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Small businesses to hire fewer permanent staff

Only about one in three small businesses expect to hire more permanent staff in the next 12 months as a result of the economic downturn, a new survey has found. A year ago the figure was two in three.

The Australian Institute of Management's (AIM) national salary survey for 2009 found that just 34.2 per cent of small companies expect to add to permanent staff members in the next year.

AIM's large company survey, released last week, showed 39.6 per cent of bigger firms expect to add to permanent staff in the next year, down from 59.7 per cent in 2008.

Given the economic climate, the survey found employees in smaller companies are increasingly choosing to stay put with their employer.

Voluntary staff rates fell to nine per cent per annum from 12.7 per cent the previous year.

"While voluntary staff turnover rates are down on last year, they still pose a threat to small companies due to the significant costs associated with recruitment and retraining," AIM's chief executive NSW/ACT David Wakeley said.

The survey found the main reasons for staff resignations from small firms were to pursue a new challenge (64.7 per cent) and to obtain better pay (51.8 per cent).

Growth in wages in small companies is expected to slow to 4.1 per cent in 2009/10 after rising 4.6 per cent in 2008/09.

Wages grew by 5.2 per cent in the previous year.

Professional technical staff will continue to receive the highest pay awards in the year ahead at 4.3 per cent, while salaried staff will get the lowest raise at 3.8 per cent.

The survey of 211 respondents classes small companies as those with a turnover of less than \$10 million a year.

Copy of the original By Colin Brinsden from news.com.au (link provided below)

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