

The ADVOCATE

Survey: Modest raises expected

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Companies in Fairfield County and the New York City area appear to be guardedly optimistic about 2011, which is translating into modest pay raises for some workers, a survey of small- to medium-sized businesses showed.

The poll of 123 companies conducted by Stamford-based OperationsInc, a human resources consulting firm, and Performance Solutions Group Inc., a management consultancy, showed 53 percent of firms plan to award salary increases next year, while 15 percent said they won't give raises. That shows a thawing of pay freezes from last year, when 45 percent of respondents said they would leave salaries unchanged.

Of the expected increases for next year, 34 percent will be in the 3 percent to 4 percent range, and 44 percent of respondents plan to award bonuses, which is up from 34 percent in 2009.

While 34 percent of respondents said they plan to add staff in the first quarter of next year, and 5 percent plan to reduce staff, David Lewis, chief executive officer of OperationsInc, is reserved about the future, noting that 70 percent of respondents said the economy remains a concern for 2011.

"I am certainly encouraged by the results showing a thawing of salary freezes and modest upward movement in salaries," he said, adding that some of those salary increases next year will be given to employees who endured salary cuts in 2009 or 2010. "I do think though that this is as much an indication of smaller staffs, more productivity per man hour and the resulting increase in profits versus an indication that a major corner has been turned."

Many companies that have seen their profits increase are growing their cash reserves, rather than adding staff, granting raises or buying equipment, Lewis said.

An improving stock market is providing some optimism, he said, but companies also are concerned about the effect of \$13.9 trillion of national debt and budget shortfalls of nearly \$140 billion faced by states.

"We've got a long way to go," Lewis said.

But many companies realize that they must take steps toward hiring and retaining valued employees as the economy shows signs of improvement, said Wil Brewer, president of Performance Solutions Group in Stamford.

"These results are indicative of the slow economic recovery," Brewer said. "Companies are compelled to recognize the need for salary increases after two lean years with limited increases, and in many cases, no bonuses or very small bonuses. The danger to avoid is disengaged employees looking for alternative employment once the recovery gains steam and job opportunities increase."

Denise Griffin, vice president of marketing, communications and planning at Bridgeport-based The Workplace Inc., southwestern Connecticut's regional work-force development board, saw reason for optimism in the survey.

"We hope that it results in more jobs for the folks we train," she said, noting that more than 35,000 people took advantage of the agency's employment assistance and job-training program this year. The agency serves 20 communities in southwestern Connecticut.

Of the 22 large corporations based in Fairfield County or with major operations here, there is movement toward hiring in the first quarter of 2011, said Christopher Bruhl, president of the Business Council of Fairfield County, which hosts executive roundtable sessions and human resources meetings focusing on employee retention and hiring issues.

Many council members are expecting to increase compensation in the 1 percent to 3 percent range and restore bonuses, he said.

"Companies in business today are confident they will be in business tomorrow," he said. "The question is when do they move out of stable to growth mode."