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Expert View by Gillian Dowling, Employment Technical Consultant

Pressured into pay rises

Many said they were feeling the pressure from staff because of rising inflation due to fuel costs and energy prices. They also blamed public sector pay agreements for influencing salary negotiations within their own businesses.

The survey found:

- Most employers gave pay rises higher or in line with last year's award – but 30% gave less
- The basic percentage pay rise across the board was between 2% and 4%
- The need to retain staff influenced pay decisions, rather than lose staff and go through a costly recruitment process
- Some employers are waiting until later in the year to decide how much to award
- Inflation and public sector pay deals are influencing decisions on pay awards

Andrew Walker, Business Director at Croner Reward, said: "This survey makes very interesting reading, giving us a valuable insight into the pay awards given to staff across the UK and the pressures on employers when deciding how much to offer.

"We are all experiencing a higher cost of living, partly due to fuel costs and energy bills, and no-one wants to feel financially worse off year on year, so we expect pressure on employers to give their staff pay awards at least in line with inflation."

Walker added: "However, while it is clear that some individual employers have already taken the decision to give above average pay rises, many will not be in a position to do this. Setting aside the call for restraint in the public sector, many private sector employers will themselves be feeling the pinch and they will find it hard to divert already stretched financial resource into this area.

"Our advice is that employers should proceed with caution. The last thing we need right now is a return to the days of spiralling pay competing with increasing customer costs for goods and services.

This will only lead to further pressure on the economy as a whole.

"It is illuminating that some employers say they are waiting until later in the year before making decisions on pay awards, especially as no-one knows whether the UK is really about to hit recession. This reinforces the idea that employers are being cautious."

For further information about Croner Reward visit: www.croner.co.uk/reward or call 01785 813566.

About ADP

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