

2010



CHICAGO AREA ECONOMIC CONDITIONS SURVEY OF
Employer Practices & Plans
for **2010**

 The
**Management
Association**
of Illinois™



The Management Association of Illinois is an employers association serving more than 1,000 companies and organizations in the greater Chicago area, Illinois and nationally with human resources and management support.

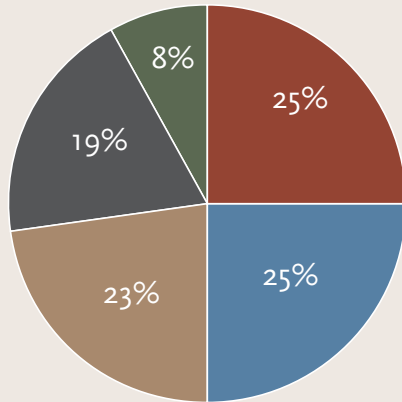
Services include information resources (including the HR Hotline), compensation and employment practices survey data, human resources services and consulting, HR and leadership training, and employee benefits brokerage services.



WE ARE THE MOST COMPREHENSIVE, TRUSTED SOURCE OF PRACTICAL HUMAN RESOURCE EXPERTISE, CONTINUOUSLY IMPROVING THE PERFORMANCE OF THE EMPLOYERS WE SUPPORT.

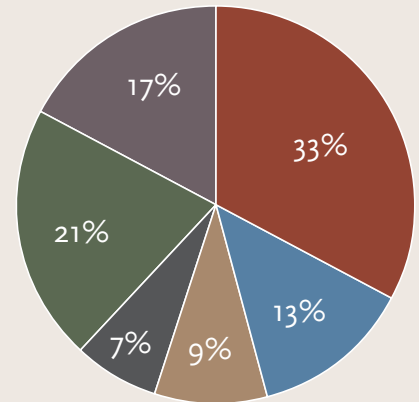
OUR WORK ENVIRONMENT ATTRACTS, DEVELOPS, REWARDS AND RETAINS A TEAM OF TALENTED, EXPERIENCED AND DEDICATED PROFESSIONALS.

Data from the **Employer Practices and Plans for 2010 Survey** was collected January 19, 2010 through February 5, 2010 from 205 participating Chicago-area companies and organizations. In addition to predictive questions about 2010, the survey also repeated questions asked in 2009 quarterly surveys in order to track trends for benchmarking purposes.



Participants by Employee Count

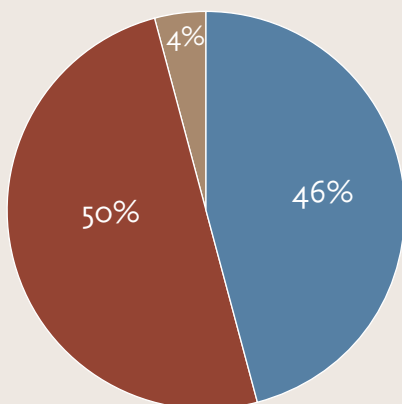
- 1 – 49 employees
- 50 – 99 employees
- 100 – 199 employees
- 200 – 499 employees
- 500 or more employees



Participants by Industry Sector

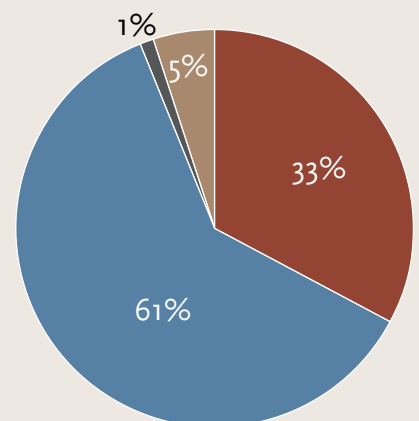
- Manufacturing, Durables
- Manufacturing, Non-Durables
- Services - Finance, Insurance & Real Estate
- Wholesale and Retail Trade/Services
- Services - Non-profit, Educational & Social
- Other Industry

Data collected in the survey indicates a more generally positive atmosphere for employers in 2010 than was experienced in 2009. 46% of respondents feel that the economy is getting better and 61% expect their organizational performance in 2010 to be better than last year.



“Overall, I feel the economy is...”

- The same as it was 6 months ago
- Getting better
- Getting worse

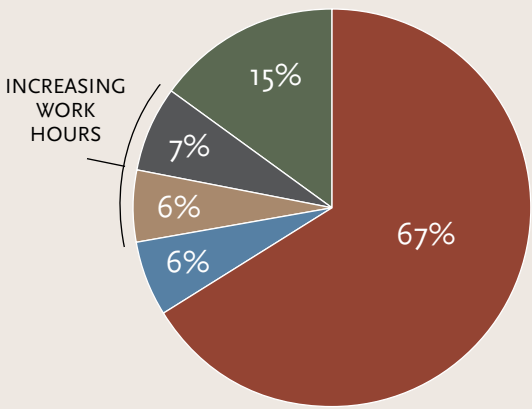


“Overall, our organization’s performance in 2010 is expected to be...”

- Same as 2009
- Better than 2009
- Back to pre-recession level
- Worse than 2009

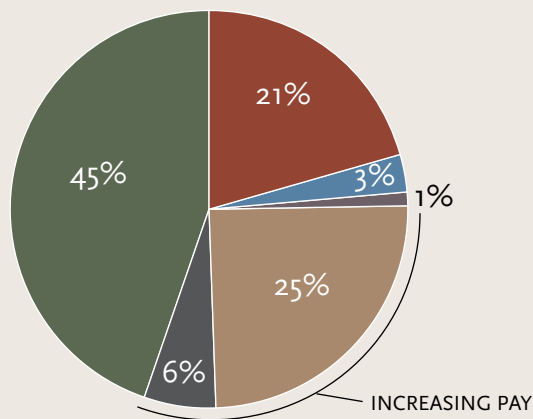
Quarterly surveys in 2009 consistently showed organizations taking a variety of actions to reduce employment-related expenses. From freezing salaries and hiring, to implementing reduced workweeks or furloughs, employers were forced to decide how best to handle the myriad challenges posed by the recession.

While 36% of respondents reported having reduced employees' work hours in 2009, 67% do not plan to make adjustments in 2010 and 13% report a planned increase in work hours. Perhaps more significantly, 24% of organizations will continue or initiate a pay freeze in 2010, but 25% plan a modest pay increase and another 6% will return base pay to its pre-recession level.



Plans to Adjust Employee Work Hours in 2010

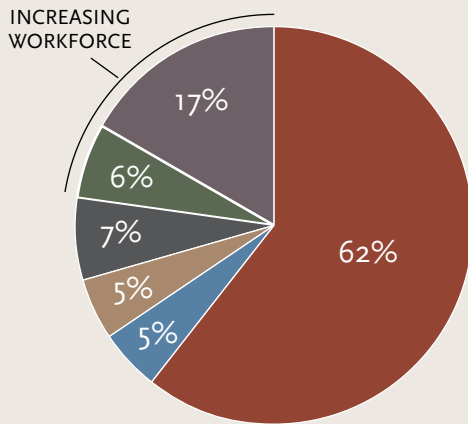
- No planned adjustment
- Reduce hours
- Increase, but not to pre-recession level
- Reinstatement to pre-recession level
- Unknown



Planned Pay Adjustments for 2010

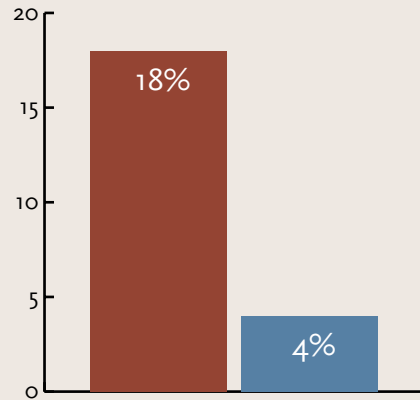
- Continue prior pay freeze
- Plan to initiate a pay freeze
- Decrease base pay
- Increase base pay but not to pre-recession level
- Reinstatement to pre-recession level
- Unknown

The survey data verifies the jobless recovery that has been so dominant in the news. 62% of employers expect their employment size to remain at current levels and only 17% are planning to increase the size of their workforce. 12% predict a further reduced employee count through a combination of layoffs and attrition. 6% will call back previously laid-off employees. On the positive side, employers implementing furlough days will move from 18% in 2009 to just 4% projected for the new year.



Planned Adjustment to Size of Workforce for 2010

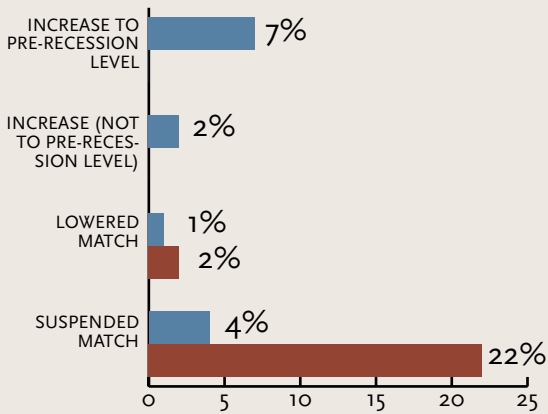
- Remain the same
- Continue hiring freeze
- Reduce through layoffs
- Downsize through attrition
- Call back employees from layoff
- Increase



Employers Requiring Furlough Days

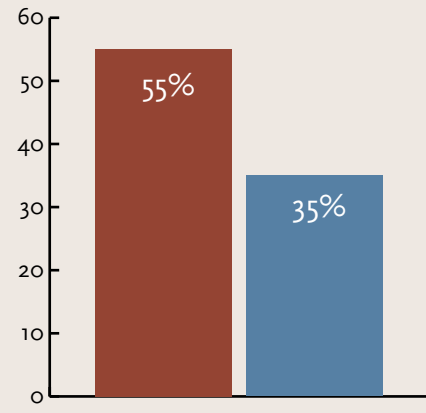
- 2009
- 2010

Employers also made significant cost-cutting changes to employee benefits in 2009. 24% report having suspended or reduced the employer 401(k) match, and 55% increased the employee contribution to health-care premiums. For 2010, an additional 5% will suspend or reduce the 401(k) match, 9% will increase the match and 59% will maintain the status quo. Significantly, only 35% plan to increase the employee share of health-care premiums, but another 36% are as yet unsure.



Employer 401(k) Matching

- 2009
- 2010



Increased Employee Contributions to Health-Care Premiums

- 2009
- 2010

In summary, 2010 appears much brighter for employers in terms of employment policies and practices. Downsizing, short workweeks, and reduced pay will be less likely for current employees. However, employers are not willing to risk excessive hiring or unnecessary spending anytime soon. Many are still restricting hiring to critical positions and are requiring department heads to justify every requested addition to the workforce. The data shows that for many employers the future is still unclear and decisions are being deferred until business conditions are consistently stronger.

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CHICAGO AREA ECONOMIC CONDITIONS SURVEY OF Employer Practices & Plans for 2010 COMPLETE SURVEY RESULTS

The Current Economic Conditions Survey of Employer Practices and Plans was created in response to changing economic conditions beginning in the third quarter of 2008. The survey is conducted quarterly and contains information on workforce issues including hiring and layoff; compensation topics such as pay rates and merit increases; and benefits policies and practices including healthcare premium payments, 401(k) matches, executive perks and more.

The Current Economic Conditions Survey of Employer Practices and Plans for 2010 was conducted by The Management Association of Illinois. The data were collected January 19 through February 5, 2010. Participation was either online or via paper questionnaire, but all data was entered online before processing. A total of 205 Chicago-area companies and organizations participated in the survey and we extend our most sincere appreciation to those groups. Percentages presented are rounded to the whole number.

Member organizations of The Management Association of Illinois may access these and other data at any time at www.hrsource.org. Additional information and statistics, as well research and interpretation, is available to member organizations via the HR Hotline at 800-448-4584.

DEMOGRAPHICS

1. What is the size of your organization?

| | | |
|-----------------------|----|-----|
| 1 – 49 employees | 51 | 25% |
| 50 – 99 employees | 52 | 25% |
| 100 – 199 employees | 48 | 23% |
| 200 – 499 employees | 38 | 19% |
| 500 or more employees | 16 | 8% |

2. Please select your industry:

| | | |
|---|----|-----|
| Manufacturing, Durables | 68 | 33% |
| Manufacturing, Non-Durables | 27 | 13% |
| Services - Finance, Insurance & Real Estate | 18 | 9% |
| Wholesale and Retail Trade/Services | 14 | 7% |
| Services - Non-profit, Educational & Social | 44 | 21% |
| Other Industry | 34 | 17% |

Percentages are rounded to the whole number

GENERAL

3. Overall, I feel the economy is:

| | | |
|---------------------------------|-----|-----|
| Getting better | 92 | 46% |
| The same as it was 6 months ago | 101 | 50% |
| Getting worse | 9 | 4% |

4. Overall, our organization's performance in 2010 is expected to be:

| | | |
|-----------------------------|-----|-----|
| Same as 2009 | 67 | 33% |
| Better than 2009 | 122 | 61% |
| Worse than 2009 | 11 | 5% |
| Back to pre-recession level | 1 | 1% |

5. Overall, staff morale is:

| | | |
|-----------------------------|-----|-----|
| Lower than ever | 57 | 29% |
| Same as pre-recession level | 111 | 56% |
| Higher than expected | 31 | 16% |

6. Overall, voluntary turnover is:

| | | |
|-----------------------------|----|-----|
| Lower than ever | 98 | 49% |
| Same as pre-recession level | 95 | 48% |
| Higher than expected | 6 | 3% |

POLICIES/BENEFITS

In 2009, did your organization...

7. Suspend or lower the 401(k) employer match?

| | | |
|---|-----|-----|
| No | 103 | 51% |
| We don't offer a 401(k) or a 401(k) match | 50 | 25% |
| Yes, suspended | 44 | 22% |
| Yes, lowered | 5 | 2% |

8. Raise employees' contributions for health-care premiums?

| | | |
|-----|-----|-----|
| No | 87 | 43% |
| Yes | 111 | 55% |
| N/A | 4 | 2% |

9. Add or increase restrictions to the company travel policy?

| | | |
|----------------------------|-----|-----|
| No | 112 | 55% |
| Yes | 54 | 27% |
| Don't have a travel policy | 36 | 18% |

10. Reduce entertainment allowances for clients?

| | | |
|-----|----|-----|
| No | 81 | 40% |
| Yes | 51 | 25% |
| N/A | 70 | 35% |

11. Reduce or eliminate staff training?

| | | |
|----------------------|-----|-----|
| No | 136 | 67% |
| Yes | 55 | 27% |
| Don't offer training | 11 | 5% |

In 2010, does your organization plan to...**12. Adjust the 401(k) employer match?**

| | | |
|---|-----|-----|
| No | 118 | 59% |
| We don't currently offer a 401(k) or a 401(k) match | 54 | 27% |
| Yes, suspend | 7 | 4% |
| Yes, lower | 2 | 1% |
| Yes, return to former match % | 14 | 7% |
| Yes, increase but not to original match % | 5 | 2% |

13. Adjust employees' contributions for health-care premiums?

| | | |
|---------------------|----|-----|
| No | 56 | 28% |
| Yes, raise | 69 | 35% |
| Yes, lower | 1 | 1% |
| Unsure at this time | 72 | 36% |
| N/A | 1 | 1% |

14. Adjust the company travel policy?

| | | |
|----------------------------|----|-----|
| Increase restrictions | 51 | 34% |
| Decrease restrictions | 26 | 18% |
| Don't have a travel policy | 71 | 48% |

15. Adjust entertainment allowances for clients?

| | | |
|---------------------------------------|-----|-----|
| Increase allowances | 17 | 11% |
| Decrease allowances | 32 | 21% |
| Don't have an entertainment allowance | 105 | 68% |

16. Adjust staff training?

| | | |
|-------------------------|-----|-----|
| Increase from 2009 | 44 | 22% |
| Decrease from 2009 | 14 | 7% |
| Remain the same as 2009 | 131 | 65% |
| Don't offer training | 12 | 6% |

Percentages are rounded to the whole number

COMPENSATION

In 2009, did your organization...

17. Reduce employees' work hours?

| | | |
|-----|-----|-----|
| No | 128 | 64% |
| Yes | 73 | 36% |

18. Reduce executive level compensation?

| | | |
|-----------------------------|-----|-----|
| No | 143 | 71% |
| Yes, upper level executives | 41 | 20% |
| Yes, mid level executives | 17 | 8% |

19. Reduce or eliminate merit increases?

| | | |
|-----------------|----|-----|
| No | 65 | 33% |
| Yes, reduced | 43 | 22% |
| Yes, eliminated | 90 | 45% |

20. Reduce employee pay?

| | | |
|--|-----|-----|
| No | 164 | 82% |
| Yes, by 1% - 2% | 4 | 2% |
| Yes, by 3% - 4% | 2 | 1% |
| Yes, by 5% - 6% | 10 | 5% |
| Yes, by 7% - 8% | 2 | 1% |
| Yes, by 9% - 10% | 7 | 4% |
| Yes, by more than 10% | 6 | 3% |
| Yes, for a period of time (e.g. 2 weeks) | 5 | 2% |

21. Please specify the % of wage/salary increase given in 2009 for the following work groups:

| | AVERAGE INCLUDING ZEROS | AVERAGE NOT INCLUDING ZEROS |
|--|----------------------------|--------------------------------|
| Union Production, Maintenance, and Service | 1.4% | 3.2% |
| Non-Union Production, Maintenance, and Service | 1.1% | 2.9% |
| Non-Exempt Clerical and Technical | 1.4% | 2.9% |
| Exempt Supervisory, Managerial, and Professional | 1.3% | 3.1% |
| Executive/Officer | 1.2% | 3.4% |

22. Please specify the average amount of bonus given in 2009.

| | | |
|---|----|-----|
| None | 93 | 47% |
| Less than \$100 given to eligible employees | 3 | 2% |
| \$101 - \$500 given to eligible employees | 17 | 9% |
| \$501 - \$1,000 given to eligible employees | 3 | 2% |
| More than \$1,000 given to eligible employees | 15 | 8% |
| Percentage of pay | 26 | 13% |
| Varies | 24 | 21% |

23. Changes to executive perks in 2009?

| | CONTINUED | | REDUCED | | DISCONTINUED | |
|--|-----------|-----|---------|-----|--------------|-----|
| Company Car/Car Allowance | 102 | 90% | 7 | 6% | 4 | 4% |
| Full Medical Coverage | 86 | 84% | 11 | 11% | 5 | 5% |
| Travel perks (e.g. first class travel, etc.) | 38 | 54% | 22 | 31% | 11 | 15% |
| Payment for Professional Memberships | 107 | 84% | 18 | 14% | 3 | 2% |
| Entertainment Budgets | 47 | 50% | 42 | 45% | 5 | 5% |
| Other | 15 | 52% | 7 | 24% | 7 | 24% |

In 2010, does your organization plan to...**24. Adjust employees' work hours?**

| | | |
|--|-----|-----|
| No | 134 | 67% |
| Reduce | 11 | 6% |
| Increase, but not to pre-recession level | 11 | 6% |
| Reinstate to pre-recession level | 14 | 7% |
| Unknown | 30 | 15% |

25. Adjust executive level compensation?

| | | |
|--|-----|-----|
| No | 115 | 58% |
| Reduce | 4 | 2% |
| Increase, but not to pre-recession level | 17 | 8% |
| Reinstate to pre-recession level | 9 | 4% |
| Unknown | 55 | 28% |

26. Adjust base pay?

| | | |
|--|----|-----|
| No, continue pay freeze | 39 | 21% |
| Yes, we plan to initiate a pay freeze | 5 | 3% |
| Increase, but not to pre-recession level | 47 | 25% |
| Decrease | 1 | 1% |
| Reinstate to pre-recession level | 12 | 6% |
| Unknown | 84 | 45% |

27. Please specify the % of wage/salary increases anticipated to be given in 2010 for the following work groups:

| | AVERAGE % INCLUDING ZEROS | AVERAGE % NOT INCLUDING ZEROS |
|--|------------------------------|----------------------------------|
| Union Production, Maintenance, and Service | 1.4% | 2.7% |
| Non-Union Production, Maintenance, and Service | 1.7% | 2.5% |
| Non-Exempt Clerical and Technical | 1.8% | 2.6% |
| Exempt Supervisory, Managerial, and Professional | 1.8% | 2.7% |
| Executive/Officer | 1.5% | 2.8% |

Percentages are rounded to the whole number


WORKFORCE

In 2009, did your organization...**28. Suspend hiring?**

| | | |
|-----|-----|-----|
| No | 119 | 59% |
| Yes | 82 | 41% |

29. Downsize through attrition?

| | | |
|-----|-----|-----|
| No | 82 | 41% |
| Yes | 116 | 59% |

30. Reduce your workforce or conduct layoffs?

| | | |
|------------------|-----|-----|
| No (skip to #34) | 91 | 46% |
| Yes | 106 | 54% |

31. If yes, please indicate the % of workforce reduction:

| | | |
|---------------|----|-----|
| 1% - 5% | 35 | 33% |
| 6% - 10% | 24 | 23% |
| 11% - 15% | 16 | 15% |
| 16% - 20% | 15 | 14% |
| 21% - 25% | 4 | 4% |
| More than 25% | 11 | 10% |

32. Reduce or eliminate temporary employees?

| | | |
|----------------------------------|----|-----|
| No | 64 | 32% |
| Yes | 83 | 42% |
| We don't use temporary employees | 52 | 26% |

33. Shift to a reduced work week? (e.g. 4 day work week)

| | | |
|-----|-----|-----|
| No | 162 | 81% |
| Yes | 37 | 19% |

34. Reduce the number of hours per week with commensurate pay cuts?

| | | |
|-----|-----|-----|
| No | 161 | 81% |
| Yes | 38 | 19% |

35. Require furloughs?

| | | |
|-----|-----|-----|
| No | 164 | 82% |
| Yes | 37 | 18% |

In 2010, does your organization plan to...**36. Adjust the size of your workforce? (check all that apply)**

| | | |
|---------------------------------|-----|-----|
| Remain the same | 123 | 62% |
| Continue hiring freeze | 9 | 5% |
| Reduce through layoffs | 9 | 5% |
| Downsize through attrition | 13 | 7% |
| Call back employees from layoff | 11 | 6% |
| Increase | 34 | 17% |

37. Utilize temporary employees?

| | | |
|-------------------------------|----|-----|
| More | 30 | 15% |
| Less | 14 | 7% |
| Same level | 90 | 45% |
| Don't use temporary employees | 66 | 33% |

38. Shift to a reduced work week? (e.g. 4 day work week)

| | | |
|----------------------------|-----|-----|
| No | 184 | 93% |
| Yes | 4 | 2% |
| Continue reduced work week | 10 | 5% |

39. Reduce the number of hours per week with commensurate pay cuts?

| | | |
|-----|-----|-----|
| No | 190 | 95% |
| Yes | 9 | 5% |

40. Require furloughs?

| | | |
|-----|-----|-----|
| No | 191 | 96% |
| Yes | 8 | 4% |

Percentages are rounded to the whole number

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