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SME's 'cashed-up': 78% plan wage increases in 2010

As unemployment figures lowered for a third consecutive month*, survey results reveal that the upturn is in full swing for Australia's privately held businesses and employee salaries are on the up.

- Over three-quarters (78%) of Australian business are planning to increase salaries in the next 12 months, compared to the global average of only 51%.
- Almost a quarter (23%) are planning to increase salaries above the level of inflation in 2010

Over 250 businesses across Australia were analysed by the Grant Thornton International Business Report (IBR), a survey which investigates the employment strategies used by privately held business in the past 12 months, as well as their workforce plans for the year.

Tony Markwell, National Head of Privately Held Business at Grant Thornton Australia, remarked:

“We know that Australian SME's are generally positive going into 2010, but these latest salary figures show how resilient we have in fact been. In particular, it is reassuring to see that a good proportion of respondents are planning to increase salaries above the level of inflation.”

The positive sentiment was further reinforced by the fact that almost three-quarters (73%) of respondents either increased or kept the number of employees the same over the past 12 months, placing them in a good position to retain staff in this new employment climate.

“During the GFC many Australian companies resorted to redundancies as a cost-cutting strategy. So now, with a more competitive labour market developing, these businesses are going to really struggle to find good talent.

“From our research, however, we have seen that this is will not be as big an issue for private enterprises; as they were rather perceptive in their tactics during the downturn. For example, instead of making immediate redundancies, they focused on redeployment and reductions in working hours as primary strategies” Markwell explained.

- Ends -

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Notes to Editors

* The Australian unemployment rate was at 5.3 per cent in January, with the seasonally adjusted unemployment rate falling 0.2 percentage points from December 2009 – the third consecutive monthly decrease.

The number of people employed in January increased by 52,700 to 10.966 million, seasonally adjusted, which is the largest rise in employment since December 2006. The rise in employment was driven by a rise in part-time employment, up 36,900 persons to 3.314 million together with a rise in full-time employment, up 15,900 persons to 7.652 million.

Sourced from Australian Bureau of statistics - www.abs.gov.au

**Over 250 medium to large Australian businesses participated in the survey in October 2009. Medium to large companies are defined as having between 20-299 employees.

The International Business Report

Grant Thornton International started a major annual survey of the attitudes and expectations of small and medium-sized businesses in 1992 called the European Business Survey (EBS). In 2003 the research project was widened to an international perspective covering medium-sized businesses and renamed the International Business Owners Survey (IBOS).

In 2007, the survey's name was changed from IBOS to the International Business Report (IBR). The IBR survey draws upon 17 years of trend data for original EBS participants and 7 years for original IBOS countries. The 17 year trend data is available for: France, Germany, Greece, Ireland, Italy, Netherlands, Spain, Sweden and the United Kingdom, while the 7 year trend data is available for Australia, Canada, Hong Kong, India, Japan, Mexico, Russia, Singapore, South Africa and the United States.

Grant Thornton International will donate US\$5 to UNICEF for every completed IBR questionnaire. In 2009, this will result in a donation of almost US\$36,000.

The research was conducted by Experian Business Strategies Limited. To find out more about IBR and to obtain details of IBR reports and results please visit www.internationalbusinessreport.com.

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