vs. those paid in 2012
 - 92% of companies expect to pay bonuses this year
 - For two consecutive years, fewer companies report “Larger” expected payouts in the current year vs. last year



Source: Radford Global Technology Survey - Practices Report – July 2013



Total Variable Bonus/Incentive Payments

- Companies headquartered in Canada allocate 1% of revenues to variable bonus/incentive payments

Canada Employees: Canada total variable bonus/incentive compensation payments as a percentage of:	50th	75th
Canada base payroll	8.9%	11.0%
Global revenue	0.9%	1.5%
Global operating income	10.3%	19.9%

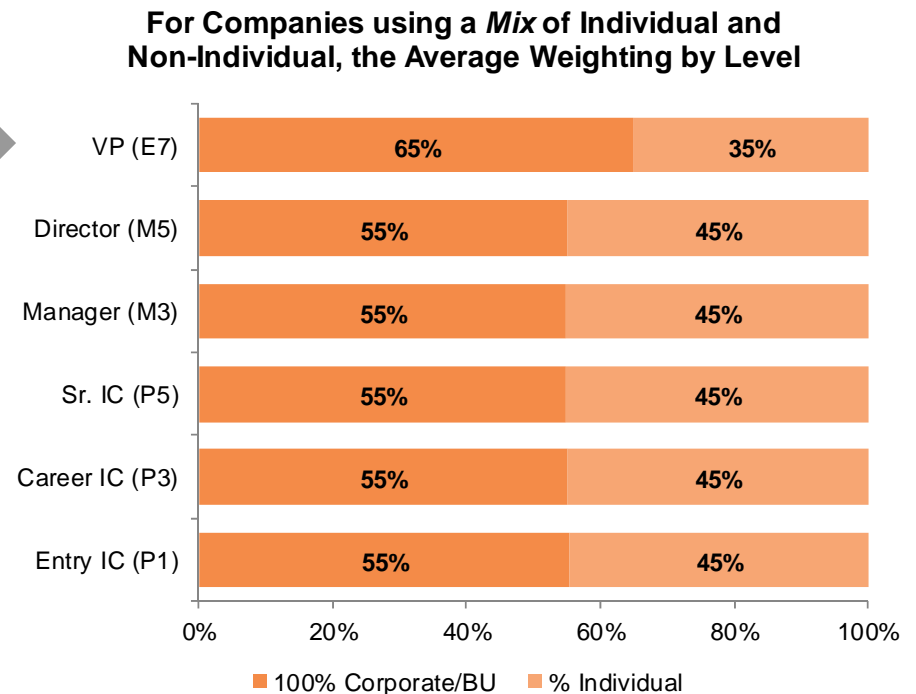
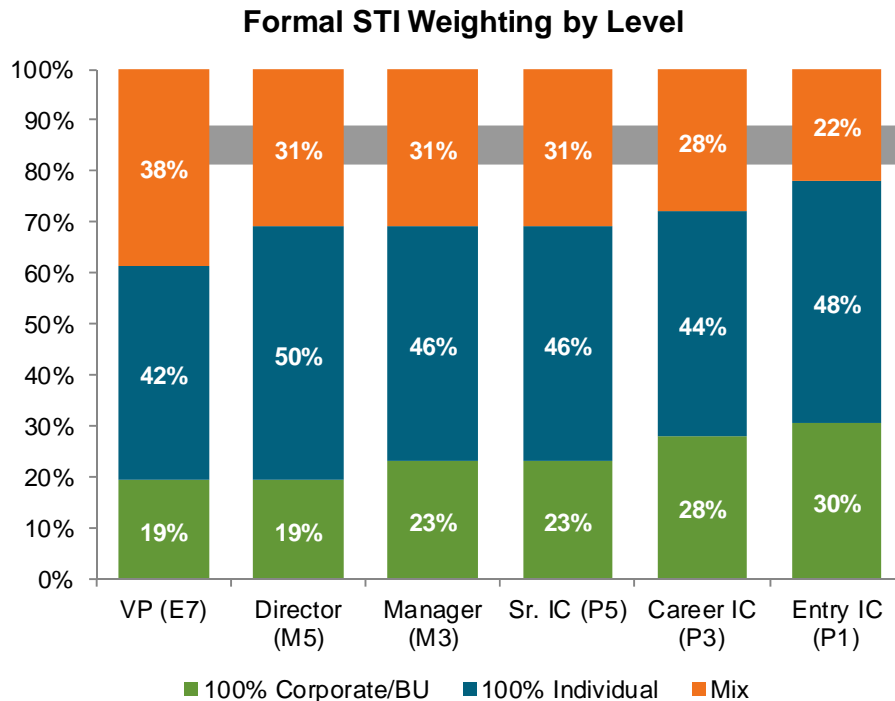
- Data for Canada is similar to global totals for companies headquartered in Canada

Source: Radford Global Technology Survey - Practices Report – July 2013



Incentive Awards and Engagement

- Roughly 45% of companies rely solely on individual performance goals at all levels, with a mix of corporate and individual goals gaining favor as employee levels rise



Source: Radford Flash Survey of Large Technology Companies, Q2 2013



Long-term Incentive Awards

- 87% of public companies have a long-term incentive plan for Canadian employees
 - Restricted Stock/Units have replaced Stock Options as the most prevalent type of plan (82% vs. 61%), with RSU's being the most common
 - More than 50% of companies have an Employee Stock Purchase Plan
 - Employee eligibility typically extends to all Management and Professional levels (50% at lower levels), but drops off to 40% for Support levels

Source: Radford Global Technology Survey - Practices Report – July 2013



Long-term Incentive Awards and Engagement

- Participation in equity programs
 - Only 20% of employees actually receive equity grants
- Vesting schedules
 - Vesting schedules are typically 3 to 4 years for RSUs and Stock Options, respectively
 - Annual vesting is most common



Summary and Questions

- Canadian market indicators are stable, while there is aggressive activity in the US, and some uncertainty in global regions
- A primary driver of voluntary turnover (an indicator of engagement) is pay/benefits/job level
- Competitive pay practices are key in the areas of:
 - Salary levels and increases
 - Promotional opportunities
 - Incentive payout drivers and levels
 - Form of equity, eligibility, and receipt





Thank You!

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