

## Today's economy: the employees' verdict

### Overview

An uncertain economic outlook is difficult for any business to navigate. Wary organisations are more likely to shelve investment plans and slow their decision making – hampering their progress. For employees too, an unsettled economy can bring with it a climate of concern and insecurity. So how have the recent problems with the “credit crunch” and the predicted market slow-down affected the attitudes and likely behaviour of the country's workforce?

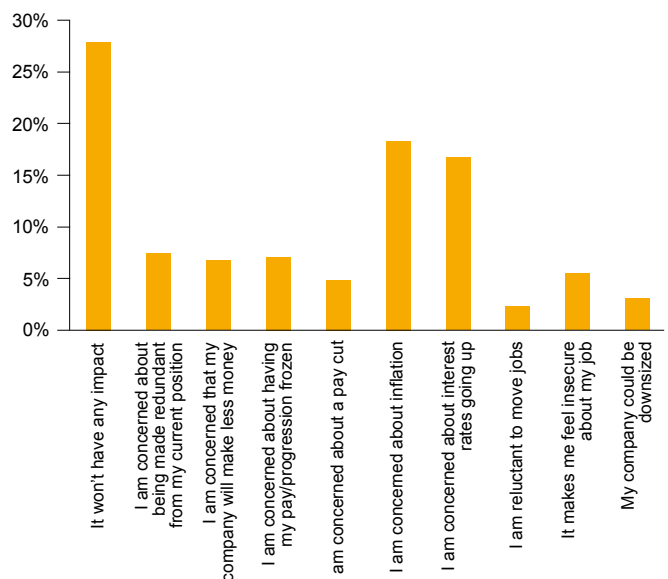
According to a recent study by Jobsite\*, it appears that confidence in job security remains defiantly strong with employees claiming they are more likely to be affected by rising costs of living than potential redundancies. Few are worrying either about pay cuts or an imminent downsizing of their firms. With UK employment rates riding at their highest ever levels (since comparable records began in 1971) it is perhaps unsurprising that staff have shown no panic so far about their current posts. Only 7% say they have any concerns about being made redundant, while just 5% say they feel insecure in any other way about their job.

This confidence in personal employability seems to be overriding difficult economic headlines. Employers should beware that workers – for the time being at least – are not feeling obliged to remain in post to preserve their jobs. In fact, quite the reverse is true. Nearly half the working population (47%) expects to move on in the next 12 months – and the most popular reason for changing jobs is to improve pay.

However, although UK workers are remaining optimistic about their job prospects, the economic climate is still playing on their mind with many people now expecting

rising interest rates and climbing inflation to stretch their earnings to the limit. For employers this finding could be an unwelcome warning of inflationary pressure on salaries to come. And although it is tempting in tough financial times to delay staff development plans, promotions or rewards, employers should do so with the utmost care. In the current climate the best talent may not be prepared to wait around for the purse strings to loosen.

In which of the following ways do you think the current state of the economy will affect you?



## Key Findings

### 1.1 Crisis, what crisis?

It's not that employees aren't aware of the economic climate – 59% are concerned about it, but this doesn't affect their thoughts on employment. Just 7% of employees are concerned about being made redundant from their current position and only 5% say today's economic problems make them feel insecure about their jobs. Moreover, workers are not yet worried about their companies' prospects. Just 7% think their firm will make less money and only 3% feel their company is likely to be downsized.

Whether employees' optimism is shrewd or simply short-sighted remains to be seen. Meanwhile employers must manage their way through the tricky dichotomy of a tight labour market and an unsteady economy.

### 1.2 On the move

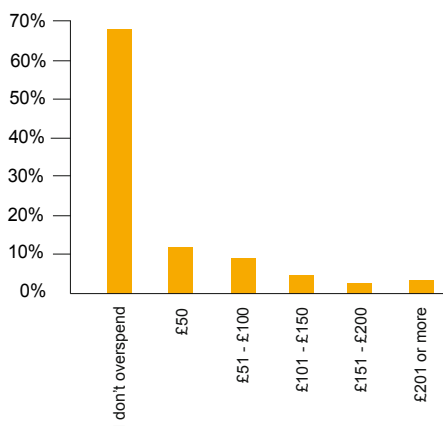
Despite widespread discussion of financial uncertainty, 47% of employees say they plan to move jobs now or in the next 12 months. The findings show a workforce confident in its employability. Only 2% felt reluctant to move jobs owing to the current state of the economy.

The survey suggests many employers will see some unwelcome churn in the short-term. Cost-conscious companies that fail to follow-through with staff development and incentive plans may find it particularly difficult to hold onto their best people.

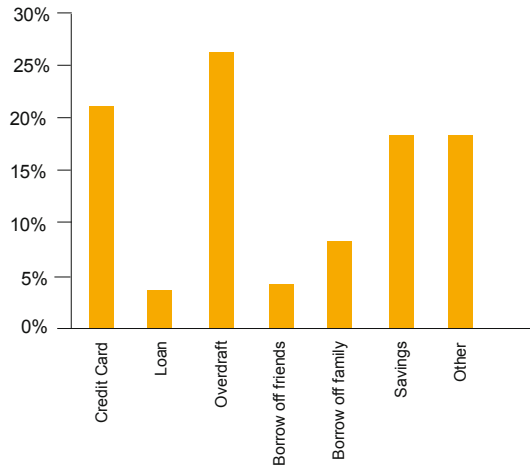
### 1.3 Money: the major concern

The workforce is nervous about the troubled economy's impact on their costs of living. Inflation is a concern for 18% while 17% are worried about rising interest rates. Thirty-two per cent of workers say they already overspend their salary each month with most (63%) relying on some form of credit to plug the gap.

By how much do you overspend each month, more than you earn? In pounds.

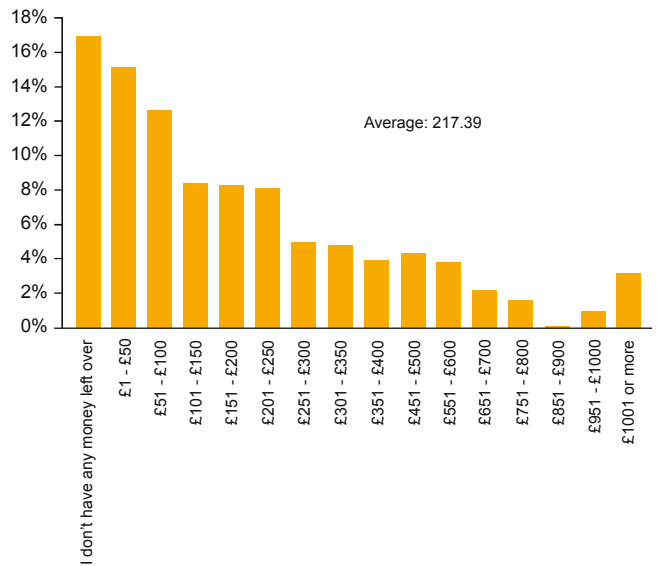


How do you get this extra money?



Although 42% report that they won't run out of money next month that's more through careful budgeting than plentiful resources as 17% state that after paying debts and bills there is no money left. With little or no money for personal enjoyment employers could be left with a disheartened, demotivated and unhappy workforce, which won't help during this time. Therefore, unsurprisingly the most popular reason for planning a job move in the next year is to improve remuneration – cited by over a quarter (27%) of all those intending to switch employers.

After debts and bills have been paid, how much money do you have left for yourself each month? In pounds.



With many employees and potential recruits already financially over-stretched in their personal lives, employers should plan appropriately now for inflationary pressure on salaries in the months ahead.

Employers may think they're unable to meet the salary demands of their staff, but their expectations could be lower than they think, according to the Jobsite salary report that we'll be publishing next month. To find out how much UK workers are expecting in pay rises and what else can be done to keep them motivated [sign up](#) now to receive your free report on publication.

\* Source: Research was undertaken with 4,500 UK jobseekers in April 2008 through third party research agency 72 Point.