

CAUTION: Employers Salary Increases for 2010 ... what is the real truth?

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Caution is the word when you see "Average Salary Increase" statements quoted in news articles. If the noted article does not talk through how they got to their figures, it may be a misrepresentation! As one does a survey on salary performance in this recession it is very difficult to really determine the true results. Below are some trends on how salaries varied in the past year ...

13% of employers cut pay in 2009

37% said they are in a recession and not restoring pay in 1st half of 2010

15% plan no pay increase in 2010

29% of those who cut pay in 2009 plan to restore it in 2010

15% of the companies that cut pay do not plan to restore pay

When we see a survey showing, for example, 1,000 companies claim they will give on average a 3.0% increase this year ... they may not be saying their employees will gain 3% in income over the past year. And the increase may still reflect a negative increase index from what their employees were earning two years ago. So use caution when referring to an average salary increase because the real amount may not be what it seems. I am seeing a full blended rate of real increases in payroll cost to be 1.5-2%. Many companies have also taken on the benefit increase burden and not give any raises out as well.