

## Staff come in from the cold

Michaela Whitbourn

Cautious employers are looking beyond dollars for smarter ways to attract and retain talent and contain wage cost blowouts in the new financial year, a survey released yesterday finds.

A bleak backdrop of pay freezes resulted in the number of Australian companies paying salary increases dropping to 73.6 per cent in the 2009-10 financial year from 96 per cent in the previous year, according to the survey by the Australian Institute of Management.

But the job market is turning in employees' favour. Of the 546 large companies surveyed, all of which turn over a minimum of \$10 million a year, 90 per cent predicted a salary review over the next 12 months and 49.4 per cent tipped an increase in staff numbers.

The number of large companies shedding permanent staff rose to 40.5 per cent from 22.7 per cent last year.

Salaries are projected to grow by 3.6 per cent in the new financial year, but the institute's chief executive in NSW and the ACT, David Wakeley, said employers eyeing bottom lines would use non-cash rewards to attract and retain staff.

"As the job market continues to improve the big challenge is going to be finding ways to keep good people without

**The challenge is finding ways to keep good people without incurring huge wage-cost blowouts.**

David Wakeley, AIM

incurring huge wage-cost blowouts," he said.

Mr Wakeley said that staff shortages — in industries including construction and engineering, finance and trades — were increasing employees' bargaining power and

putting pressure on employers to move quickly and lock in staff.

While pay increases would remain an important factor in retaining staff, Mr Wakeley said savvy employers would "look at creative ways to motivate people, without offering big salary hikes".

A spokeswoman for recruitment firm RossJuliaRoss, Caroline Vickers-Willis, said employers were exhibiting behaviour last seen during the 2007-08 skills shortage, with employers and employees negotiating "on a much broader playing field".

"Employers don't want to get into a bidding war for wages," Ms Vickers-Willis said.

Employers were instead wooing talent with a range of work-life balance initiatives, from the conventional — subsidised fitness programs and flexible working conditions — to the innovative, including the ability to buy additional leave.

Western Australia recorded the highest average salary rise for 2009-10 at 4.6 per cent, while NSW and the ACT notched the lowest at 3.5 per cent. But the hard-hit finance sector in NSW is expected to pick up over the next year.

The institute predicts the banking, finance and insurance industry will reap the largest average pay increase over the next 12 months, at 3.95 per cent.