Year of the pay rise

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WORKERS are more than half of companies are set to get a pay rise in 2016 – the first widespread increases since the economic crisis. ISM, the group that represents Irish businesses, will today publish a study covering hundreds of companies which suggests the average pay increase will be 2pc.

Larger employers are more likely to improve basic pay with three out of five businesses with more than 50 staff expected to increase wages.

“Pay will increase for most in 2016, but not all. The economy is recovering strongly, but we have a long way to go,” said Mr McCly.

The ISM report, as the Irish Independent can reveal, that the leaders of most unions, including Siptu, the EPU and Mandate, are revising their pay strategies and gearing up to increase the minimum they will seek.

Experts differ on how much pay has been reduced since the beginning of the financial crisis as cuts varied widely across sectors.

The private sector was worst hit initially. However, in recent times the public sector workers have carried the higher burden, while the private sector has stabilised and some workers have already benefited from increases.

“The economy in money terms is still about 6pc below its pre-crisis peak and overall price levels are below where they were in summer 2008. This needs to be reflected in pay expectations,” said Mr McCly.

“Many companies remain in survival mode and simply cannot afford pay rises. It is vital that pay demands are moderate, as we do not time the hard-fought competitive gains of recent years,” According to ISM, increases are most likely to occur in high-tech sectors such as medical devices (8pc increasing pay), pharmaceutical (8pc), electronic services/inferen (8pc) and electronics manufacturing (8pc).