

Turnover rising despite pay hikes: AIM

Queensland and Western Australia appear to be largely unaffected by the slowing economy, with wage increases continuing to track well ahead of the national average, according to a new survey.

The annual Australian Institute of Management *National Salary Survey*, which polled 504 large and 219 small employers, showed that during 2007/08 WA and Queensland had wage rises of 6.4% and 5.7% respectively.

This was compared to a national average of 4.7%, and much smaller increases in NSW/ACT (4.3%) and Victoria/Tasmania (4.5%).

The survey also found that voluntary staff turnover had risen 0.7pp to 13.3%. Just under a third (31%) of large companies in the survey estimated that the average cost of replacing an employee was greater than \$20,000.

AIM NSW/ACT chief executive Dr Jennifer Alexander said that "in addition to hefty pay hikes", employers needed to boost their training capacity in order to both upskill and retain staff.

"Savvy employers identify [top performers] at the onset and put in a place a career development plan, complete with an extensive training program, to give these employees the skills they need to progress to the next level within the organisation."

The survey had also found a growing number of large companies were now using performance-based pay and profit-sharing schemes as a means to incentivise staff.

"Given the increased costs [resulting from] high levels of staff turnover, it is perhaps not surprising that a comparatively higher proportion of large companies are electing to use low financial risk variable reward incentive schemes."