

EMPLOYEE MARKET REVIEW



About the Survey

Arras People, the project management recruitment specialists, used independent research company Benchpoint's unique real time polling technology to question 1,650 permanent and contract Programme and Project Professionals during January 2008.

The survey provided a detailed picture of project professionals' careers, earnings and prospects building upon the data gathered in previous surveys. In addition this years survey included some questions on gender and work life balance.

We hope you will find this publication useful, and thank everyone who took part.

ARRASPEOPLE
project management & project office recruitment

Arras House
47 York Street
Heywood
Lancs
OL10 4NN

Tel: 01706 366444
Fax: 01706 366544
Email: survey@arraspeople.co.uk

©2008 Arras Services Ltd

**Unauthorised Reproduction
Prohibited**

How we did the survey

The respondents are principally clients and project management contacts of Arras people, invited personally by email to do a Benchpoint™ electronic survey.

Additionally, a small number of respondents were recruited via the Arras People website.

1,650 People responded. The results have been independently audited and analysed.

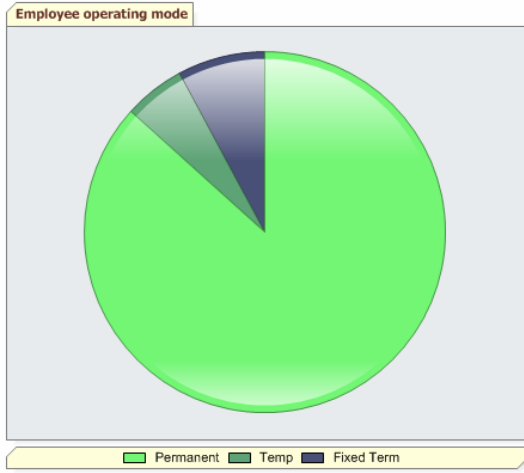
The survey has a confidence level of 99%, and a confidence interval of 3.11

i.e. you can be 99% certain that the views of the entire project manager population are within +/- 3.11% of the numbers in the survey. We treat small demographic clusters with caution, and ignore them in the analysis.

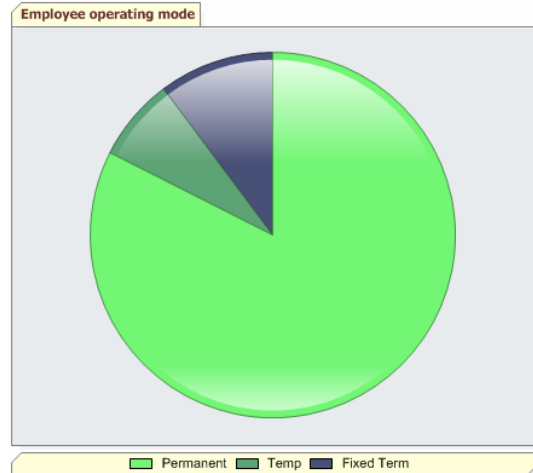
Employee's review

Who are our employees?

In this section of the report we will look at the responses from the employees who responded to the survey. The first section looks at the employee landscape, we then move into the detail of their responses regarding the operating conditions for employees. Where possible we will look at their responses for the year of 2007, compare that to the responses from last years survey and then cut the details across Age, Gender, Role, Sector and Rates.



[2007 Results]



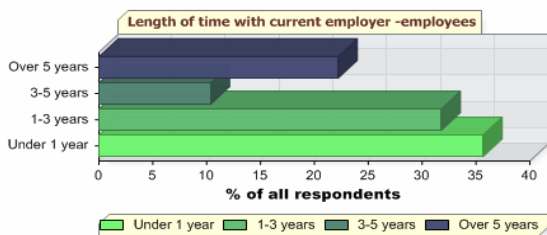
[2006 Results]

When asked the nature of their employment, 87% of respondents were on permanent contracts compared to 8% on fixed term contract and 5% working as temps. The permanent employee rate shows a 4.5% increase from the 2006 results, with a 2% decrease on fixed term contract and 2.5% decrease in temps.

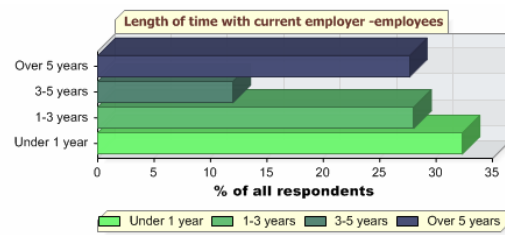
How long?

The majority of respondents have been with their current employer less than a year (36%), followed by 1-3 years (31%). Respondents in the 3-5 year category were slim at only 10% – is this the 'comfort zone' of employment?

Only 22% of respondents have been with their current employer for over 5 years which possibly is not surprising for a survey conducted by a recruitment agency and also the nature of project based work.



[2007 Results]

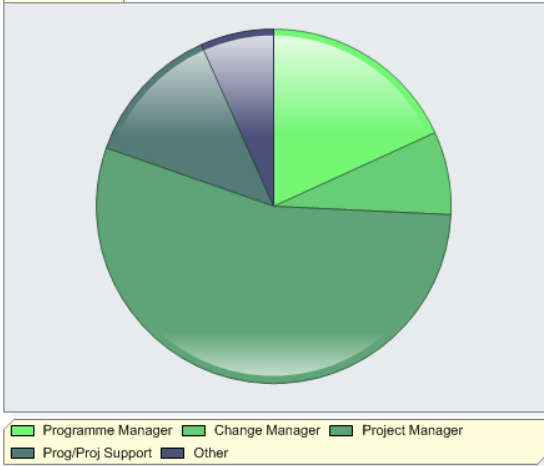


[2006 Results]

When compared to 2006, we can see 6% decrease in the number of respondents who have been with their current employer for > 5 years, -2% for those at 3 to 5 years, +3% for 1 to 3 years and +4% at under 1 year.

We also asked our respondents to tell us their primary role, age bands, gender and primary sector in which they operated during 2007, all of which can be seen in the following tables;

Employee roles

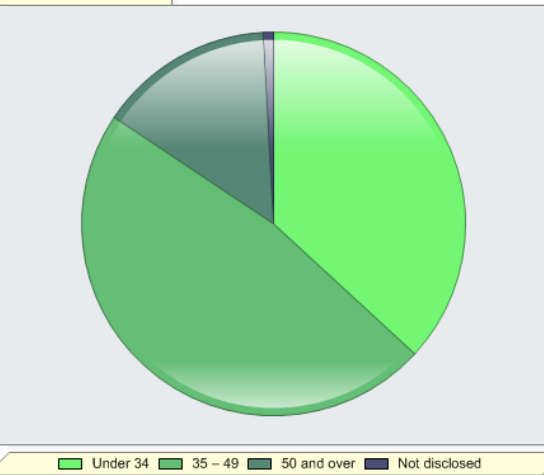


Of the respondents, 55% work as project managers compared to 13% holding support roles. 18% Programme Manager, 8% Change Manager, 6% Other. Comparing this profile to our Contractors we can see the following;

| Role | Employees | Contractors |
|---------------------|-----------|-------------|
| Project Manager | 55% | 54% |
| Programme Manager | 18% | 22% |
| Change Manager | 8% | 11% |
| Prog / Proj Support | 13% | 13% |

Compared to the 2006 survey 51% Project Managers 21% in Support roles, 16% Programme Managers and 7% Change Managers.

Employee by age band



When comparing roles by gender we can see;

| | Male | Female |
|-------------------|------|--------|
| Change Manager | 7% | 7% |
| Programme Manager | 21% | 12% |
| Project Manager | 61% | 59% |
| Project Support | 11% | 22% |

Other Employee / Contractor splits show;

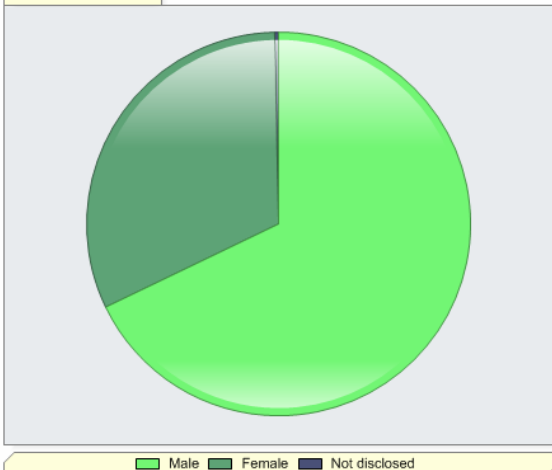
| Role | Employees | Contractors |
|----------------|-----------|-------------|
| Age <34 | 37% | 19% |
| Age 35 to 49 | 48% | 46% |
| Age 50+ | 15% | 35% |
| Male | 68% | 79% |
| Female | 32% | 21% |
| Private Sector | 70% | 70% |
| Public Sector | 27% | 27% |
| Charity / NFP | 3% | 3% |

The age profile suggests that most project professionals spend their early years as employees, migrating over time to contractors as their skills and experience develops.

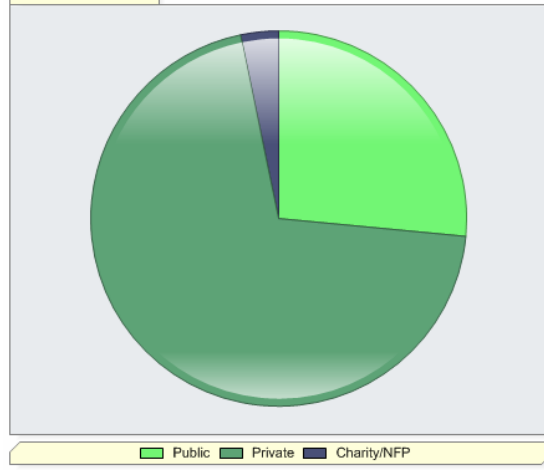
More males appear to be willing to work as independent contractors than females.

The split across sector is amazingly exactly the same across employees and contractors!

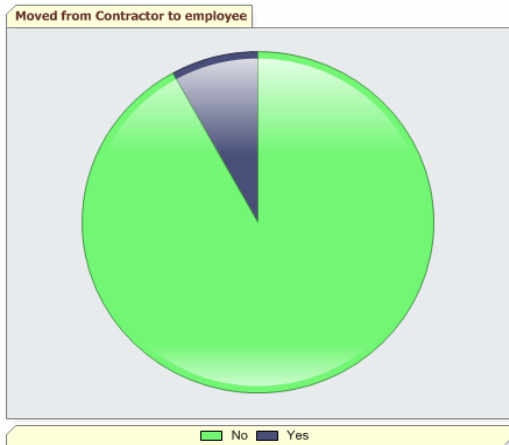
Employee by gender



Employee by sector



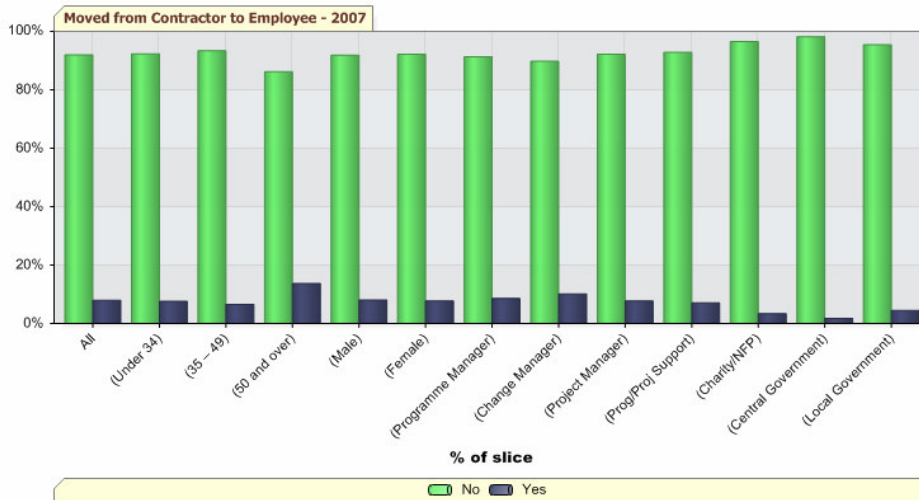
Contractors moving to Employee status



In 2007 8% of the respondents moved from contractor status to become an employee, this compares to 6.5% in 2006.

By contrast we have 16% of respondents making the move from employee to contractor in 2007 compared to 23% in 2006.

So we appear to have had a slowdown in the number migrating to contractor status with an increase in the number moving back in to permanent employment. Comments in the contractor review bear out this movement and there appear to be a number of elements contributing to this such as work life balance, lack of opportunity and general market pressures.



The charts above looking at age, gender, role and sector of those moving from contractor to employee show the highest section of movers were in the 50+ age group



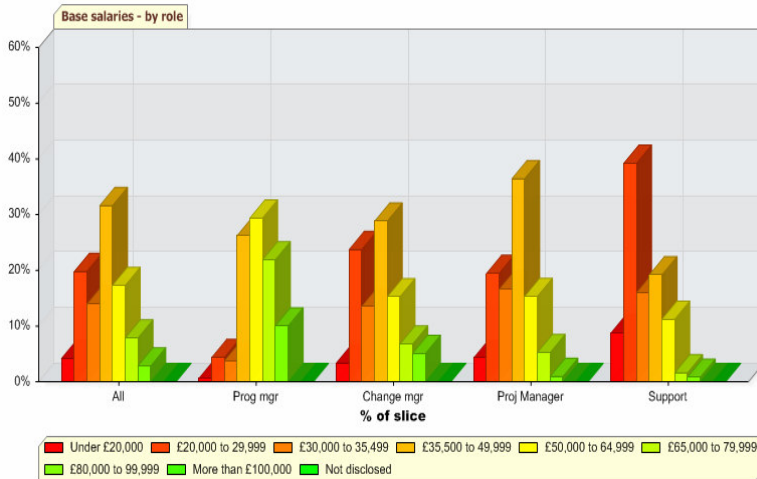
The data cutting years experience of the movers sees the largest migration in the group with greater than 10 years experience which correlates with the over 50's in the graph above.

It also shows that the movers were also going back into jobs that were at the top of the salary bands.

Employees Salary



Of all the 883 employees who took the survey, 32% fell in the £35.5k to £49.9k band an increase of 3% over the 2006 responses. This year we saw fewer respondents in the under £20k banding (-5%) with an increase in the £50 to £65k band of 4%. The mix between roles in this salary band is fairly evenly split - 26% Programme Managers, 28% Change Managers, 26% Project Managers and 19% holding support roles and the mix of candidates across the base salary scales replicates the pattern seen in 2006.



Salary by role

For Project Support Staff, the average salary is less than £30k with 47% falling into this category (8% of whom have salaries of less than £20k).

Compared to 2006. The £50k+ band for Project Support Staff is populated with 12% of respondents and may account for more senior Project staff such as Project Directors who are not wholly involved in direct delivery

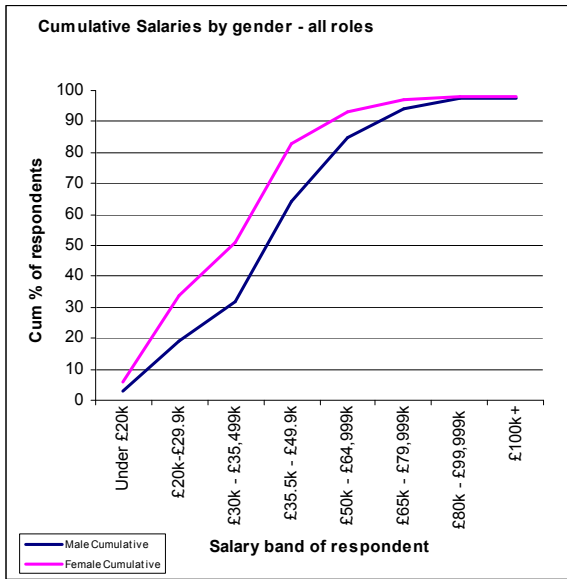
The bulk of Project Managers fall in the £30k to £49.9 k band (53%). However, a not inconsiderable 23% remain in the less than £30k band.

Programme Managers occupy the higher end of the spectrum with only 9% earning less than £35.5k. 51% of Program Managers earn from £50k to £80k with 12% sitting in the £80k+ band.

Salary and Gender

As we have already seen, of the respondents to the survey who fell into the Employee category, almost twice as many were male as females;

| | M | F |
|-------------------|----|----|
| Change Manager | 7 | 7 |
| Programme Manager | 21 | 12 |
| Project Manager | 61 | 59 |
| Project Support | 11 | 22 |



The pay divide between men and women is as evident in the project world as elsewhere.

The bleak news

8 pay bands across 4 roles give 32 possible salary bands – men out earn women in all but 8.

Top level cumulative analysis shows 34% of females across all project roles earn less than £29,999k compared to only 19% of males.

This pattern is repeated – 51% of females earn up to £35,499 compared to only 32% of males and by £50k this gap is at the widest with 83% of females earning less than £49,999k compared to 64% of males.

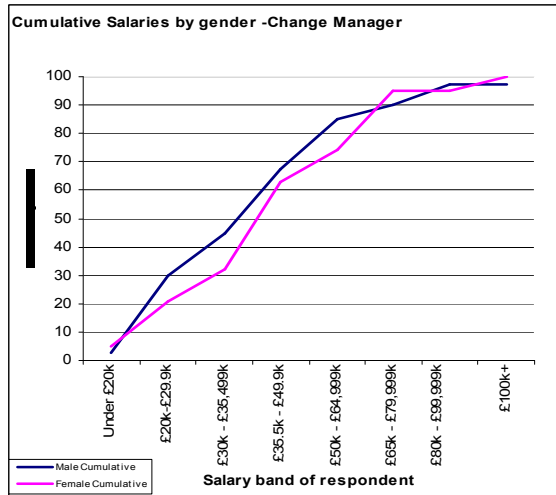
Approximately twice as many males as females occupy the £50k+ roles – 33.5% compared 15% of females.

Salary by gender by role

The good news

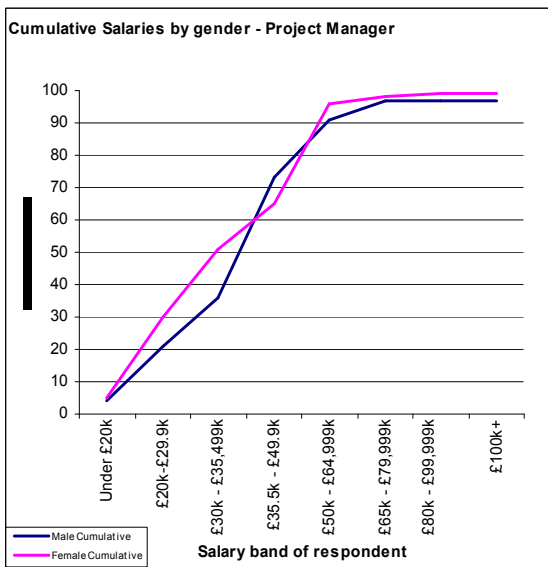
For women who wish to reverse the roles, Change Management appears to be the arena where women can out earn men.

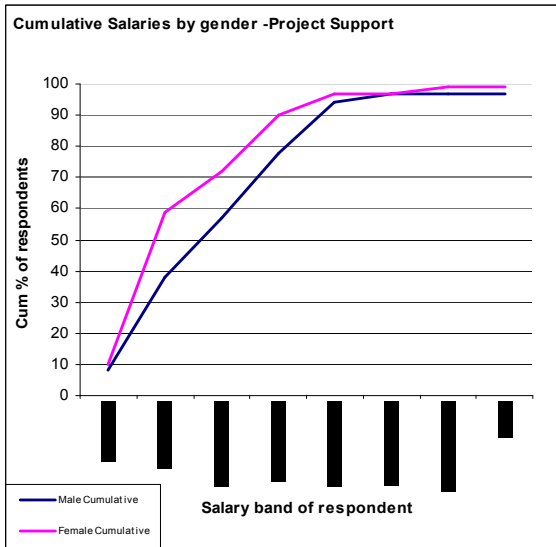
Though dominated by males (two thirds of the respondents working in change management roles were male), it is the women who monopolise the upper end of the salary bands. 32% of female respondents earn up to £35,499 compared to 45% of males. The £35.5k to £49,999k is a lucrative band for females with 31% of females respondents sitting in this band compared to 22% of males.



Similarly, the pattern for Project Managers tends to be flatter than perhaps one would expect. The lower salary bands are dominated by females (51% of respondents claim to be female Project Managers earning £35,499 or less compared to only 36% of males). The band above (£35,5k - £49,999k) is well populated by males, 37% of respondents compared to only 14 % of females.

However, women catch up and exceed males in the £50k to £64,999k band with almost twice as many females earning at this level than males (31% compared to 18%).





Project Support roles are held almost 50/50 by males and females.....yet the males still out earn the females!

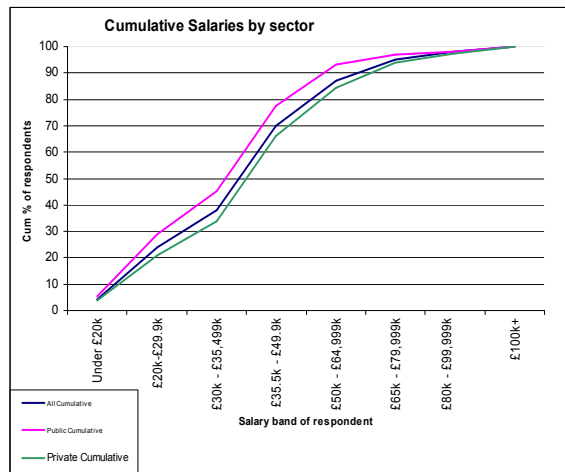
59% of females earn under £29,999k compared to only 38% of males

72% of females earn under £35,499k compared to only 57% of males.

The gap starts to close around £64,999k+ where 6% of males reside compared to 3% of females. Still twice as many.

Salary and Sector

Salary bands for all roles follow a similar pattern regardless of sector. Just over three quarters of respondents in the public sector earn up to £50k compared to 66% in the private sector. Spread of respondents is fairly even – neither sector has a disproportionate number of high or low earners as demonstrated below.



| Cumulative Salaries by sector (% of respondents) | Under £20k | £20k-£29.9k | £30k - £35,499k | £35.5k - £49.9k | £50k - £64,999k | £65k - £79,999k | £80k - £99,999k | £100k+ |
|--|------------|-------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------|
| All Cumulative | 4 | 24 | 38 | 70 | 87 | 95 | 98 | 100 |
| Public Cumulative | 5.5 | 28.9 | 45.07 | 77.41 | 93.15 | 96.98 | 98.26 | 100 |
| Private Cumulative | 3.69 | 21.03 | 34.03 | 66.13 | 84.43 | 94.06 | 97.43 | 100 |

Performance related pay

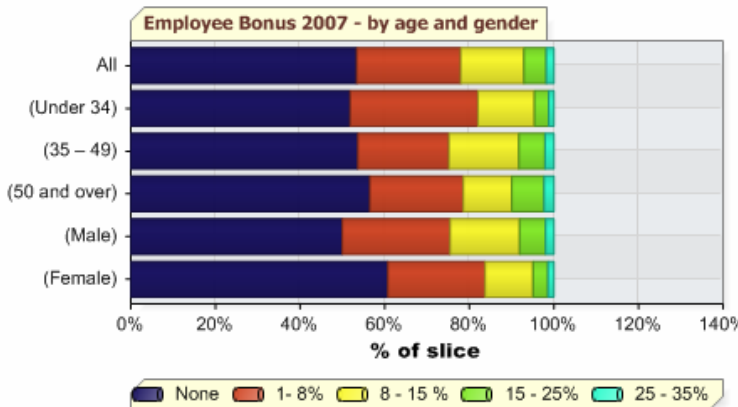
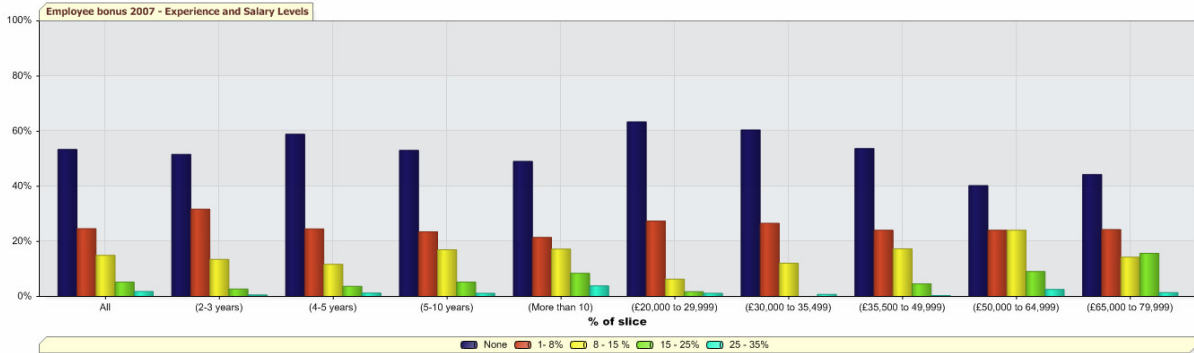
We asked our respondents if they received performance related bonus on top of base salary. Just over half (53%) of all respondents did not receive a bonus in 2007. The overall spread from our respondents was consistent with the data received in 2006 with no significant changes.



Private sector employees were more fortunate with 54% receiving a bonus in 2007 compared to only 31% in the public sector.

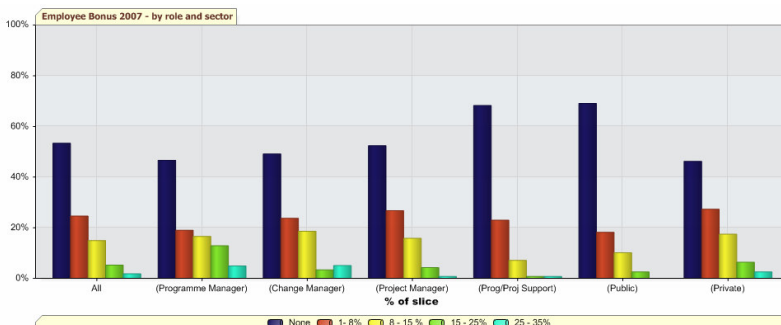
When it comes to the value of bonuses paid the private sector is more lucrative with 27% of employees receiving up to 8% and a further 17% receiving up to 15% of their salary compared to 18% and 10% respectively in the public sector.

Big bonuses are hard to come by – particularly in the public sector, though 6% of Programme Managers and 9% of Change Managers in the private sector have succeeded on in achieving bonuses that equate to 25-35% of their annual salary.



When viewed by age group the under 34's have a higher than average number in the 1 to 8 % band than any other group. The over 50 group has a mixed bag, with higher than average on no bonus but more people on the higher bonus levels.

When cut by gender the males respondents appear to fair better than their female counterparts across the range with lower than the mean on no bonus related pay and higher than the mean across all other levels.

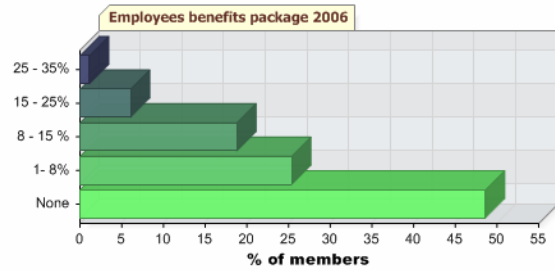
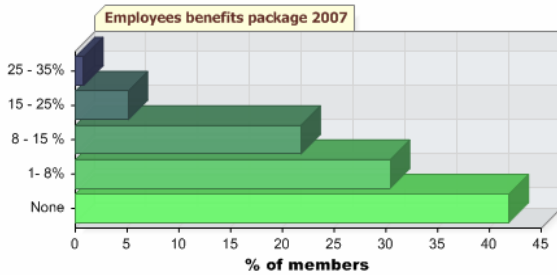


By role and sector We again see a large difference between the Public and private sectors.

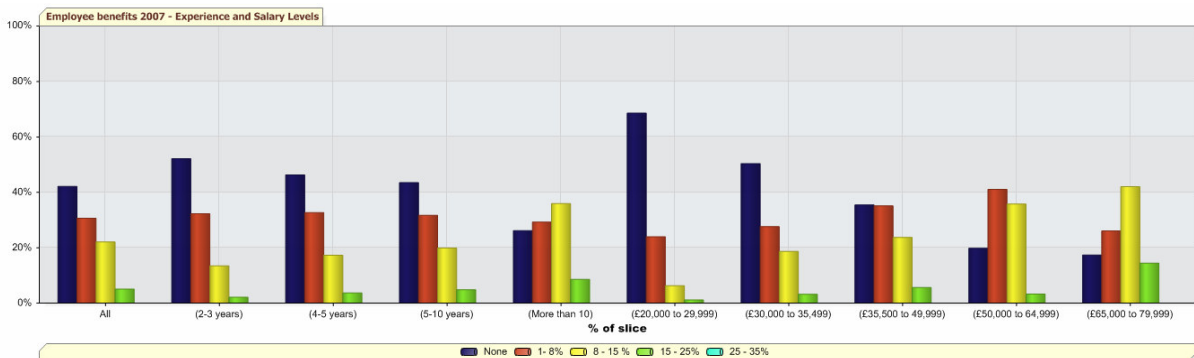
By role the Programme managers take the most in bonus payments with Prog / Proj Support lagging way behind the mean. It would appear, rightly or wrongly, that there is a link between bonus payments and perceived value of the role.

Benefits Package

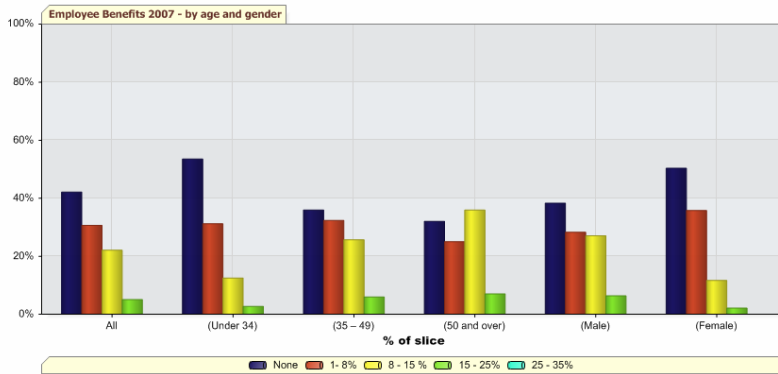
We asked our respondents if they received a benefits package during 2007 on top of their base salary, ie. Car / car allowance, healthcare etc...



As can be seen from the above tables, the 2007 picture of benefits shows an increase over the responses gained in 2006. We can see a 7% reduction in the number of respondents who receive no benefits above base salary, with a 5% increase in those receiving between 1 and 8% and a 3% increase in those receiving between 8 and 15%. Is this a trend where employers are keeping base salary down and supplementing earnings with benefits?

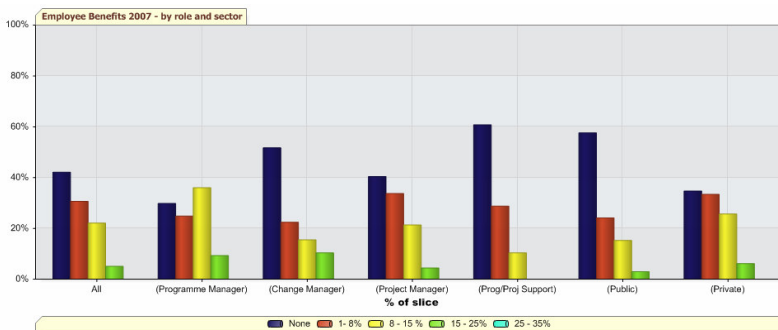


When benefits are reviewed by experience levels and salary banding there is a clear progression from no / low benefits at the lower scales of both to higher rewards for experience and to accompany higher base salary.



When this data is viewed by age groups we can see a pattern of benefits increasing as the age bands get higher. 54% of the under 34's receiving none, compared to 32% of the 50+ group.

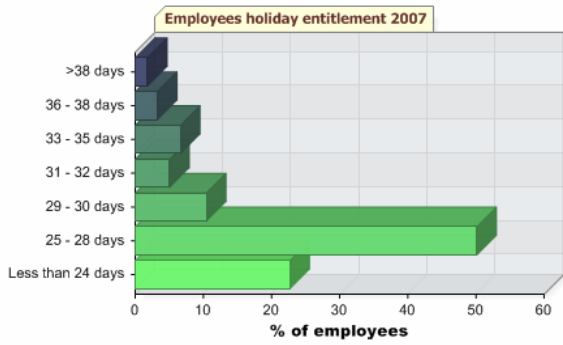
By gender we again see stark contrasts with the males having a 60/40 split of those receiving benefits against a female profile of 50/50.



By role the Programme manager has the best benefits package with the Support staff lagging way behind.

By sector the Private sector appear to use benefits more across the scale to reward employees with positives against the mean at all levels.

Employee Holidays.



We asked our respondents what holiday allowance they received during 2007, including statutory days. This was asked bearing in mind the updated legislation regarding paid holidays which came into force during 2007.

According to the response there are respondents who may be falling below the statutory requirement of 24 days. Or this may be impacted by part time working or a misunderstanding in the way the question was answered.

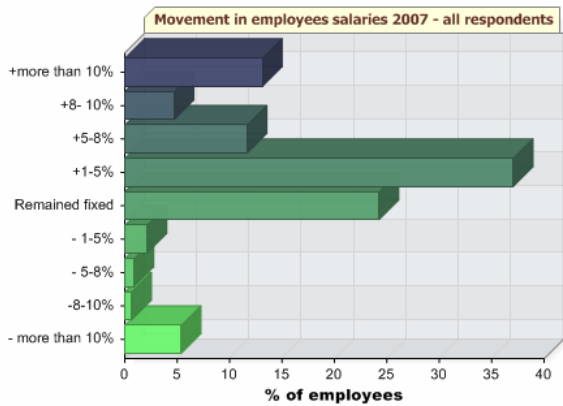


Excluding the respondents who answered less than 24 days we can see the holidays by gender and sector.

Against the mean the Public sector would appear the place to be if you like holidays with +11% against the mean getting 25 to 28 days. They also get the highest levels of holiday at the 33+ days with 23% against the mean of 15% in this range.

By gender the males are very much aligned to the mean and there are slight differences across males and females but nothing significant.

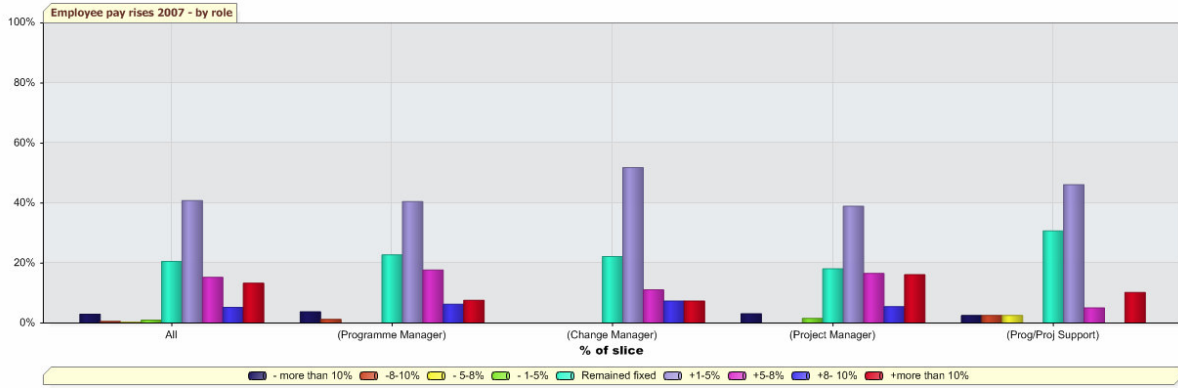
2007 Movement in salary



Through the 2006 survey, respondents demonstrated a positive outlook on their salary prospects for 2007 with 68% anticipating a pay increase of some form. Respondent proved themselves to be fairly accurate – 67% of 2007 respondents received some sort of pay increase in the past year with the majority receiving 1-5% (37% of respondents). In terms of movement between 2006 and 2007 the picture is very consistent in terms of increases, remaining fixed and those anticipating a drop.

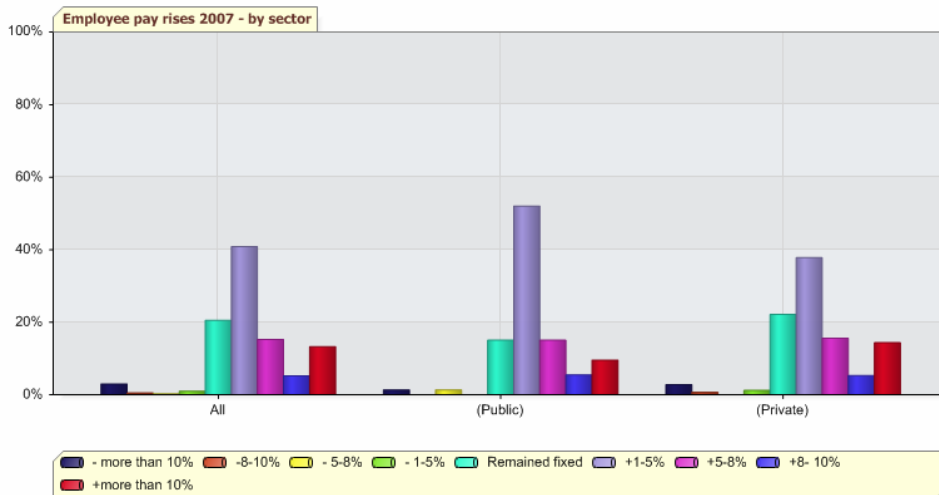
In terms of increases, Project Support staff may have been a little over optimistic with 77% anticipating a rise in 2007 and only 57% actually receiving it.

| | 2006 Increase anticipated | 2007 Increase received |
|---------------------------|---------------------------|------------------------|
| Programme Manager | 66% | 70% |
| Change Manager | 58% | 72% |
| Project Manager | 71% | 67% |
| Programme/Project Support | 77% | 57% |



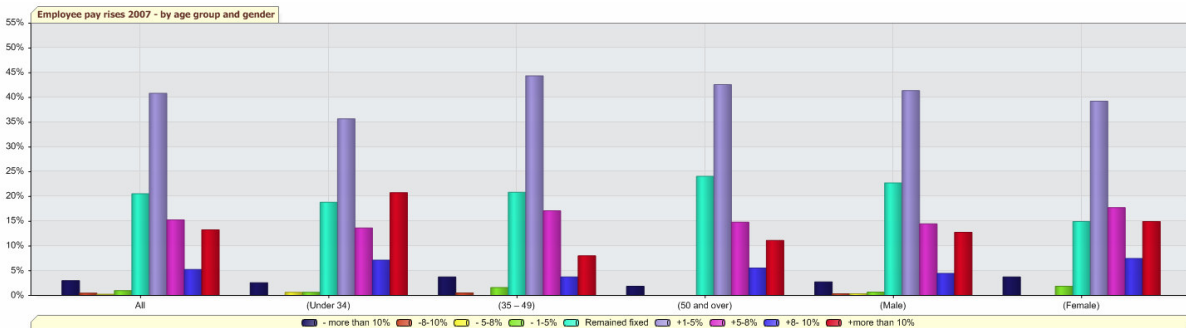
As can be seen in the table above the different roles had mixed fortunes in the pay stakes. Each group had significant numbers in the +1 to 5% pay range. In the 5 to 10% band the Support personnel fared worst with just 5.1% compared to 18.5% of Change managers, 22.1% of Project managers and 24.1% of the Programme managers. At the top end all had high achievers, though only the Support and Project managers achieved double digits with 10.3% and 16.1% respectively.

Which Sectors awarded pay increases?



Public sector employers were more generous when it came to awarding pay increases in 2007 with 60% of employees receiving a rise compared to 44% in the private sector. The private sector is marginally more lucrative with 26% of respondents receiving a 5-8% raise compared to 20% in the public sector

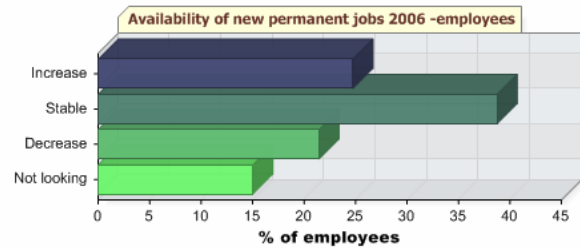
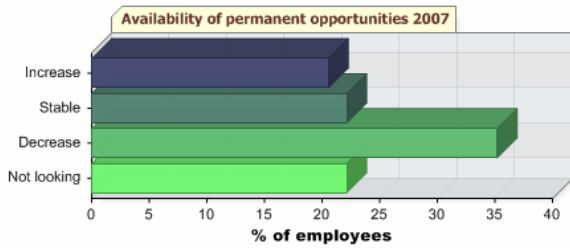
Winners and losers by age and gender?



From the results it would appear that our high achievers are the under 34 age group who saw the biggest rises 41.6% achieving more than a 5% increase of which 21% were >10%.

By gender our high achievers are the female group who saw 40.2% achieving more than a 5% increase of which 15% were >10% compared to 31.7% of the males.

Availability of new permanent opportunities

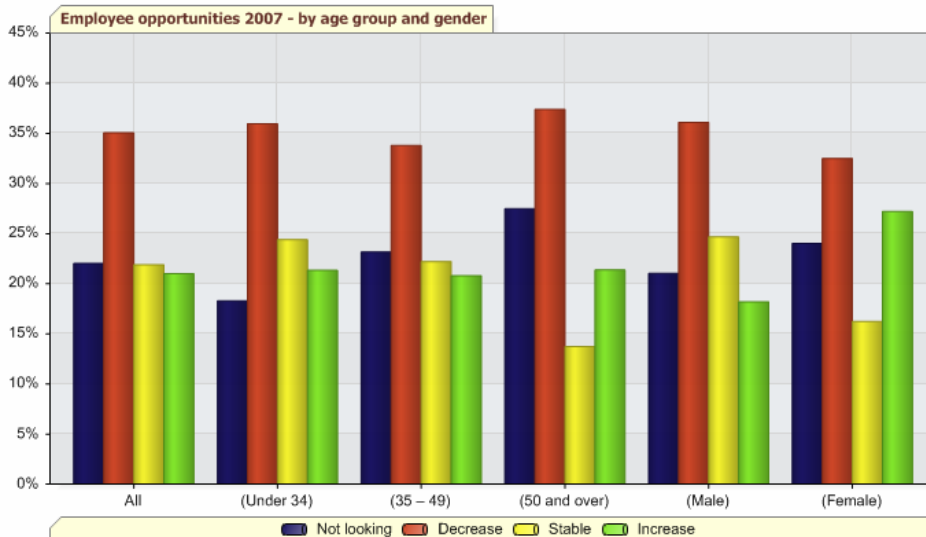


22% of respondents claimed not to be looking for new permanent opportunities compared to 15% in 2006. 35% of the remainder have noticed an actual decrease in the number of roles available to them compared to 21.5% in 2006. 22% maintain the number of opportunities available to them has remained stable a 17% reduction from the 2006 response and finally only 21% have seen an increase, which is a 4% reduction from the 2006 figures. So the market would appear to be tighter with less opportunity which in turn could be propping up the number of employees not looking to change.

Support Staff seem to be the happiest of the bunch with 34% claiming not to be looking for work. However, a further 33% have registered a decrease in the number of permanent roles available to them – perhaps support staff are not looking for roles as there is a perception that there are few to be found?

Project Managers appear most speculative with 81% of respondents looking for new opportunities. Leading the way in noticing a decrease in the number of roles available to them (38%) this could be considered either the most competitive field..... or the one with the most negative outlook!

| | Not looking | Decrease | Stable | Increase |
|---------------------------|-------------|----------|--------|----------|
| Programme Manager | 21% | 28% | 30% | 21% |
| Change Manager | 27% | 32% | 18% | 22% |
| Project Manager | 19% | 38% | 21% | 21% |
| Programme/Project Support | 34% | 33% | 16% | 16% |



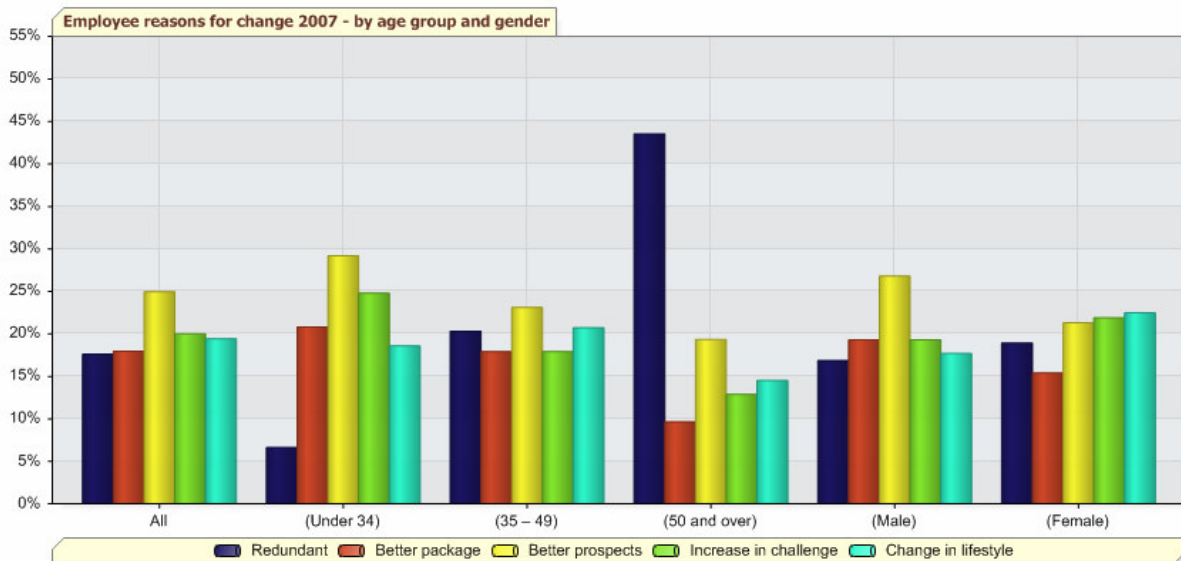
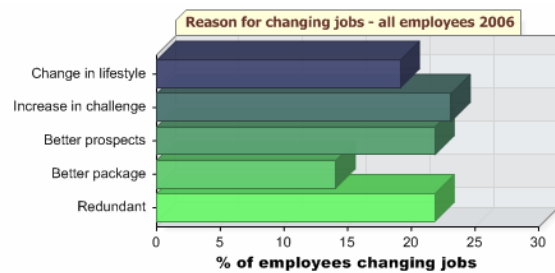
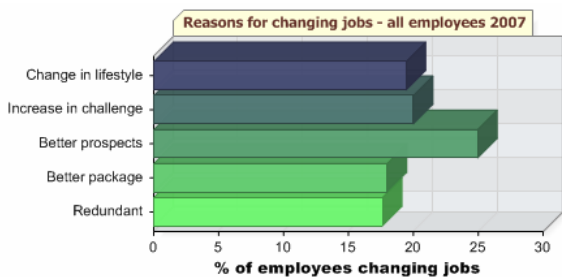
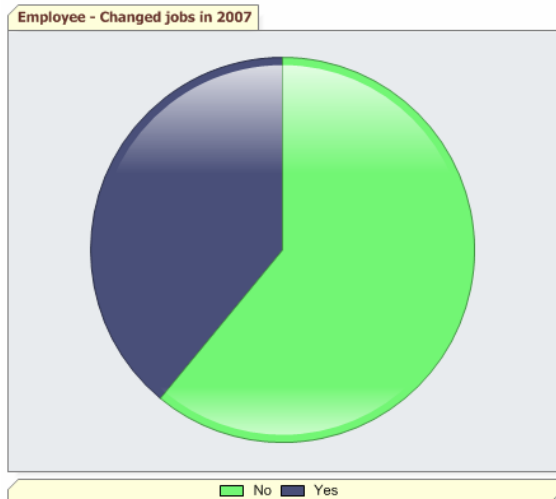
By age the upper and lower bands seem to be seeing the higher levels of decreased opportunity and the under 34's have the most people looking for a new opportunity. Whilst overall the respondents have seen a drop in the number of opportunities all three age bands see a consistent level of increase.

By gender the female group have fewer people looking for a role over their male counterparts whilst at the same time higher levels of those seeing increased opportunity in the marketplace.

Changed Jobs 2007

40% of respondents had moved jobs in 2007 exactly the same proportion as in our 2006 survey, with pay being cited as one of the lowest reasons for a change (18% of respondents).

Reviewing further the reasons why our respondents changed jobs we see changes in 2007 over 2006 in all categories except change in lifestyle which remained constant at 20%. Better prospects and better package both saw increases in 2007 of 3.1% and 3.9% respectively, whilst increasing challenge and redundancy saw falls in the respondent levels by -3.2% and -4.3% respectively.



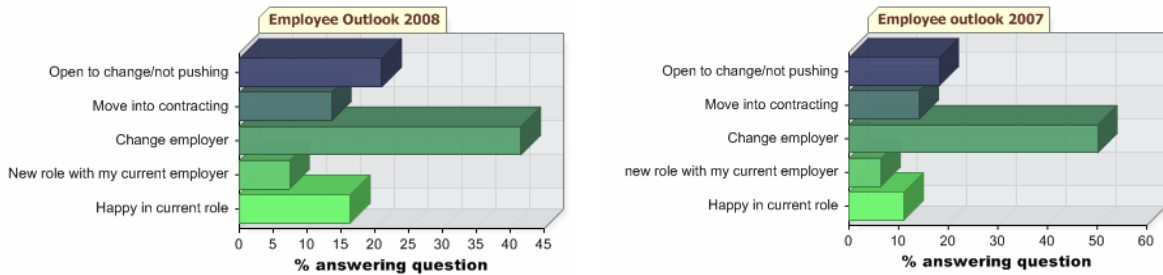
When viewed across the age groups the results are in many ways typical of what one may expect in terms of reasoning linked to age. Redundancy increases over the age ranges from Under 34's to the 50+ groups whilst the more aspirational reasons decrease across the age bands.

By gender the females would appear to be moving for more aspirational reasons than their male counterparts with lower numbers moving for package, but interestingly the females also have higher levels experiencing redundancy.

Prospects for 2008

When asked about intentions for 2008, 42% of respondents noted their desire to change employers totally over the next 12 months compared to 7.5% who will be looking for a new role with their current employer. In a similar vein to the pattern shown in 2007, 13% of employees intend to make the move into contracting.

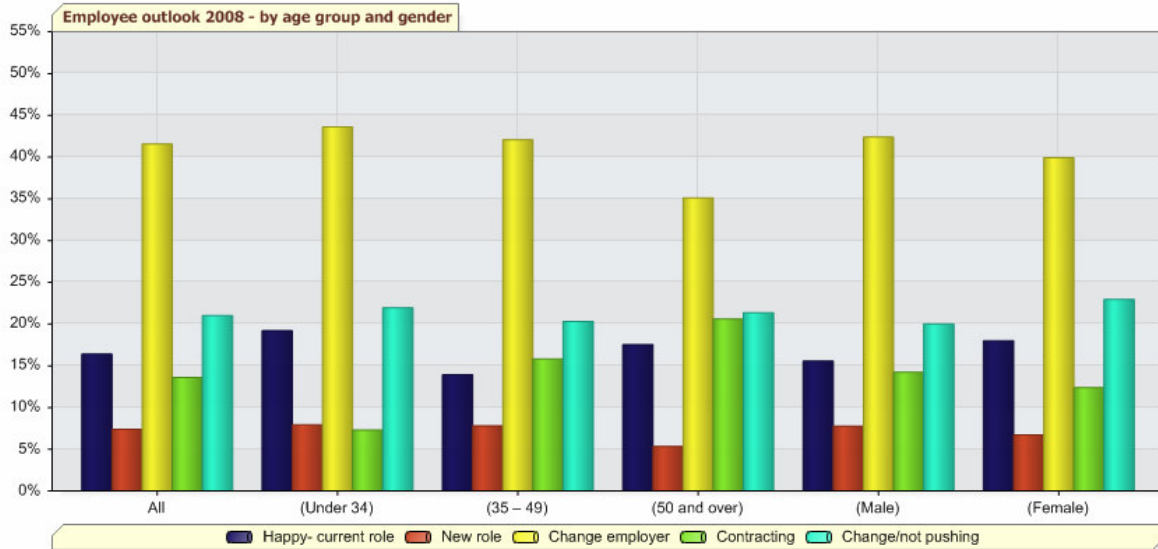
Of the remaining permanent workforce questioned 16.5% claim to be happy in their current role whilst 20% would be open to change but are not pushing.



Living up to their names, Change Managers seem to be the most keen to move on with almost 60% looking to change roles in 2008 – this is 10% above average across all roles.

Interestingly when questioned about their perception of the number of permanent opportunities available to them in 2007, 34% of support staff claimed not to be looking. However, when asked how employees are going into 2008 only 14% of support staff claimed to be entering the new year happy in their current role. This would suggest there is a bulk of disgruntled support staff somewhere not looking for new roles and not happy in the one they are in – Good news for recruiters!

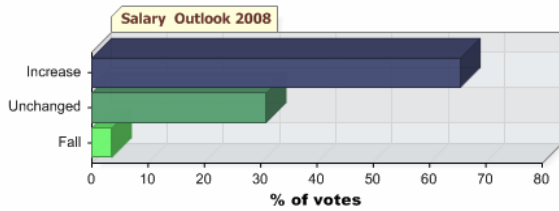
| | Happy in current role | Looking for new role with current employer | Looking to change employer | Looking to move into contracting | Open to change but not pushing |
|---------------------------|-----------------------|--|----------------------------|----------------------------------|--------------------------------|
| Programme Manager | 18.75% | 7.5% | 40% | 14% | 19% |
| Change Manager | 15% | 13.5% | 46% | 8% | 17% |
| Project Manager | 16.5% | 6.5% | 41% | 14.0% | 22% |
| Programme/Project Support | 14% | 9% | 46% | 14% | 17% |



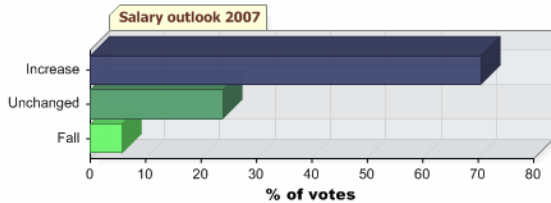
When viewed by age we can see that the 35 to 49 age group appear to be the least settled in their current roles with 42% looking to change employer, 20% open to change and 16% considering a move to contracting. By contrast the under 34's have just 7% contemplating a move to contracting whilst the 50+ group have 21% considering this option.

By gender the male respondents appear more restless with higher levels planning change either with their current employer 7.8%, looking to change employer 42.4% or considering contracting 14.2%. The female respondents are happier in current role and would also be open to change at 18% and 23% respectively, both of which are above the mean.

Confidence for 2008

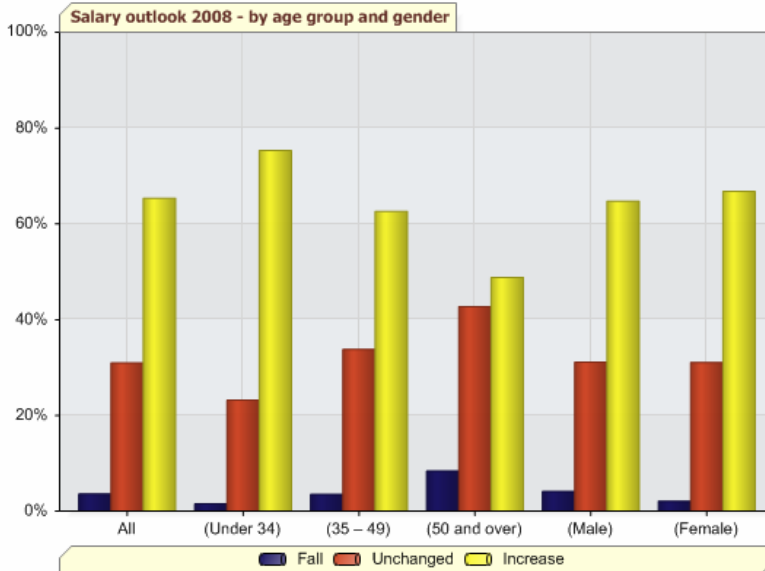


Despite a high number of people feeling less positive about the market opportunities in 2008, salary outlook for 2008 is still fairly positive with 65.4% of respondents anticipating an increase in earnings, a 5% drop on the previous year's results.



A small minority (3.6%) expect a decrease in salary over the next 12 months with 31% expecting to remain at the level they are currently at, an increase of 7% over last year..

Role seems to have little bearing on salary expectations for 2008 with Project/Change/Program Managers and Support staff all reflecting the above pattern and the same can be said about the Public and Private sectors.



When considered by age group the 50+ appear to be very concerned about prospects during 2008. All levels are depressed against the mean, with;

- 8.4% anticipating a fall in earnings
- 42.8% expecting no change
- -16.9% from the mean anticipating an increase.

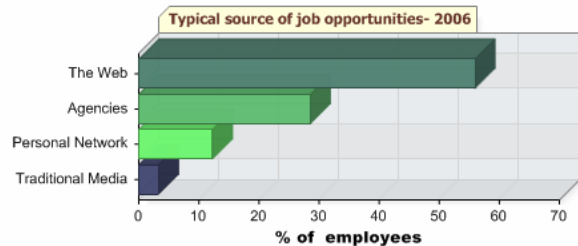
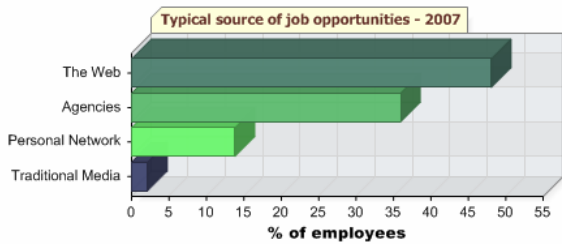
By gender, there is only a slight difference of 2% between male and female, with the males appearing less confident.

We asked our employees what they saw as the biggest challenges they faced in 2008, as expected they responded around the themes of age discrimination, sexual discrimination, delivering more for less, work life balance and finding a suitable new role. A selection of the responses includes;

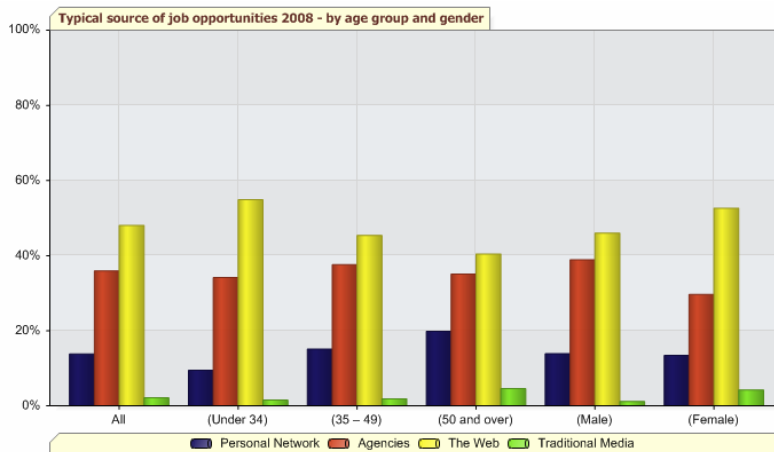
- "Achieving a pay rise commensurate with my peers on an equal level."
- "Adapting to a work environment that demands greater flexibility"
- "Approaching 30 as a woman - employers seem very concerned about me having a family!"
- "Changing the culture and attitude of my organisation towards projects"
- "Doing more with less"
- "Finding a good employer and a role with prospects and work/life balance."
- "I have to work part time. Will the private sector allow me to continue that?"
- "keeping on top of my employers expectations of my role"
- "Maintaining motivation to work in an industry that has too many people not doing their jobs properly; especially from offshore"
- "Retaining my quality of life; I feel this will diminish as the demands of work increase"

Source of new vacancies

Good news for job boards in that the Web and agencies continue their dominance on a similar level to last year at 84% when it comes to employees' job hunting. The web was interestingly down 8% on the 2006 response, with agencies taking up that drop.



Only 2% of respondents' rate traditional media as a typical source of new job opportunities another percentage point down from last year with the remaining 14% maintaining a network of personal contacts through which opportunities are filtered.



When viewed by age group it is very easy to spot the following trends across the age groups;

- The older you are, the more personal networks come in to play.
- The older you are, the web is used less when finding new roles.
- The older you are, the traditional media is used more when finding new roles.

When this is analysed by gender there are also some notable differences between the male and female responses.

- Both genders use their personal networks (14%).
- Male respondents use agencies more than the female respondents (39% v 30%)
- Females use the web more than the male counterparts (53% v 46%)
- Females use the traditional media more than the male counterparts (4% v 1%)