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FOR IMMEDIATE RELEASE

MRA Survey Shows Companies Altering Merit Increase and 2009 Pay Plans

November 24, 2008 Waukesha, Wis. – The economic volatility of the past year is casting a shadow onto the next as companies rethink their year-end bonuses and 2009 pay increases. MRA – The Management Association (MRA) recently released the results of their *2009 Pay/Merit Increase Update Survey* of 465 companies in Wisconsin, Illinois, and Iowa, which was conducted in November, 2008. The results show that a significant percentage of businesses are altering their previously defined strategies or waiting to finalize their plans. MRA is the largest employers association in the Midwest and has offices in Waukesha, Wisconsin; Palatine, Illinois; and Moline, Illinois.

Sales Levels Vary

Companies' sales levels over the past year influence their bonus and merit plans. Overall survey results show that the majority of respondents, 53 percent, have seen sales remain constant while 8 percent of respondents note an increase in sales and 38 percent a decrease in sales.

2008 Year-End Cash Bonus/Payouts

Three-quarters of respondents (349 companies) typically offer a year-end bonus. Within that group, 52 percent believe they will keep their bonus levels as planned; 1 percent anticipate an increase.

Approximately one-fifth of companies (21 percent) feel they will lower bonuses and one-fourth (26 percent) have not yet made a decision.

When sales level experience is applied to bonus plans, we see that those with decreased sales are more likely to lower their bonus/incentive level or to postpone their decision. Those with an increase in sales are more likely to retain their planned levels.

Plans to Adjust Year-End Bonus Projections Given Current Economic Conditions	Seen Increase in Sales	Constant/ Flat Sales	Seen Decrease in Sales
Keep 2008 bonus/incentive as planned	82%	62%	29%
Lower 2008 bonus/incentive	0%	15%	39%
Increase 2008 bonus/incentive	14%	0%	0%
Too early to tell	4%	23%	32%

2009 Pay/Merit Increases

A total of 8 percent of all companies responding report increased sales. Among these companies, 82 percent do not foresee changing their 2009 pay/merit increase plans. This adherence to original strategy drops to 51 percent among those with constant/flat sales and 22 percent among those that have experienced a decrease in sales. The greatest change occurs among those with decreased sales. A total of 45 percent in this group plan to decrease, delay, or freeze their projected 2009 pay/merit increase budget.

Interestingly, companies with constant/flat sales or decreased sales are slightly more likely to hold year-end bonus levels constant than to keep 2009 merit/pay increases at their original levels.

Indecision about 2009 pay/merit increases is also correlated with sales. Those companies with an increase in sales are the least likely to be undecided and to project the highest pay/merit increase; those with a decrease in sales are most likely to be undecided and to project the lowest pay/merit increase.

Plans to Adjust Projections Given Current Economic Conditions	Seen Increase in Sales	Constant/ Flat Sales	Seen Decrease in Sales
No plans to change projected 2009 overall pay/merit increase budget	82%	51%	22%
Yes, we will decrease, delay or freeze projected 2009 pay/merit increase budget	3%	20%	45%
Yes, we will increase planned 2009 pay/merit increase budget	6%	7%	2%
Undecided/Too early to tell	9%	22%	31%
Pay/Merit percent increase currently projected for 2009 among those giving increases*	3.60	3.28	3.15

*mean reported

Degree of Change

Of the 120 companies that say they will decrease, delay or freeze their 2009 pay/merit increase budget (independent of sales levels), the most common plan, noted by 36 percent of respondents, is to delay and re-evaluate later in the year. This wait-and-see attitude is more prevalent than changes to merit increases.

Of these 120 companies, a total of 22 percent report that they will decrease original merit levels by less than 1 percent; 23 percent report a decrease of more than 1 percent; 18 percent say they will freeze merit increases for the full year; and only 3 percent say they will reduce pay in addition to freezing merit increases.

“Current economic conditions, coupled with the uncertainty of 2009 are giving more organizations pause,” says Bonni Yordi, PhD, MRA’s Director of Surveys and Business Research. “Many companies that are doing well, and there are a lot of them, are choosing a cautious approach or waiting to see how the next several months will unfold. Companies know that agility and worker engagement keep their businesses strong, and thus they need to balance a variety of variables, in addition to bonus and merit increases, to retain employees and to keep production/delivery strong.”

Survey Information

MRA’s data reflects Wisconsin, Illinois and Iowa conditions. MRA surveyed 465 companies: 55 percent were from manufacturing, and 45 percent from service, financial, health and other industries. The survey also represents all sizes of companies, from 1-99 employees (45 percent), 100-499 (44 percent), 500-999 (6 percent), and over 1,000 (5 percent).

MRA members can obtain detailed breakouts at www.mranet.org in the Members Only section.

Founded in 1901, MRA is a not-for-profit employers’ organization serving more than 4,000 employers throughout Wisconsin, Illinois, and Iowa, covering close to a half million employees. MRA applies its talent, tools and training to help organizations recruit, develop, and retain a powerful workforce. For more information on MRA visit www.mranet.org or call 800.488.4845.

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