



MOST BAY AREA EMPLOYERS STICKING WITH 2009 PAY, HIRING PLANS

In mid-October, CompAnalysis re-contacted all of the 2008 survey participants, who originally submitted data last summer, to get an up-to-the-minute look at how local employers are responding to current economic developments. Seventy-five organizations responded.

Given the uncertain state of the economy, many may be surprised – and encouraged – to learn that nearly three quarters of this broad cross-section of Bay Area employers have just reported they are currently sticking with plans to grant pay raises averaging 3.3 percent in 2009. Just 24% of those re-surveyed employers said they have scaled back to expected 2009 average increases of 1.2%.

Twenty-three percent of the re-survey group also said they now expect workforce reductions averaging 10 percent, while 19 percent are still forecasting workforce growth next year averaging 8 percent. No changes in numbers of employees are forecast by the majority.

“The Bay Area remains a very competitive job market,” CompAnalysis Managing Principal Shari Dunn noted. “Even now, when our country’s economy is of such concern, employers compete with each other to attract and keep competent employees,” Dunn said. “The labor market is not directly affected by inflation in the cost of living – rather it fluctuates based on the supply of and demand for qualified employees on a day-to-day basis.” Given the grim news being reported almost daily about business closures and job losses, she was surprised by the number of employers who are holding steady.

In addition to their plans to expand or reduce their workforces and make changes in pay, survey participants were asked about their perceptions of the state of the Bay Area economy as well as the economic prospects for their own company or organization. They were already concerned about the economy last summer, when only 2% viewed it as improving, and 66% saw conditions growing worse. In the more recent survey, optimists fell to just 1%, and pessimists grew to 71%.

But, when the focus was placed on one’s own organization’s prospects, the outlook brightened considerably – though still worsening between the summer and mid-October. The majority still saw no change in their own economic health. The number who saw their prospects improving, however, dropped from 30% in July to just 12% now. And the number who saw their own conditions growing worse almost doubled, from 16% to 31% now.

Our 2008 survey and the recent follow-up data have been featured in the *S.F. Chronicle*, *Marin Independent Journal*, www.marketwatch.com, and other news sources. To read the *S.F. Chronicle* article of October 25, 2008, follow this link:

http://www.compensation.com/pdf/SFGate_10-25-08.pdf