

Newsline

Headlines

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Technology Salary Budgets Up 5%

Nov. 15, 2007—Salaries for workers at high-technology companies represent the highest increase in four years for executive, exempt and nonexempt employees, according to a survey.

Results from Radford Surveys + Consulting's Q3 Quarterly Summary of Industry Trends (QSIT) report of 519 U.S.-based high-technology companies, revealed that salary increase budgets have climbed approximately 5% per year during the last three years, as competition grows for top-notch talent.

"The strong global economy has allowed salary budgets to be funded aggressively," said John Radford, senior vice president, Radford Surveys + Consulting. "The increase of these budgets during the last three years is a clear indication of how companies that once had to downsize now are having to hire at a rapid pace in order to see significant profits."

The 2007 Q3 QSIT findings also showed that approximately 60% of companies still emphasize stock options in their programs. This despite mandated stock option expensing and shareholder demand for more tightly managed equity dilution. While restricted stock is more common for ongoing grants, stock options continue to be the primary vehicle for new-hire grants.

"We all heard the cry that stock options would be dead and that option plans would no longer be used among high-technology companies," said Linda E. Amuso, senior vice president, Radford Surveys + Consulting. "We are happy to see that technology companies have maintained the courage to keep their option plans, even as they have implemented restricted stock to improve the retention value of their plans. We expect that going forward there will be more emphasis on restricted stock as a retention vehicle for top performers, as well as more linkage between restricted stock grants and performance objectives for executives."

In addition, 42% of high-technology companies participating in the Q3 QSIT said they will increase their workforce worldwide by up to 15% in the next 12 months, signaling a strong global economy. In the United States, the annual voluntary turnover rate for these companies has been on an upswing since 2003, rising nearly

50% between 2003 and 2006. This trend is expected to continue in 2007 with Radford Technology Survey participants reporting voluntary turnover at nearly 13% and overall turnover above 23%.

The Q3 QSIT focuses on overall trends in hiring, turnover and base salary budgets worldwide, cash incentive plans, as well as equity compensation changes over the past 12 months. In addition to the technology edition of the QSIT, a life sciences report with data from 212 firms is also available to participants.

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