Pay increases hold up during 2023 – IRN survey

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This year's IRN/CIPD survey of private sector pay shows only a slight lowering of pay increases in 2023, when compared with the previous year, with the average increase planned for 2024 at the 4% mark.

The 200 respondents to the survey increased pay by a median of 3.9% during 2023, while the average pay increase was 4.38%. This compares with last year's survey results of a 4% median increase and an average of 4.44%.

Almost half of the respondents – drawn from IRN subscribers and members of the CIPD – had more than 250 employees, while 21% were manufacturers and 39% were unionised.

The number increasing pay reduced to 76%, from 83.5% in the previous survey. Unionised firms had smaller increases (3.52%) than non-union firms (4.84%), with manufacturers (4.04%) slightly lower than services firms (4.39%).

The 4.38% actual average increase in 2023 was higher than the projected average increase for 2023 from the previous year's survey (3.62%), but actual increases for a year being higher than the planned increases indicated in the year before is a common pattern.

'Normal ongoing change' was a condition in 37% of deals, while just 9% of deals were conditional on specific workplace changes.

In dealing with increased pay pressures during 2023, 42% had looked at paying higher than planned pay increases, 45% had looked at using the maximum level of tax-free vouchers and 34% had examined increasing non-pay benefits.

LOOKING FORWARD

When asked about their pay plans for the next 12 months, 52% said they planned to increase pay, while 16% intended to maintain pay, with 32% undecided.

Of those who intended to increase pay, the average planned increase was 4.06%, with the median increase at 3.7%. This is higher than the 2023 survey's average planned increase of 3.62% and the median planned increase of 3%.

Unionised firms are more likely to be increasing basic pay (78% of them) than non-union firms (43%). Hardly any unionised firms intend to freeze pay (3%), but 20% of non-union ones are.

When asked about the drivers of pay policy for 2024, 65% said employee retention, followed closely by inflation at 54% and skill shortages at 36%. National Minimum Wage increases were cited by 21% and ‘trade union pressure’ by 19%.

Since last year’s survey, about 14% of firms switched from favouring agreements of 25-36 months to the 19-24 months category, indicating a trend towards shorter agreements.

BENEFITS

About two-thirds of employers (65%) were paying bonuses in 2024, while a quarter were planning to increase non-pay benefits over the next 12 months.

The most common non-pay benefits offered were pension contributions (78%) and sick pay beyond minimum state requirements (75%), followed by additional annual leave and tax-free vouchers (62% each) and top-up maternity and paternity benefit (59% and 51% respectively).

Remote working issues continue to figure, with about half of employers dealing with key personnel demanding to work remotely and employee resistance to returning to the office, while 40% have employees who want to work outside Ireland.