

RESULTS OF JUNE WEB POLL

Employers' forecast of salary increases

Egan Associates' June research, dominated by companies with annual revenues of more than \$1 billion (70%, with 17% of our sample having revenues between \$500 million and \$1 billion), revealed some distinct differences between those companies that have already undertaken a salary review for 2009 and those where a review is pending.

70% of organisations scheduled to review salaries in the July to December period anticipate their CEOs and direct reports would receive no increase and 57% report senior management would receive the same. Modest increases are predicted for the balance of considerations.

Of those reviews to be conducted between January to June 2010, 36% of CEOs and their direct reports were anticipated to receive zero increase and 32% of senior management were in the same category.

There was, however, a wider distribution of anticipated reward adjustment in 2010, with 32% of CEOs to receive increases of up to 4% and 20% of greater than 4%. 28% of senior management were anticipated to receive an increase of 4% to 6% at the next review, with a further 28% anticipating up to a 4% increase. 12% of organisations state that the increase is unknown as yet.

With regard to prior salary increases in the 2008/09 financial year, companies with a review between January to June, report that 44% of CEOs and direct reports and 36% of senior management received a zero increase compared with 14% of CEOs and direct reports and 7% of senior management in companies reviewing from July to December 2008.

A further point of interest is that 15% of companies have stated that CEOs and direct reports not only received a zero increase at the last review but also anticipate the same at the next adjustment.

We note that recent New Zealand research revealed that more than 40% of leading companies had adopted a salary freeze, with less than 10% predicting increases of 3% or more in the upcoming annual reviews compared to 50% a year earlier.

Egan Associates understand that New Zealand's top 2 companies, Telecom and Fonterra, have embraced the pay freeze for their top executives, as have the leading financial institutions and Air New Zealand. The charts opposite provide a summary of Egan Associates' recent Australian research.

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by Jon Roberts

