

R&D SALARIES INCREASE IN TELCO SECTOR

Tuesday 8 October, 2002: Research and development roles in the telecommunications sector are a salary 'hotspot', while some employees are enduring salary freezes, according to a new survey.

The August 2002 *Telecommunications Industry Salaries and Benefits Survey*, produced by Classified Salary Information Services Pty Limited (CSI) and involving 42 Australian organisations, shows that the R&D job family topped the pay increase scale with average total remuneration increases of 7.2 per cent.

At the survey feedback session held by CSI in September and attended by HR professionals from the industry, Kevin Brown of Extel Communications identified Research and Development as a 'hotspot'. According to CSI remuneration and benefits client specialist Natasha Edwards, R&D employees are commanding higher premiums because of a market shortage of particular skill sets:

"Some of our clients have been experiencing trouble filling and retaining employees in certain positions that rely on specific skill sets. R&D employees can be difficult to engage in the company culture because they are loyal to developing their individual skill set. Our data backs this up (according to the market moves, they are being paid above-average rates)."

Despite the industry's poor performance and sub-standard outlook five years after deregulation, the survey found senior executives are still commanding healthy average increases of around 5.6 per cent, though this is well below the 9.0 per cent increases reported in the August 2000 survey.

With the announcement of job cuts at Ericsson and the imminent closure of the Melbourne-based AsiaPacificLab, it is not surprising that the average level of voluntary staff attrition in the industry is low – 4.5 per cent (it was 18 to 20 per cent in 2000). Involuntary staff turnover increased to 12.5 to 20 per cent (it was 7 to 8 per cent in 2000). Retrenchments have been pervasive in the sector – 93 per cent of telecommunications organisations have made them, while 18 per cent of the sector’s total workforce has been laid off.

With most increases being given to align employee salaries with market rates and some companies maintaining salary freezes (36 per cent of incumbents received a zero base salary increase), there was little incentive for organisations to give rises of more than 3 to 4 per cent:

“Many companies are hoping for the end of salary freezes by the end of this financial year at least,” says Ms Edwards. “There is a lot of uncertainty about jobs, salary increases and the market in general. The four ‘R’s’ rule – rationalisation, redundancy, restructuring and revenue watching – is definitely applicable.”

Organisations within the survey are anticipating an average salary increase of 3.7 per cent this year, with a range between 2.5 and 4.5 per cent. Unstable global conditions and a weak outlook for the sector are ensuring it remains an ‘employers’ market.

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