

Ceridian, one of the largest providers of human resource services in the world, surveyed more than 1000 UK employees, across all demographics* to ascertain the real impact on the UK workforce of the current credit crunch. The research aims to build a picture of what it is like to be employed in the UK today, how employees feel their employers have responded to the credit crunch and how this will affect their behaviour when the upturn arrives. The findings provide an insight into the prevailing mood of the UK workforce and gives employers valuable perception into what to expect when times improve.

The report covers three main themes:

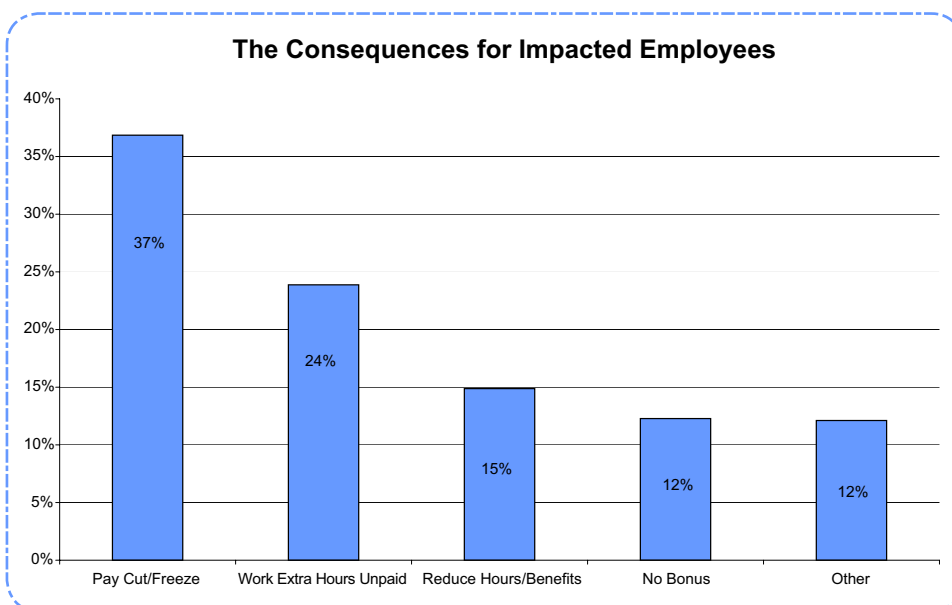
- Pay and conditions
- Relationship with employers
- Expectations for the future

Key findings:

- 49% of employees are financially worse off because of the credit crunch
- 56% feel it will be more than a year before their pay freeze is lifted
- Where pay rises are impossible employers are becoming inventive in rewarding employees
- Over half of those surveyed reported working discretionary overtime, of these one in five are working an extra three days per week unpaid
- Job security and financial stability, rather than a return to a bonus culture, are the main priorities for the upturn
- 29% of employees are looking to change jobs in the upturn, with more than one third citing lack of progression and 25% workplace behaviour as reasons for the change

Impact on employees from the credit crunch:

Overall, just under half of those surveyed (48%) have been negatively affected by the credit crunch. This includes pay cuts, pay freezes, altered working hours and removal of bonuses.

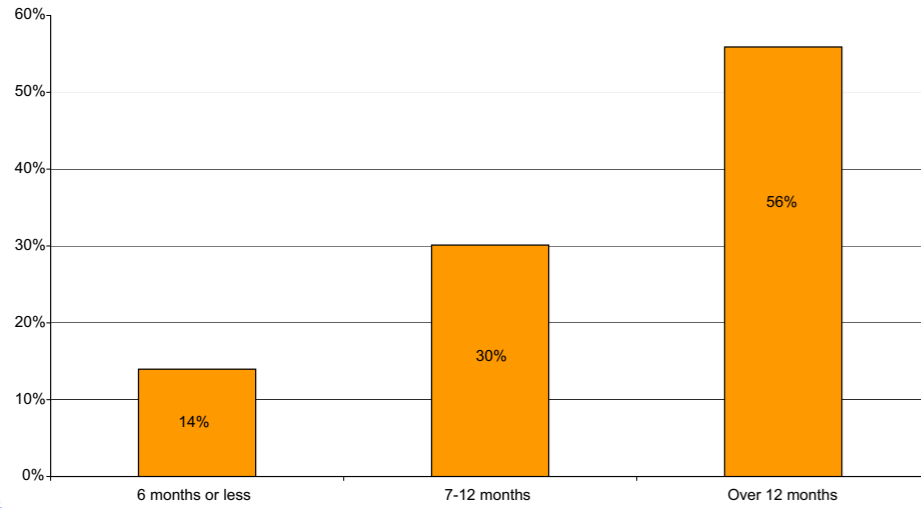


Of those who have been negatively affected, 49% have been adversely impacted financially, either by taking a pay freeze or cut (37%) or having their annual bonus removed (12%).

Furthermore, 39% of employees have changed their working pattern, in terms of hours worked, as a result of the recession.

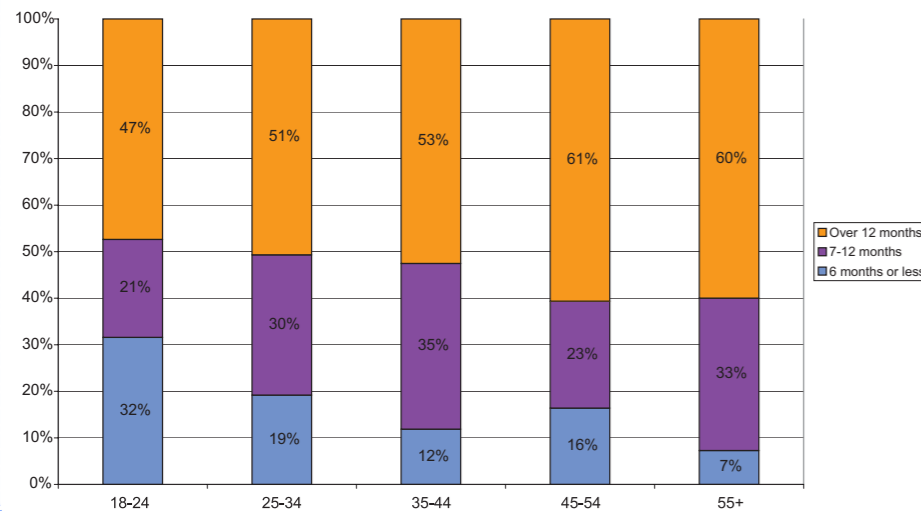
*Research undertaken by independent research agency, Lightspeed, who sampled 1008 UK employees drawn from a range of demographics in June 2009

How long will the Pay Freeze last?



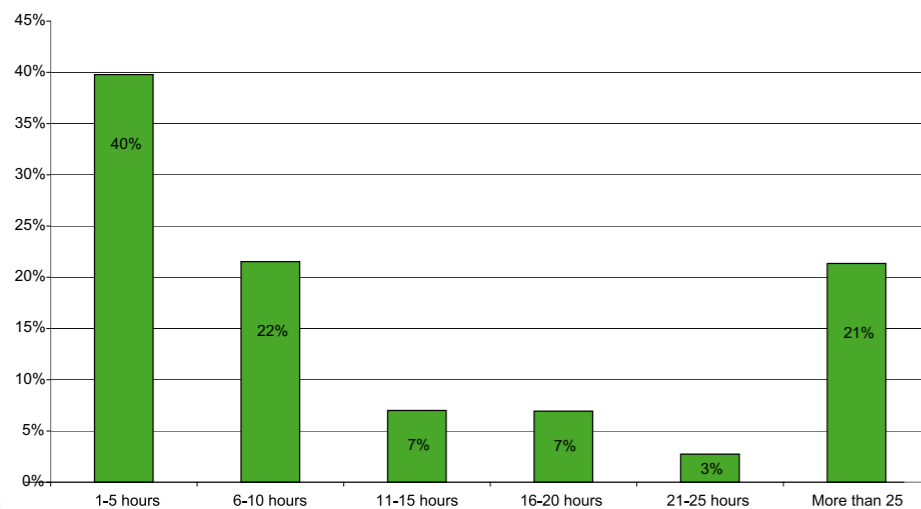
The majority of people felt that it would be over 12 months before their pay freeze was lifted.

How long will the Pay Freeze last?



Interestingly, younger employees are more optimistic about when the recession will end. 32% of 18-24 year olds felt the pay freeze would be over in less than six months whereas only 7% of over 55 year olds felt that this would be the case.

Discretionary hours worked by Employees each week



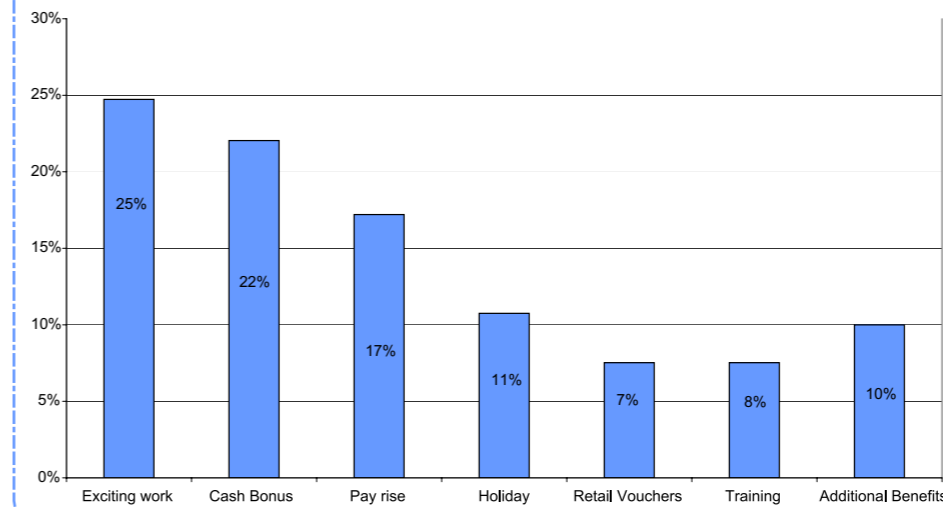
Over half of those surveyed (54%) are working some discretionary overtime.

Of these, 21% are working more than 25 additional hours every week (equivalent to over three extra days) for no extra pay.

While a further one in five are working the equivalent of an extra day per week.

Reaction by employers to employees extra effort:

How have Employers compensated staff for extra hours worked?



Three quarters of the employees surveyed felt they had not been compensated for their extra efforts.

Of the one quarter of the workforce that had been rewarded, a significant 39% had been given extra money – but the majority of these had been given a cash bonus (22%) rather than a pay rise (17%) indicating that employers are trying to control wage inflation.

Where pay rises are not possible employers are becoming more inventive, with 61% of those surveyed having received non-cash rewards.

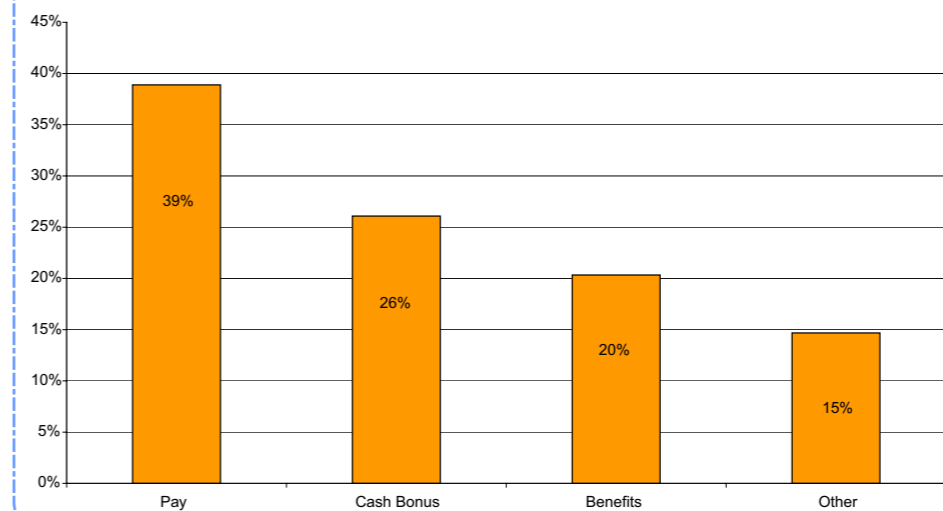
Of these, a quarter have been rewarded with more interesting work and a further 18%

were offered additional benefits through flex schemes in order to compensate for the companies' inability to offer a pay rise.

It seems that where pay rises are not possible, forward thinking employers are developing employees' careers with more challenging work. Additionally, employers are benefiting from the extra discretionary effort these employees are willing to invest to meet the current challenges and subsequently their workforces will be developing key skills ready for the upturn.

How employees expect to be rewarded in the upturn:

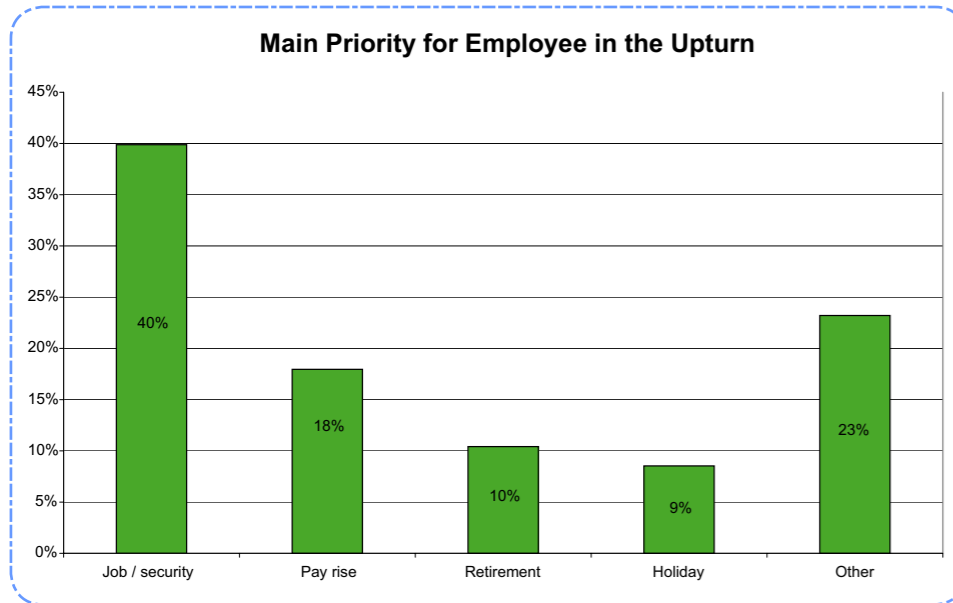
Reward Type for Employee Loyalty in the Upturn



69% of employees feel they should be rewarded for their loyalty throughout the recession.

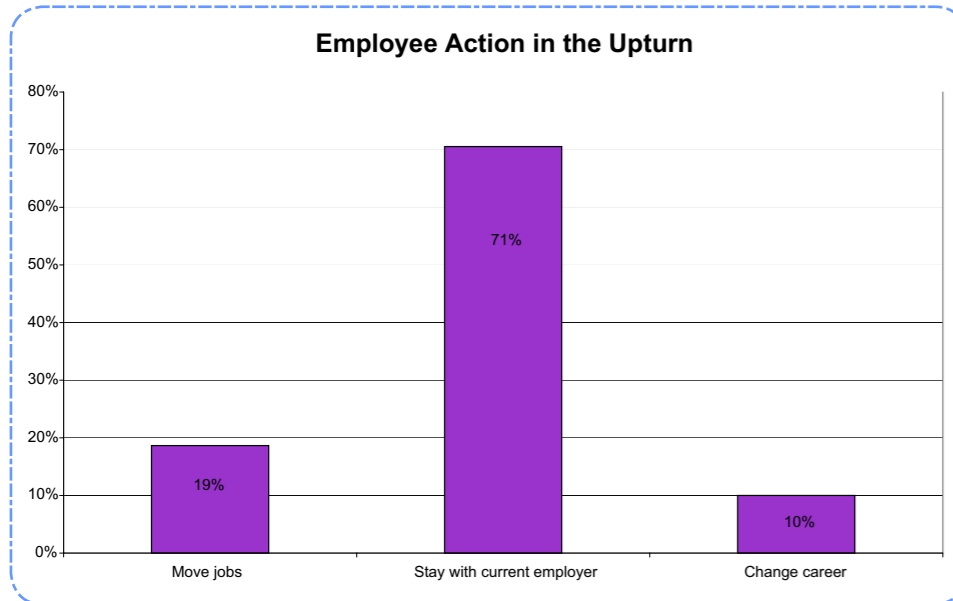
When evaluating types of reward, 39% of employees would choose a pay rise with 26% preferring a cash bonus, indicating that employees prefer the stability of a regular salary over an indefinite but welcome windfall.

Employee behaviour in the upturn:

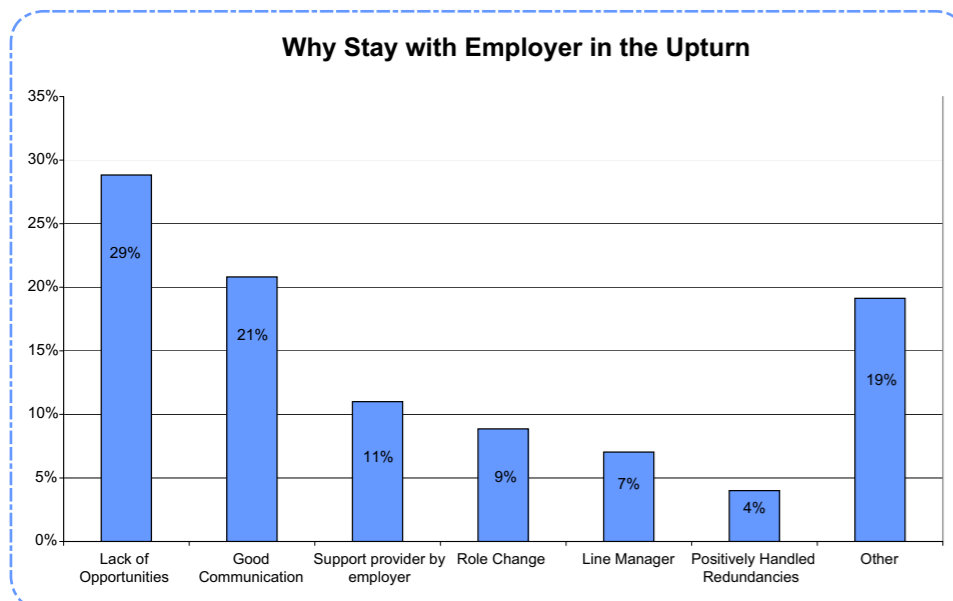


Job security was cited by two fifths of employees (40%) as the main priority for the upturn. Interestingly, this was identified as a priority by twice as many employees as a pay rise.

Thus it seems that employers who can offer security and stability, rather than the promise of bonuses, will be in the best position to attract and retain key talent when the upturn arrives.



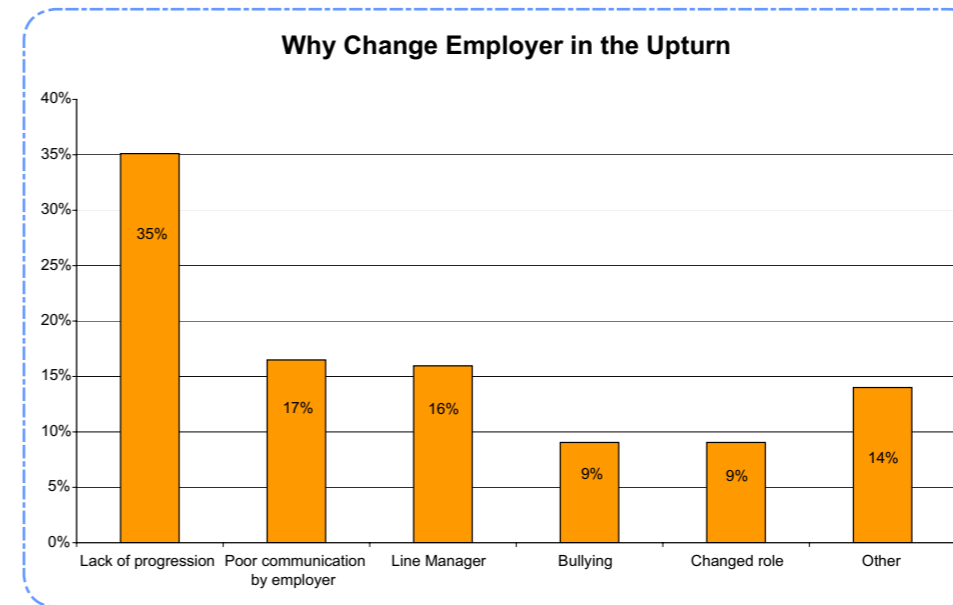
Initially it looks like good news for employers with 71% of employees stating they are planning to stay with their present employer when the upturn materialises.



However, when employees were asked why, the majority (29%) stated the reason for this was a lack of opportunity elsewhere.

It would seem these employees are risk adverse, preferring to stay with the familiarity and security of their present employer even when times improve.

Therefore, the challenge for employers is to ensure those that remain possess the core skills, capability and motivation to drive business success.



Of those planning to move, over one third (35%) cited a lack of progression and a quarter blamed behaviour in the workplace during the recession for their move.

With 29% of employees planning to move jobs or change careers in the upturn and the majority of these stating lack of progression employers should be looking to model their behaviour on those companies that are inventive in rewarding employees – giving interesting work as an opportunity to develop skills, help retain talent, and increase employee engagement. When the upturn arrives, these forward thinking companies will be able to move quickly to resource expansion at very low cost in terms of training or recruitment.

Conclusion:

As UK businesses have suffered financial constraints, perhaps unsurprisingly, so their workforces have been impacted. Whilst financial rewards are still the preferred option for many employees, for the more innovative company this is an opportunity to revise the mechanism of reward and build capability internally by using more challenging and exciting work to motivate and engage. With a quarter of employees reporting this practice now taking place in the survey, it would seem a growing proportion of companies are opting for this solution and actively building their skills base for the future.

With the amount of discretionary overtime and the recognition that it could be a year or more before times improve, it would seem employees have grasped the severity of the situation and are adapting. The challenge for HR is to maintain the health, wellness and productivity of the workforce to ensure stress incidents and sickness absence remain in check, at the same time as driving performance through innovative rewards that match the challenging business environment.

About Ceridian:

Ceridian is a business services company that helps its customers maximise the power of their people, lower their costs and focus on what they do best. Globally, the company serves more than 25 million employees with a range of HR, payroll, Employee Assistance Programmes (EAPs) and funds transfer services, making it one of the few providers delivering services both locally and internationally.

In the UK, Ceridian serves one in eight people employed in the private sector and delivers multinational services in over 50 countries. At the heart of its winning approach is a unique combination of best of breed technology, customer service and HR expertise, designed to enable HR to make a real commercial impact.

Ceridian helps UK companies to increase the value of their human capital, lower their costs and focus on what they do best.

For more information, visit <http://www.ceridian.co.uk>