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Quarter of big companies expect to shed staff

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Nearly a quarter of the nation's big companies expect to shed permanent staff during the next 12 months, while paying more modest wage increases for those who remain.

A national survey of 549 companies with an annual turnover of more than \$10 million has found that the number anticipating staff cuts has trebled in the past year.

The finding led the Australian Institute of Management, which conducted the survey, to describe conditions as "an increasingly uncertain and challenging economic environment".

The institute's salary survey found that 23.5 per cent of responding companies were planning to reduce permanent staff levels during the next year, up significantly from 8.4 per cent in its 2008 survey.

The survey forecast average wage increases of 3.5 per cent for 2009-10, down from the 4.3 per cent increase reported in 2008-09.

Salaries in Western Australia and Queensland were expected to be the hardest hit as the resources boom unwinds.

Senior executives were expected to continue to receive the highest pay increases in the year ahead, at 3.6 per cent. They topped the scale last year with a rise of 4.4 per cent, matched by professional technical staff.

Salaried staff would have the lowest increase in 2009, remaining at the bottom of the pile with a 3.3 per cent rise, after a 4.1 per cent rise last year.

Negative fallout from the global economic downturn had just 39.6 per cent of companies expecting to increase their permanent staff levels in the next 12 months, down from 59.7 per cent in 2008.

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"The combined effects of lower wage increases and higher involuntary turnover rates amount to significant challenges for organisations to contain employment costs while remaining competitive and keeping employees engaged," the institute's NSW/ACT chief executive David Wakeley said.

Involuntary staff turnover was seen rising slightly to 4.8 per cent of employees in 2009, up from 3.8 per cent in the previous survey, while voluntary turnover was expected to fall to 12.2 per cent from 13.3 per cent.

The top reasons for resignations were to pursue new challenges (73.8 per cent) and to obtain better pay (52 per cent).

"While pay is important, clearly there is a need for employers to ensure that employees have the right skills to take on more challenging roles," Mr Wakeley said.

That said, the survey found that only 33.7 per cent of organisations expected to increase training budgets, down from 45.7 per cent in the previous year, while 52.5 per cent expected training budgets to remain the same.

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