

*KPMG*



Winter 2008–09

# Labour Market Outlook

**Summary of key findings**

**Current economic and labour market background indicators**

**Recruitment and redundancy outlook**

**Pay outlook**

**General economic outlook and its impact on labour market**

**Research methodology**

**Respondent profile**

- Net employment intentions have remained largely unchanged from the autumn quarter. Over a third (36%) of organisations surveyed say their intentions are to maintain total staff levels, compared with 34% of employers in the autumn. Just over a quarter expect to increase staff levels – 27%, against 20% in the autumn. However, the proportion of those saying the overall effect of these measures will decrease staff levels has doubled; over a third (36%) expect a decrease in staff levels against 18% in the autumn.

However, redundancy contingency plans have increased over the quarter, possibly signifying the worst is yet to come. Two in five (39%) organisations have put contingency plans in place over the next 12 months, an increase of 13 points from the autumn quarter.

- Recruitment intentions among UK employers surveyed have declined significantly over the quarters. Three-fifths (62%) of employers responding to the winter survey are planning to recruit in the next three months, down 13 percentage points from the autumn and 24 percentage points from the spring quarter.
- Reflecting the worsening economy, redundancy intentions have increased over the quarter. A third (34%) of employers expect to make some redundancies (representing on average 10% of their workforce) in the next three months, up 8 points from the autumn quarter.
- Two in five (42%) employers surveyed have not made any redundancies in the past year, and half (51%) still have no plans to make redundancies in the next three months. Top tactics to avoid redundancies are recruitment freezing and the termination of temporary and agency contracts. Eighteen per cent of employers have introduced short-time working.

- However, it is striking that in the majority of cases the exploration of alternatives is more about limiting redundancies than avoiding them. For instance, of those organisations undertaking a general recruitment freeze to limit or postpone redundancies, 72% still intend to make redundancies in the next three months.
- Two in five (42%) employers surveyed employ migrant workers. A fifth of these (21%) say the migrant worker population has increased over the last year, with half (54%) saying this is unchanged. Just under a fifth (16%) say they have employed fewer migrant staff.
- A fifth (21%) of employers surveyed intend to review wages between December 2008 and February 2009. Two in five (41%) expect to do so between March and May 2009 – the time when most organisational budgets are reviewed.
- The average pay increase (excluding bonuses) following the reviews is expected to drop significantly over the next three months, mirroring the fall in the Retail Prices Index (RPI). The average pay rise expectation is 2.6%, down from 3.45% in the autumn.
- There has been a marked increase in employers who do not intend to carry out a pay review in the next year. One in eight (13%) have no intention of carrying out a pay review this year, up from 8 points in the autumn quarter.
- Of those who do, 14% expect increases (excluding bonuses) to be over and above the rate of inflation (4%+), and this proportion rises to a quarter (24%) for pay increases including bonuses. Three in five organisations planning a pay review say the anticipated level represents a decrease compared with the previous pay round, for pay with and without bonuses.

- Of those planning a pay review, nine in ten (87%) employers say their organisation's financial performance is very/fairly important in determining pay reviews. Three-quarters (74%) mention cost of living/inflation compared with business confidence (72%), improving recruitment or staff retention (57%), and rewarding high-performers (64%). Only 25% say that the Government's call for pay restraint is an important factor in determining their pay reviews.
- As per the previous quarter, the vast majority of organisations surveyed believe that the economic condition of the country will get worse over the next three months. Four in five (80%) now believe this to be the case. General economic optimism remains relatively unchanged over the quarter. Just 2% believe it will improve; more (16%) believe it will stay the same.
- About half (46%) do not expect a change in the financial performance of their organisations, compared with 15% of employers saying so in the autumn survey. A third (34%) say this will get worse compared with a quarter saying so in the autumn. Only one in eight (13%) expect an improvement.
- About two-thirds (64%) of employers surveyed have either experienced an organisational budget cut in 2008 or are about to experience one.
- While 38% of employers have decreased their business travel expenditure in response to the credit crunch, a similar proportion (41%) say their budgets remain untouched. Over two-thirds (69%) of organisations that have decreased business travel spend have reduced travel expenses. Three-fifths (60%) have reduced international travel. Other decreases have also been seen in the use of private transport, for example taxis (mentioned by 64%) and in the use of first class travel (by 65%). It is interesting to note that 62% have increased their use of tele/videoconferencing and 43% have increased their use of public transport.
- Improving internal communication is the most popular approach used by employers to improve staff engagement during the credit crunch. Two-thirds (65%) of employers surveyed say they put more emphasis on encouraging line managers to communicate with staff. About three in five (58%) say they are using more regular communication from their chief executive or senior management. The most popular forms of communication being adopted include senior management briefings, line management briefings and email.
- Three-fifths (61%) of HR professionals say that their personal job security has been affected by the credit crunch, at least to some extent.

News that economic output fell by 1.5% in the final quarter of 2008 confirmed employers' worst fears about the scale of the current recession. The year ended with a series of job loss announcements across all sectors of the economy, prompting the UK Government to respond with a series of initiatives aimed at reducing the impact of the recession. The Monetary Policy Committee has responded to the current crisis by reducing interest rates to an all-time low of 1%.

Plummeting sales of consumer products over the festive period had a corresponding impact on the job market in the retail sector, which until recently had managed to avoid the trappings of the credit crunch.

The result was an increasing number of prominent high street stores going into administration and a high number of job losses to add to those already seen in financial services and other sectors such as construction. Given the scale of the fall in economic output, the CIPD predicts that the unemployed will peak at more than 3 million – an increase of more than 1 million when compared with the most recent official statistics.

The labour market continues to bear the brunt of the grim economic climate.

The effects of the recession on pay growth, which many feared would spike inflation during 2008, have started to fall. Latest figures released by the Office for National Statistics (ONS) show the earnings growth rate, including bonuses, was 3.1% in the three months to November, down 0.2 percentage points. Average earnings excluding bonuses or regular pay rose by 3.6% in the year to November 2008, unchanged from the months to October. However, this quarterly *Labour Market Outlook* (LMO) report, which offers a more up-to-date picture of the pay growth, suggests that this marginal fall will become more pronounced in the next few months. Employer expectations around pay increases (excluding bonuses) have fallen almost 1% during the past quarter from 3.5% to 2.6%.

Unemployment figures continue to rise despite the alternative measures firms are taking to combat this. Figures from the ONS show the unemployment rate has increased in the three months to November.

The unemployment rate was 6.1% for the three months to November 2008, up 0.4% over the previous quarter and up 0.9% over the year. According to the ONS, the last time the rate was higher was in the three months to April 1999 (when it was 6.2%). The number of unemployed people increased by 131,000 over the quarter and by 290,000 over the year, to reach 1.92 million (the highest figure since the three months to September 1997).<sup>1</sup>

The claimant count was 1.16 million in December 2008 (the highest figure since January 2000). It is up 77,900 over the previous month and up 349,500 over the year.

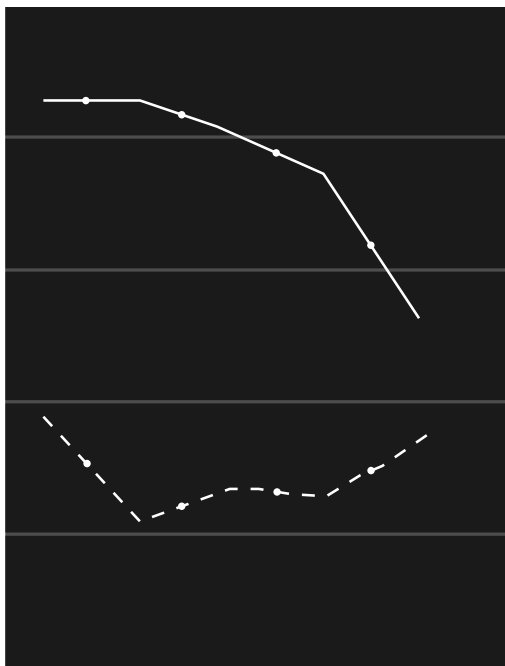
Redundancy levels have also increased for the three months to November 2008 to 225,000, up 78,000 over the quarter and up 101,000 over the year.<sup>2</sup>

<sup>1</sup> <http://www.statistics.gov.uk/cci/nugget.asp?id=12>

<sup>2</sup> <http://www.statistics.gov.uk/cci/nugget.asp?id=12>

Recruitment intentions among UK employers surveyed have declined significantly over the quarters. Three-fifths (62%) of employers responding to the winter survey are planning to recruit in the next three months, down 13 percentage points from the autumn and 24 percentage points from the spring quarter.

**Figure 1: Recruitment and redundancy intentions**



Figures from this quarter's survey show many organisations are freezing recruitment. With hardly a week passing by without an announcement of job cuts, there is every indication that recruitment activity is experiencing a real slowdown.

The recent survey by the Recruitment and Employment Confederation (REC) says recruitment for permanent positions fell to its lowest level since their survey began in 1997.<sup>3</sup>

Our LMO findings over the quarters show a trend much in line with these findings. Figure 1 shows the convergence of those intending to recruit and those intending to make redundancies over the next three months – as first noted in the previous quarter's survey – is becoming more pronounced.

The implications are that the balance of recruitment and redundancies is likely to be zero if this trend continues.

Recruitment intentions vary across the business sectors. Recruitment intentions are lowest among manufacturing and production (46%) (an area which saw heavy job cuts in the weeks leading up to Christmas), the private sector and services (56%) and highest in education (90%) and healthcare (88%).

As expected, the private sector, which has suffered the brunt of the credit crunch, is less likely to recruit over the next three months and more likely to make redundancies than average. Only half of employers (53%) intend to recruit, compared with 84% of public sector employers and 79% of voluntary sector employers.

<sup>3</sup> <http://www.rec.uk.com/press/news/486>

Figure 2: Recruitment intentions by business sector

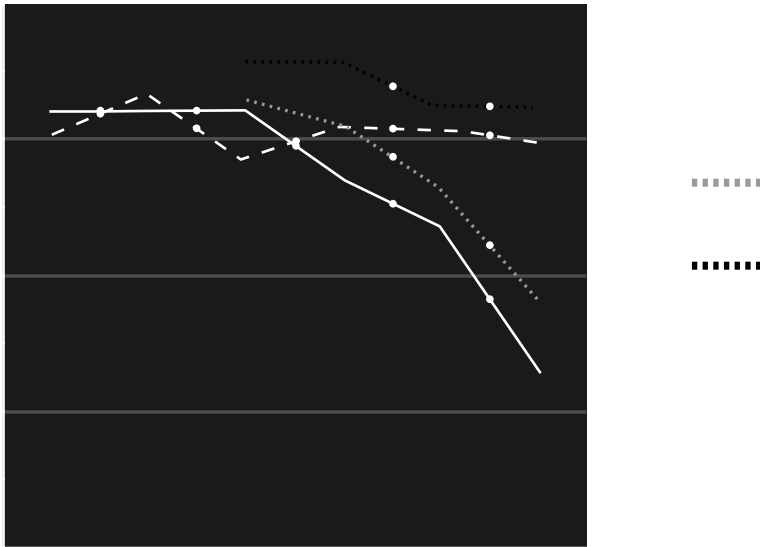
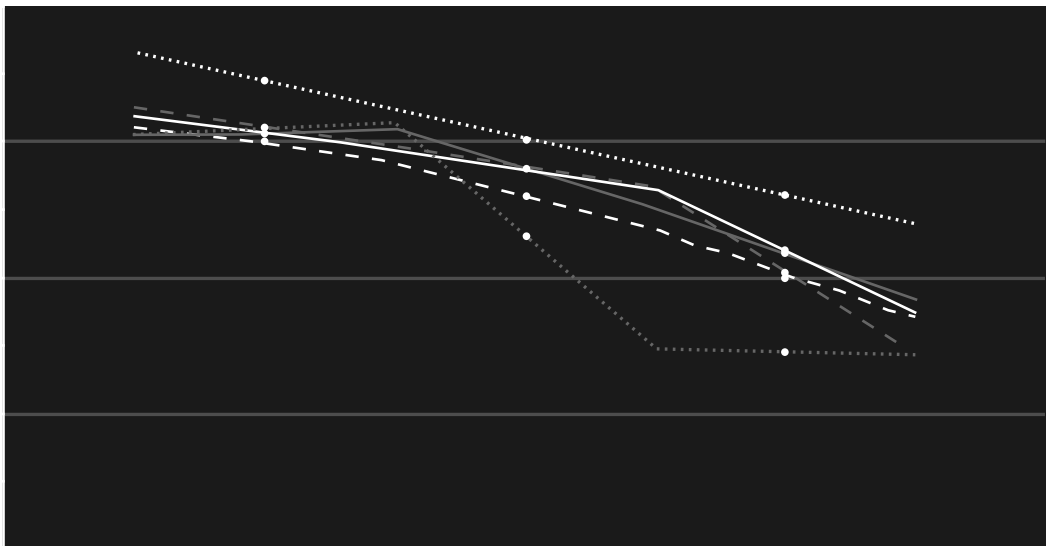


Figure 3: Recruitment intentions by region



Recruitment intentions continue to drop across the regions. The highest falls since the autumn quarter are in Wales (-24%) and the Midlands (-18%).

Table 1 shows how recruitment intentions have fallen since the autumn quarter. The only increase over the quarter is in the voluntary sector, where they rose by only 1%, although this is not a statistically significant increase.

**Table 1: Recruitment intentions by sector and region (base for winter 08-09: all respondents (892))**

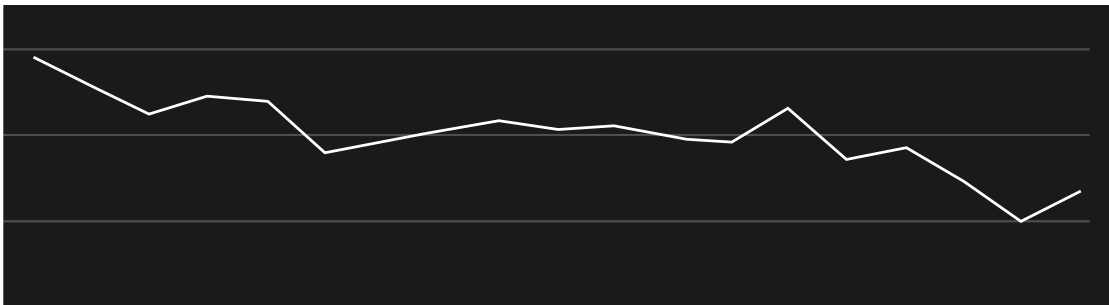
	% plan to recruit staff		
	Autumn 2008	Winter 2008-09	% change
Private	70	53	-17
Public	87	84	-3
Voluntary	78	79	1
North of England	70	57	-13
Midlands	73	55	-18
South of England	76	68	-8
Scotland	67	54	-13
Wales	73	49	-24
Northern Ireland	50	49	-1

Net recruitment registers changes in net recruitment, *that is, that which is over and above replacement recruitment*, thereby raising an employer's staffing levels. The LMO measure of net recruitment is thus a proxy for quarterly changes in employers' overall demand for labour. This helps explain why at times one observes an apparently paradoxical difference between the findings of surveys that monitor employers' recruitment activity and observed trends in the overall level of employment.

Comparison with independent recruitment surveys and official ONS employment data indicates that the LMO figure for total recruitment intentions generally reflects that of other independent recruitment surveys, while the LMO figure for net recruitment reflects the trend in employment levels as identified by the ONS data in the Labour Force Survey.

Figure 4 shows net recruitment intentions for additional staff since the LMO survey began. Net recruitment has fallen to a low level over the past year since the global credit crunch surfaced. However, it has increased this quarter, up from 20% in the autumn to 27%.

**Figure 4: Net recruitment intentions**



Recruitment intentions for full-time and part-time staff over the next three months have remained stable over the quarter. Three-fifths (62%) of organisations' new recruits will be on a full-time basis, with 11% on a part-time basis.

Just over a tenth (12%) expect new recruits to be fixed-term or temporary staff.

The LMO net employment figure measures the difference between employers who expect recruitment and/or redundancies to increase total staff levels and those who expect this to decrease total staff levels. Therefore, a figure above zero shows that the overall effect of recruitment and redundancies will be to increase staff levels. *This figure offers the most accurate indicator of how the jobs market is faring in terms of the net effect of employers' recruitment and redundancy intentions.*

When asked what the overall effect of recruitment and redundancies will be, over a third (36%) of organisations surveyed say it will maintain total staff levels. Just over a quarter (27%) say recruitment and redundancies will increase staff levels. About a third (36%) say the intention is to decrease staff levels – up 18% from the autumn survey. The resulting net employment figure of –9% identifies a significant drop from the positive recruitment intentions recorded in previous quarters and is the first time the survey has fallen into negative territory.

Interestingly, when comparing the LMO net employment against the ONS employment rate there is a correlated trend.

Figure 6 shows the ONS employment rate following the same pattern as the LMO trend. It should be emphasised that while the ONS figures are a lagging indicator, the LMO's net employment figure represents a forecast over the next three months. The figure suggests that the official ONS figures, which have already seen sharp falls in the employment rate, will see bigger falls in the UK employment rate in the next few months.

**Table 2: Net recruitment intentions by business type (base for winter 08–09: all respondents (892))**

	% plan to recruit additional staff			
	Spring 2008	Summer 2008	Autumn 2008	Winter 2008–09
Manufacturing and production	48	28	22	<b>21</b>
Voluntary sector	55	21	23	<b>43</b>
Private sector services	44	30	23	<b>30</b>
Public administration and defence	17	25	11	<b>17</b>

**Table 3: Net recruitment intentions by region (base for winter 08–09: all respondents (892))**

	% plan to recruit additional staff			
	Spring 2008	Summer 2008	Autumn 2008	Winter 2008–09
Scotland	34	34	25	<b>34</b>
Wales	47	25	23	<b>21</b>
Northern Ireland	63	31	10	<b>32</b>
North-west of England	29	32	22	<b>29</b>
North-east of England	41	29	33	<b>19</b>
Yorkshire and Humberside	37	27	20	<b>33</b>
West Midlands	39	29	20	<b>31</b>
East Midlands	51	33	10	<b>17</b>
East of England	41	32	24	<b>42</b>
London	39	33	17	<b>21</b>
South-east of England	40	27	18	<b>27</b>
South-west of England	22	31	18	<b>26</b>

**Table 4: Recruitment by contract type (%) (base for winter 08–09: all respondents (892))**

	Spring 2008	Summer 2008	Autumn 2008	Winter 2008–09
Full-time	72	72	62	<b>62</b>
Part-time	12	7	11	<b>11</b>
Fixed-term/temporary	12	11	10	<b>12</b>

Figure 5: Overall effects of recruitment and redundancies

Q. What will be the effect of recruiting or making redundancies?

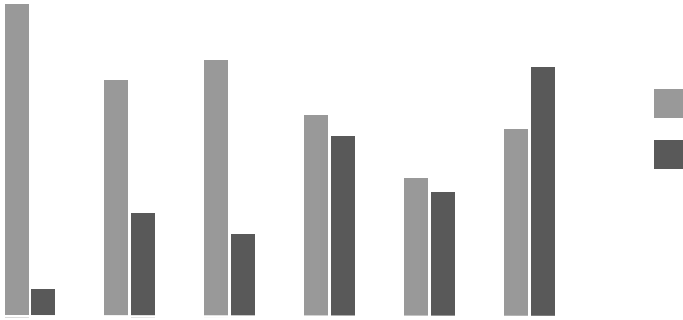


Figure 6: Net employment against ONS employment rate (16-59/64 years)

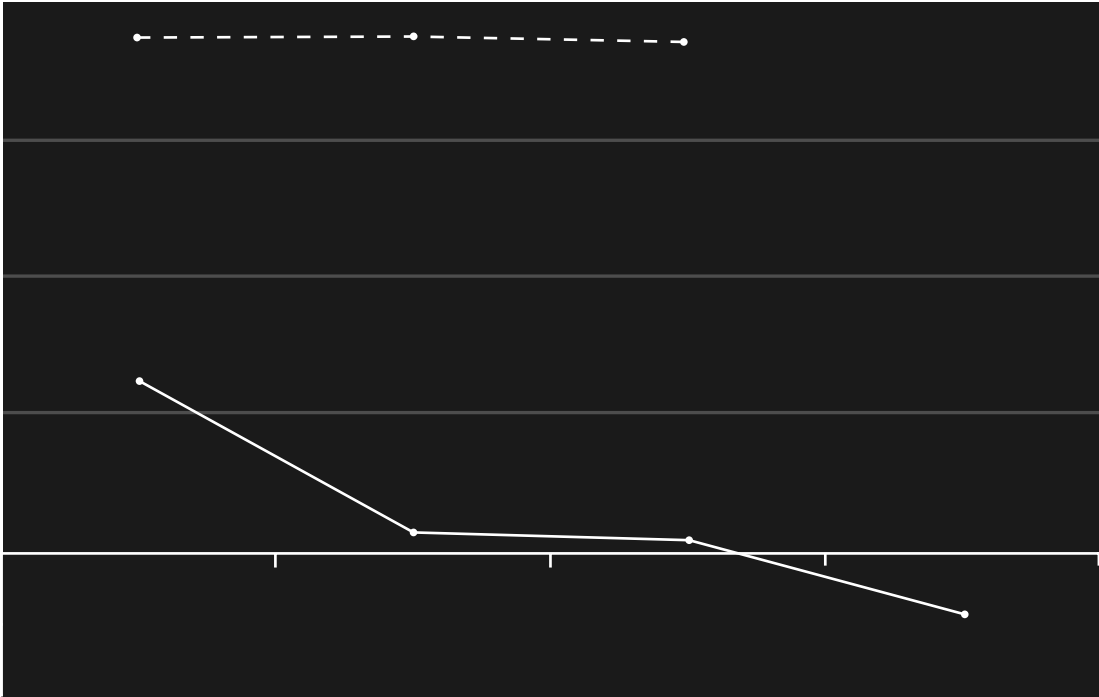
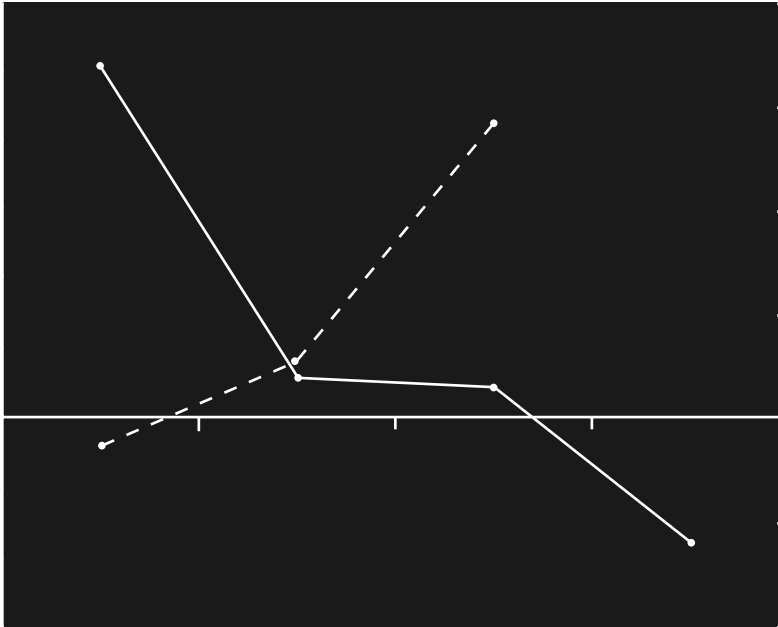


Figure 7 highlights the inverse relationship between the ONS claimant count and LMO net employment.

**Figure 7: Net employment against ONS claimant count**



Reflecting the worsening economy, redundancy intentions have increased over the quarter. A third (34%) of employers expect to make some redundancies (representing on average 10% of their workforce) in the next three months, up 8 points from the autumn quarter.

Redundancy intentions are relatively higher in larger organisations (250+) than in small and medium-sized enterprises (SMEs) (41% and 25% of employers respectively). They are also higher for those organisations expecting the financial performance of their organisation to get worse (46%) than for those who expect the economic conditions to stay the same (28%).

There is also an increase in LMO employers who cannot give an opinion on whether they will be making redundancies, which is a strong indicator of the underlying uncertainty surrounding the economy and labour market currently. Fifteen per cent of organisations say they don't know if they will be making any redundancies in the next three months, up from 12% in the autumn quarter.

However, there are indications that the number of staff being made redundant is being kept to a minimum. The majority (57%) of employers surveyed who expect to make redundancies over the three months say this would represent less than 5% of their workforce.

Looking back over the past year, two in five organisations (42%) have not made any redundancies in the year to December 2008.

The current slowdown in the manufacturing sector is somewhat reflected in the number of employers that intend to make redundancies in this sector. LMO employers surveyed in the manufacturing sector are more likely to make redundancies than average.

According to recent figures published by the ONS at the time of writing, manufacturing output decreased by 3.3% in the three months to November 2008 compared with the three months to August 2008.<sup>4</sup>

<sup>4</sup> <http://www.statistics.gov.uk/cci/hugget.asp?id=198>

The recent survey by the Federation of Master Builders (FMB) also paints a gloomy picture. Expectations of construction jobs under threat could reach 90,000 across SMEs.<sup>5</sup>

Redundancies made last year by organisations surveyed are more likely to be compulsory (77%) than voluntary (42%). Among the business sectors, the manufacturing and production sectors are most likely to have made compulsory redundancies (80% of all redundancies), while in the voluntary sector, 48% of redundancies were compulsory.

While redundancy intentions have increased dramatically over the quarters, redundancies are more likely to have been carried out in larger organisations. A quarter (25%) (up six points from the autumn survey) of SMEs intend to make redundancies, compared with two in five (41%) of organisations employing more than 250 staff.

Four in five (83%) of employers surveyed say they do not intend to make HR staff redundant during the coming quarter, although recent press reports say thousands of HR jobs are at risk following some local councils' intentions to shed jobs.<sup>6</sup>

Interestingly, this is an increase from the autumn survey, where half (52%) did not have an intention of making HR staff redundant. This could be explained by the greater need to keep HR staff during these times as they are key roles necessary to deal with the numerous employee-related issues arising in the current climate.

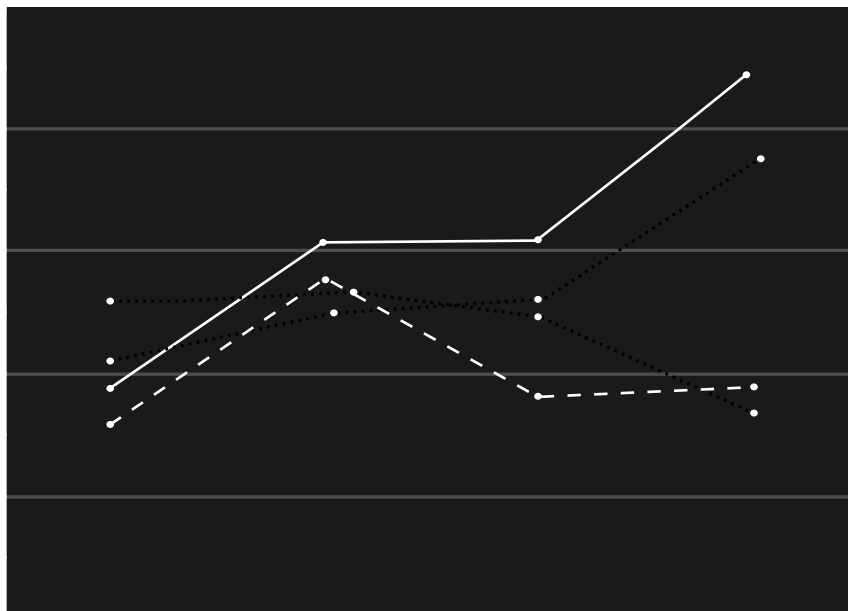
Contingency plans for further redundancies have increased over the quarter, possibly signifying the worst is yet to come. Two in five (39%) organisations have put contingency plans in place over the next 12 months, an increase of 13 points from the autumn quarter.

Among the business sectors, plans are more pronounced in manufacturing and production (44%) and education (55%) but less so in healthcare and the voluntary sector (28% and 21% respectively).

As expected, of those who are more likely to have these measures in place, 73% intend to carry out redundancies in the next three months.

The survey amply highlights evidence that suggests employers are looking at other options to stave off redundancies. There are increasing reports of

**Figure 8: Redundancy intentions by business sector**



<sup>5</sup> (Financial Times, 19 January 2009, p4)

<sup>6</sup> <http://www.personneltoday.com/articles/2009/01/14/48958/hr-jobs-at-risk-as-councils-axe-thousands-of-staff.html>

organisations embarking on three- or four-day working weeks or closing down production for a period to reduce the need for redundancies and to stay solvent in the challenging economic climate.

Half of employers surveyed in the LMO survey (50%) say they are resorting to a recruitment freeze and a slightly lower proportion are terminating the contracts of temporary workers (44%) to avoid making redundancies.

Of those organisations undertaking a general recruitment freeze to limit or postpone redundancies, 72% still intend to make redundancies in the next three months.

Similarly, for organisations terminating temporary worker contracts to avoid redundancies, 64% intend to carry on with redundancies in the next three months.

As seen in Table 5, the proportion of organisations adopting a recruitment freeze is significantly higher for the private sector than the other sectors. Over half (55%) of private sector employers are adopting a recruitment freeze compared with 41% in the public sector and a third (34%) in the voluntary sector.

Employers in the manufacturing industry (65%) are also more likely than average to opt for a freeze.

A fifth (21%) of employers surveyed are cutting learning and development expenditure. Fifteen per cent are opting for short-time working. Interestingly, a couple of our focus group participants described the current situation as an 'interim managers' market' as a result of these measures.

There are increasing calls for the Government to stop migrant labour as the economy's woes deepen, with the Home Secretary recently announcing that the Government is closing the door on migrant workers from outside the EU during the economic crisis.

Findings from this survey show a large percentage of employers rely on migrant workers. About two in five (42%) organisations employ migrant workers and this is particularly true for employers in London (56%), and those in manufacturing and production (52%), construction (81%) or the private sector services (44%).

**Table 5: Alternative measures to avoid redundancies (%) (base for winter 08–09: all respondents (892))**

	Private	Public	Voluntary/ not for profit
General recruitment freeze	55	41	34
Terminating temporary worker or agency worker contracts	44	54	26
Cutting learning and development expenditure	26	12	11
Flexible working	16	29	18
Bonus cuts	23	5	4
Short-time working (reducing hours)	18	9	7
Wage cuts	9	2	1

However, there is evidence that the number of migrant workers employed has not increased over the year, perhaps suggesting they have also been affected by recruitment freezes or that the pool of migrant labour is declining, as evidence suggests there has been a recent exodus of migrant workers back to their native countries. For LMO employers employing migrant workers, over half (54%) say there has not been any difference in the number of staff employed over the year. Only one in five (21%) say they have employed more migrant workers over the past year.

A fifth (21%) of employers surveyed intend to review wages between December 2008 and February 2009. Two in five (41%) expect this to be between March and May 2009 – the time when most organisational budgets are reviewed.

However, there has been a marked increase in employers that do not intend to carry out a pay review in the next year. One in eight (13%) have no intention of carrying out a pay review this year, up from 8% in the autumn quarter.

Average pay expectations, excluding bonuses, of those intending to review wages have decreased to 2.62% compared with 3.49% in the autumn. Two in five (39%) employers expect this increase to be between 3% and 5%, down from 53% recorded in

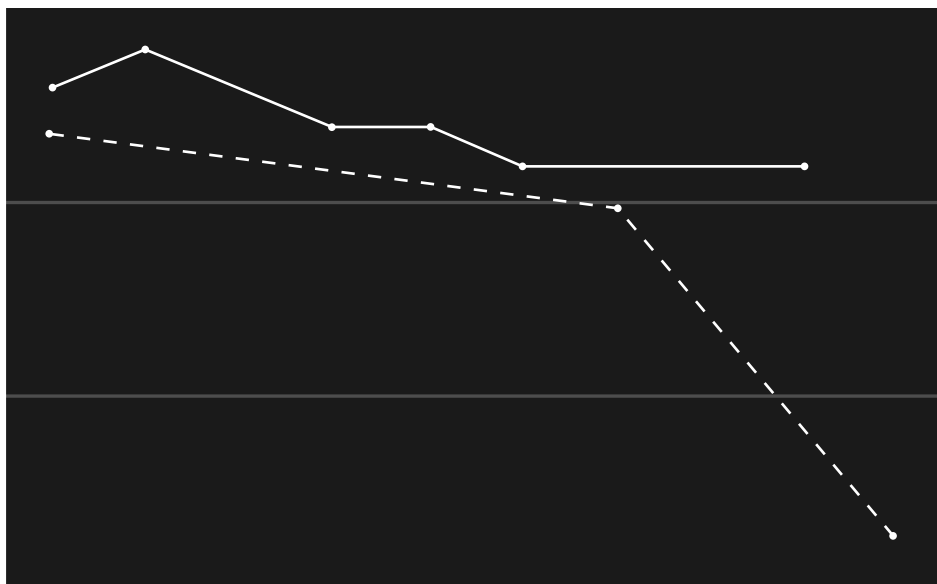
the autumn and 54% in the summer quarter. Again, this sharp fall suggests that the lagging official ONS figures, which have only recently started to see modest declines in pay growth, will see more dramatic falls in pay growth in the next few months.

The majority of employers surveyed (65% – up from 42% in the autumn) say this figure represents a decrease when compared against their last pay round.

Half (50%) of LMO employers (compared with 28% in the autumn) surveyed expect their next pay reviews (excluding bonuses) to be less than 3% and this falls to 40% for pay reviews including bonuses.

For reviews including bonuses, a similar proportion (36%) expect the increase to be between 3% and 5%. The average wage increase expected, including bonuses, as a result of the pay reviews has dropped from 3.98% to 3.57%.

**Figure 9: Expected average pay increase (excluding bonuses) compared against ONS figures**



**Table 6: Expectations of wage increases (excluding bonuses) (%) (base for winter 08–09: all planning a pay review (658))**

	Winter 2007–08	Summer 2008	Autumn 2008	Winter 2008–09
Less than 2%	12	2	3	<b>13</b>
2% to less than 3%	31	25	25	<b>37</b>
3% to less than 3.5%	26	30	29	<b>24</b>
3.5% to less than 4%	6	9	7	<b>6</b>
4% to less than 4.5%	1	14	15	<b>8</b>
4.5% to less than 5%	1	1	2	<b>1</b>
5% to less than 6%	6	6	10	<b>4</b>
6% or more	1	3	2	<b>1</b>
<b>3–5%</b>	<b>41</b>	<b>54</b>	<b>53</b>	<b>39</b>

Consistent with the autumn survey, the vast majority of employers surveyed (87%) say their organisation's financial performance is fairly/very important in determining their next pay reviews.

Cost of living/inflation and business and economic confidence both appear to be equally important drivers of pay reviews; three-quarters (74%) of employers mention cost of living/inflation and 72% cite business and economic confidence.

Differences in determinants of pay reviews emerge when considering the various business sectors. For organisations in the private sector the most important driver of pay reviews is their financial performance, mentioned by almost all employers; for the public sector cost of living is most cited, rated by three-quarters as important.

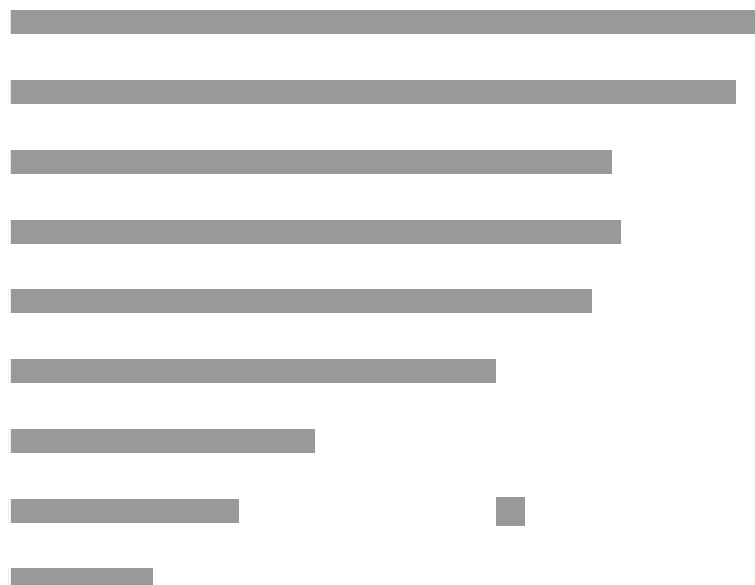
Cost of living and organisational performance are the most cited determinants in the voluntary sector, both mentioned by 87% of employers surveyed.

Unsurprisingly, calls for pay restraint by the Government are less likely to be heeded in the private and voluntary sectors. Only a tenth of employers in the private sector (10%) and just over a fifth (28%) of those in the voluntary sector consider this to be important.

As with the autumn survey, 72% of public sector employers would consider important government calls for pay restraint in their wage determination.

**Figure 10: Factors considered in determining future pay reviews (base winter 08–09 (892), autumn 2008 (721) Ipsos MORI)**

*Q. How important do you expect the following factors to be in determining your next pay review? (% important)*



**Table 7: How important do you expect the following factors to be in determining your next pay review? (Base for winter 08–09: all respondents (892)) (%)**

	Private	Public	Voluntary/ not for profit
Cost of living/inflation	72	75	87
Rewarding high-performers	78	35	42
Improving recruitment or retention of staff	59	45	67
Market rate or pay surveys	51	46	65
Individual demands	14	9	13
Organisation's financial performance	96	57	87
Business/economic confidence	82	46	64
Union negotiations	23	66	26
Government's call for pay restraint	10	72	28

Employers surveyed still harbour positive expectations for their overall salary budgets. About two in five employers (37%) surveyed expect their overall salary budget to increase as a result of the next pay review. Expectations are similar across the sectors: 35% of employers in the private sector, 37% in the public sector and 45% in the voluntary sector expect an increase.

Consistent with perceptions over the last quarter, the vast majority of organisations surveyed believe that the economic condition of the country will get worse over the next three months.

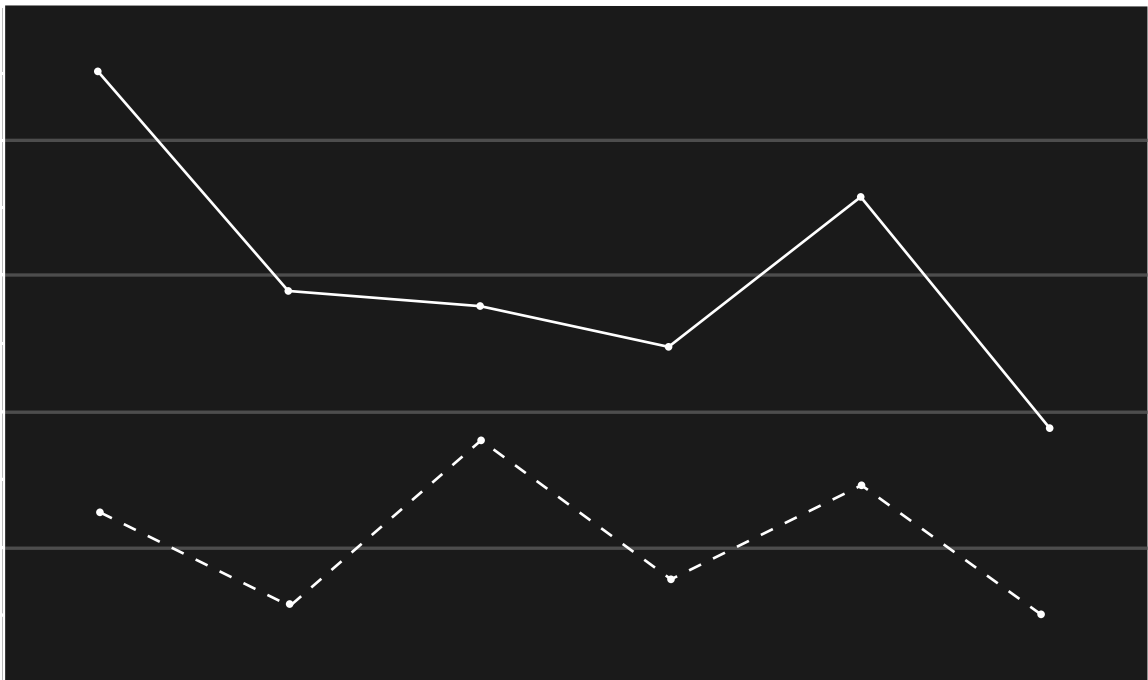
Four in five (80%) now believe the economic condition will get worse compared with just 2% of optimistic employers that expect the economy to improve. Just under a fifth (16%) of employers expect no change in the next three months.

Employers' confidence in the performance of their own organisations is lower than that seen in the last quarter. A third (34%) of employers responding expect their organisational performance to get worse, compared with a quarter saying so in the autumn.

Bleak expectations are higher in Northern Ireland than the rest of the UK, perhaps indicative of the recession in Ireland.

Manufacturing and production sectors are more likely than average to have a pessimistic view of their organisation's financial performance. Over two in five in this sector (45%) say their financial performance will get worse, compared with smaller proportions of employers in education (29%), healthcare (28%), voluntary/not-for-profit sectors (25%), private sector services (36%) and public administration and defence (19%).

**Figure 11: Expectations of financial performance of organisation by business sector**



Employers were asked how their organisation would react in the current climate on a range of policy areas over the next three months. A summary of organisations' responses to the pessimistic outlook is given here:

- Three in ten (31%) expect increased expenditure on redundancies.
- Two in five (39%) employers expect their training budgets to decrease, up from a quarter (25%) in the autumn survey.
- Around three-fifths (58%) expect recruitment spend to decrease.
- Over a third (33%) expect bonuses to decrease, compared with about half (48%) who expect this to be the same.
- Overtime working is expected to decrease. About half (47%) expect this to decline, compared with two in five (38%) that say it will be unchanged.

**Table 8: Over the next three months, do you expect each of the following in your organisation to increase, decrease or stay the same? (Base for winter 08–09: all respondents (892)) (%)**

	Increase	Decrease	Stay the same
Training spend	10	39	49
Recruitment spend	8	58	32
Redundancy spend	31	9	36
Basic pay increase	21	18	55
Bonuses	4	33	48
Overtime	4	47	38

In total, 18,000 questionnaires were sent out to a range of CIPD members, and 892 usable returns were obtained (340 paper and 552 online), a response rate of 5%. Respondents answered a series of questions on employment issues relating in the main to the autumn of 2008 between 4 December 2008 and 2 January 2009.

The responses were collated and compiled by Ipsos MORI. To provide more detail, the results were then reanalysed by the size of the company, sector of business, region and type of business.

The *Labour Market Outlook* survey was prepared at Ipsos MORI by Karen Wisdom, Oliver Wright and Mark Tsagli.

**Table 9: Respondents by business sector**

Business type	Autumn 2008	Summer 2008	Spring 2008	Winter 2008-09
Private	66	64	56	67
Public	23	23	33	22
Voluntary/not for profit	11	11	9	11
Don't know/not stated	-	2	2	0

**Table 10: Respondents by business type**

Business type	Autumn 2008	Summer 2008	Spring 2008	Winter 2008-09
<b>Manufacturing and production</b>	<b>25</b>	<b>25</b>	<b>21</b>	<b>22</b>
Agriculture, forestry and fishing	1	1	1	0
Manufacturing	18	19	14	16
Construction	4	5	3	2
Mining and extraction	1	1	1	1
Electricity, gas and water supply	1	1	2	2
<b>Education</b>	<b>6</b>	<b>6</b>	<b>7</b>	<b>3</b>
Primary and secondary schools	1	1	1	0
Further and higher education	5	5	6	3
<b>Healthcare</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
NHS	5	5	4	5
Other private healthcare	1	2	3	2
<b>Voluntary and not-for-profit sectors</b>	<b>11</b>	<b>11</b>	<b>3</b>	<b>8</b>
<b>Private sector services</b>	<b>40</b>	<b>41</b>	<b>37</b>	<b>38</b>
Hotels, catering and leisure	3	3	4	3
IT industry	3	4	2	3
Communications (including media)	2	2	2	3
Consultancy services	7	6	7	3
Other private sector services	10	11	11	11
Finance, insurance and real estate	8	9	7	7
Wholesale and retail trade	7	7	6	5
<b>Public administration and defence</b>	<b>12</b>	<b>12</b>	<b>18</b>	<b>10</b>
Public administration – central government	4	4	6	4
Public administration – local government, including fire services	7	8	11	6
Armed forces	1	n/a	1	1
Not stated	0	3	11	11

**Table 11: Region/nation to which response relates**

	Autumn 2008	Summer 2008	Spring 2008	Winter 2008–09
<b>North</b>	<b>15</b>	<b>21</b>	<b>18</b>	<b>15</b>
North-west of England	9	12	11	8
North-east of England	2	6	4	3
Yorkshire and Humberside	4	8	6	4
<b>Midlands</b>	<b>12</b>	<b>16</b>	<b>16</b>	<b>11</b>
West Midlands	5	9	7	4
East Midlands	3	7	6	3
East of England	4	6	5	4
<b>South</b>	<b>27</b>	<b>36</b>	<b>37</b>	<b>29</b>
London	10	15	16	12
South-west of England	6	10	9	5
South-east of England	12	18	15	12
<b>Scotland</b>	<b>11</b>	<b>15</b>	<b>17</b>	<b>10</b>
<b>Wales</b>	<b>7</b>	<b>7</b>	<b>9</b>	<b>5</b>
<b>Northern Ireland</b>	<b>6</b>	<b>5</b>	<b>7</b>	<b>4</b>
<b>Channel Islands</b>	<b>1</b>	<b>n/a</b>	<b>n/a</b>	<b>1</b>
All of UK	21	10	1	18
Other	–	n/a	n/a	n/a
Not stated	–	3	4	8

**Table 12: Respondents by employer size**

Number of employees	Autumn 2008	Summer 2008	Spring 2008	Winter 2008–09
1–9	4	4	4	3
10–49	10	9	7	8
50–99	11	12	8	13
100–249	20	n/a	n/a	20
250–499	14	n/a	n/a	15
500–999	13	12	11	11
1,000–4,999	16	15	18	14
5,000–9,999	6	5	8	6
10,000–19,999	2	3	4	3
20,000 or more	4	5	7	6
Don't know/not stated	–	n/a	1	0



Chartered Institute of Personnel and Development  
151 The Broadway London SW19 1JQ  
Tel: 020 8612 6200 Fax: 020 8612 6201  
Email: [cipd@cipd.co.uk](mailto:cipd@cipd.co.uk) Website: [www.cipd.co.uk](http://www.cipd.co.uk)

Incorporated by Royal Charter Registered charity no.1079797

