

HEALTHCARE COSTS TOP PRIORITY FOR LABOR UNIONS AND CORPORATIONS TODAY

THE U.S. PUBLIC BELIEVES THE MOST IMPORTANT ISSUE COMPANIES AND THEIR ASSOCIATED LABOR UNIONS SHOULD BE WORKING ON TODAY IS MANAGING THE COST OF HEALTHCARE. WHEN ASKED TO SELECT THE THREE TOP ISSUES FROM A LIST OF OVER A DOZEN TOPICS, 61% OF THE U.S. PUBLIC IDENTIFY HEALTHCARE COSTS AS THE MOST IMPORTANT

issue facing companies and unions today. Four in ten note more traditional concerns of job security (40%) and wages (37%). Pension funding (28%), jobs going overseas (25%) and workplace safety (22%) are each selected by about one fourth of the public.

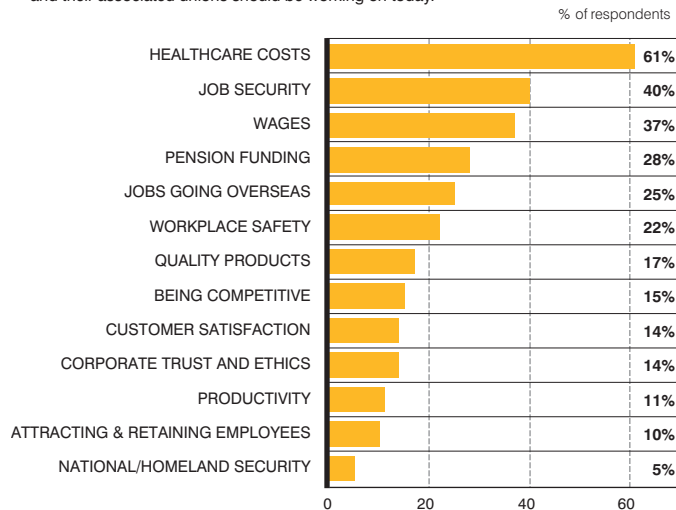
"It's not surprising that employees feel companies and unions should be working on managing costs of healthcare. A prior Wirthlin study of workplace values demonstrates that caring for one's family and personal security are enduring val-

ues—values that can be threatened when reduced healthcare coverage or access becomes an issue," said Jennifer Airey, a member of Wirthlin's Employee Alignment Practice.

In this month's Wirthlin Report we discuss the impact of rising healthcare costs on the workplace and examine the union labor market and the trends that are taking shape in that arena. Lastly, we share the most recent employee alignment measures, particularly important given the current state of the workplace environment.

Most Important Issues Facing Companies and Their Associated Unions

QUESTION: Please select the three most important issues that you believe companies and their associated unions should be working on today.



HIGHLIGHTS

2 Who Pays the Price?

Americans support the idea of working together to find healthcare solutions that are in the best interests of both the company and the employee.

The Role of Labor Unions Today

Many people believe that the role of unions is on the decline.

3 Employment Benchmarks

Companies must work hard to demonstrate strong leadership traits and provide employees with a reason to believe in and have confidence in the institutions they work for.

4 Wirthlin's Employee Alignment Practice

We provide companies with unique, employee values-based insights and enduring strategies for enhancing employee loyalty.

5 Survey Methodology

About WirthlinWorldwide





“A prior Wirthlin study of workplace values demonstrates that caring for one’s family and personal security are enduring values—values that can be threatened when reduced health-care coverage or access becomes an issue.”

**-Jennifer Airey,
Employee Alignment
Practice**

WHO PAYS THE PRICE FOR HEALTHCARE?

The United States economy has been sluggish for the past two years. Forty-five percent of Fortune 500 executives say the economy or business climate is the most important problem facing their company today (WirthlinWorldwide *Executive Omnibus*, February 2003). Unemployment rates are at their highest levels in over a decade, as waning profits force companies to lay off workers. Confronted with rising costs, declining sales and the lingering market impacts of conflict in the Middle East, many companies are struggling to stay on track.

In 2000, healthcare expenditures accounted for more than 13% of the United States gross domestic product (GDP). Healthcare costs are one of the fastest growing components of our nation’s economy and have vastly outpaced the growth of

other sectors of the economy. However, with healthcare costs rising at such a feverish rate, many Americans ask, “Who should be responsible for controlling these costs?”

According to 1,000 adult Americans recently surveyed online, that responsibility rests with healthcare coverage providers (49%), the government (48%), or physicians / hospitals (42%). Only 27% of the U.S. public says that employers should be responsible for controlling healthcare costs. So, while the public sees these cost issues as a high priority for companies, they recognize that employers can’t solve the problem alone. As UAW President Ron Gettelfinger remarked at the Detroit Economic Club in March, rising healthcare costs are a national problem and demand a national solution.

But in the meantime, somebody has to pay. Most Americans believe employers should shoulder the major share of the cost of providing healthcare to their workers. Given a choice between the company or the employee, six out of ten adults (62%) name the company as the party that should bear the cost of healthcare in the workplace (49% primarily, 13% solely). One third (34%) of the public says that companies and employees should have equal responsibility for bearing the cost of healthcare. Only 4% feel that the responsibility should be on the employee (3% primarily, 1% solely).

While looking to employers for financial support, Americans have not lost sight of the importance of personal accountability. Seventy-seven percent of

adults agree that employees must take greater responsibility for their healthcare insurance coverage and costs by making their own choices and selecting the level of coverage that is best for them. Similarly, the public supports (84%) the position that there is no single solution to the healthcare cost problem and that companies need to apply various strategies that are appropriate for their own industry, company culture and state of business.

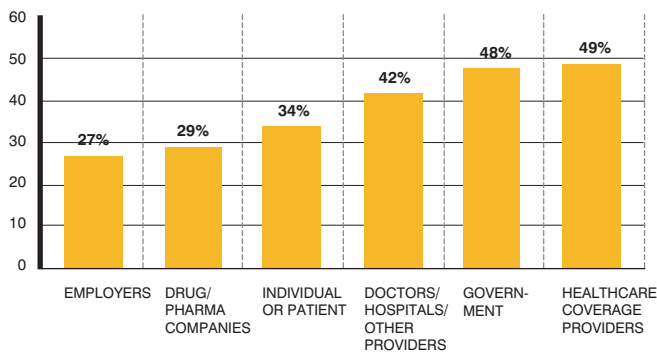
Clearly, the U.S. public supports the idea of working together to find healthcare solutions that are in the best interests of both the company and the employee. Future efforts that involve the government, health insurance companies, and physicians / hospitals may be instrumental in bringing about meaningful change.

THE ROLE OF LABOR UNIONS TODAY

Unions were created to protect workers’ rights and workers’ interests. The current environment poses a number of threats to those interests: Layoffs, declining wages, globalization, and rising healthcare costs are all adding to the anxious nature of today’s labor market and are at the forefront of union negotiations.

Despite concerns about these labor issues, our study finds that the significance of unions in the workplace has changed very little over the past few years and may actually diminish in the foreseeable future. The level of importance placed on the role of a union is about the same today as it was in a similar study conducted

Who Is Responsible for Controlling Healthcare Costs?



62%

OF AMERICANS SAY THEIR COMPANY SHOULD BEAR THE COST OF HEALTHCARE IN THE WORKPLACE.

three years ago. Many people believe, however, that the role of unions is on the decline—66% say unions are more important today than they will be in five years. Further, the majority (71%) of those without close family ties to a union support laws making it harder for unions to strike, particularly in industries of national concern such as airlines, railroads, and power and energy facilities. Even among union households, opinions are divided on this issue, with 47% supporting and 52% opposing laws that would make it harder for unions to strike.

Even so, the public remains concerned about U.S. jobs going overseas. The majority (62%) of those surveyed agree that, regardless of how desperate a U.S. company is to be globally competitive, it should be allowed to build new plants and hire new workers outside the U.S. *only if it does not replace existing U.S. workers.*

EMPLOYEE BENCHMARKS

WirthlinWorldwide regularly tracks key measures of job satisfaction, including:

- Overall job satisfaction.
- Overall satisfaction with communications received on the job.
- Alignment with the goals of the organization.
- Commitment from employee to the company.
- Sense of commitment from the company to the employee.

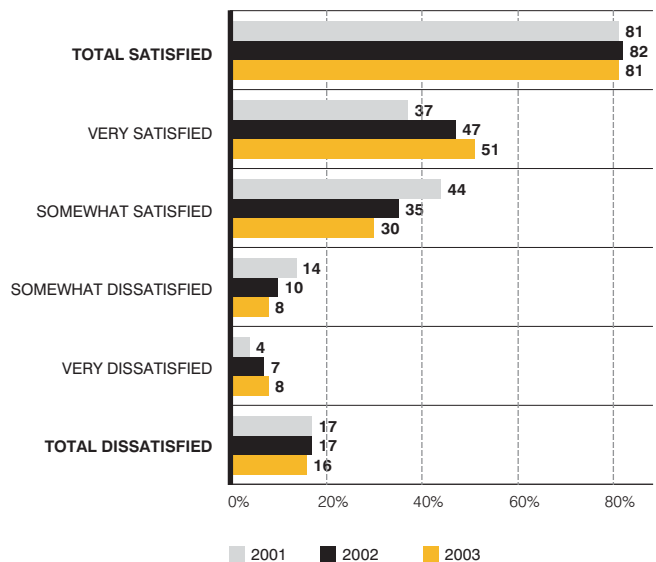
Despite the anxious over-tone of the job market, job satisfaction remains high among employees, with most saying they are satisfied with their jobs (very satisfied: 59%, somewhat satisfied: 27%). This suggests that American workers may be learning to weather continuing economic uncertainty. Our survey shows that job satisfaction is greater among individuals with higher educations and incomes.

Studies have shown that satisfaction with communications received at work is a significant

29%

OF WORKING AMERICANS FEEL THEIR COMPANY IS NOT VERY COMMITTED TO THEM.

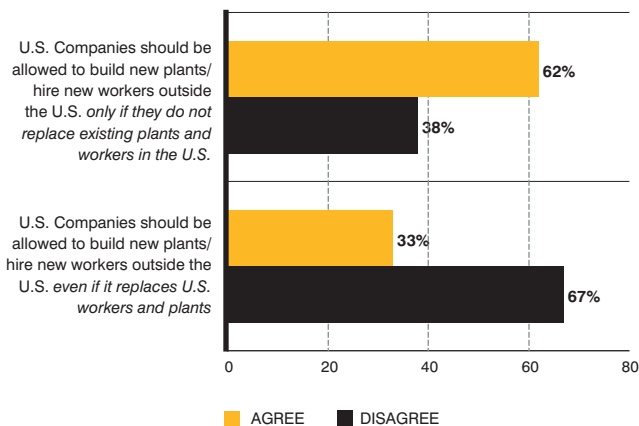
Satisfaction with Communications at Work



driver of overall employee satisfaction. Satisfaction with communications at work has increased in the past couple of years. We believe this change reflects an evolving corporate focus on the effectiveness of internal communications. This is positive news, since more effective communications leads to enhanced alignment with a company's goals and objectives.

Trust in corporate America, meanwhile, remains a challenge, as the commitment level of employees and their perceived level of commitment from employers are both weakened from the levels reported last year. The number of adults that feel their company is not very committed to them has more than doubled since last year (11% to 29%, respectively).

Building New Plants/Hiring New Workers Outside the U.S.





“When leaders, at all levels, demonstrate strong leadership traits, they engender confidence that they can deliver on their promises.”

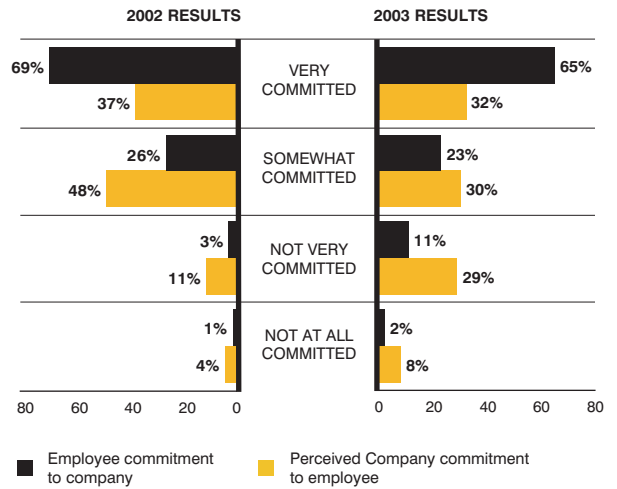
-Carol Gstalter, Employee Alignment Practice Leader

Companies must work hard to demonstrate strong leadership traits and provide employees with a reason to believe in and have confidence in the institutions they work for. According to Wirthlin Employee Alignment Practice Leader Carol Gstalter, “When leaders, at all levels, demonstrate strong leadership traits, they engender confidence that they can deliver on their promises.”

WIRTHLIN'S EMPLOYEE ALIGNMENT PRACTICE

At WirthlinWorldwide, our employee alignment practice adds significant, measurable value to our clients' enterprises

Commitment Gap



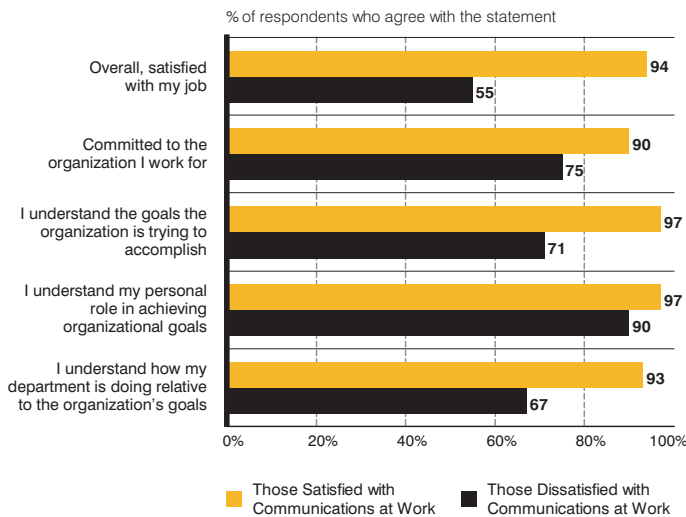
by providing them with unique, employee values-based insights and enduring strategies for enhancing employee loyalty.

- We understand the rational and emotional components that drive employee decision making behavior.
- We believe that commitment to and from an enterprise is a crucial measure of a company's cultural success.
- We focus on strategically aligning employees with the goals, objectives, and brand(s) of the enterprise via communications strategy development and implementation.
- We utilize our Internet Strategy and Research Practice for data collection, analysis and reporting.
- We facilitate action planning for continuous improvement and provide managers with tools to improve decision making.

WirthlinWorldwide has been at the forefront of Internet research for over a decade. Our Internet Strategy and Research Practice is dedicated to research solutions related to the Web. In particular, we are able to leverage the strengths of the Internet to support aligning employees with corporate objectives, which is core to achieving financial and strategic goals. Employee attitude surveys are particularly well suited to being conducted online and provide instantaneous feedback and insight in a self-paced, anonymous environment, at a fraction of the cost of other research methods. Moreover, study cycle time is dramatically reduced, even if employees are located in multiple countries and speak different languages.

For a complete report of this research, please contact Carol M. Gstalter, Senior Vice President and Practice Leader at 419.539.7359 or Jennifer Airey, Senior Research Executive at 201.670.8261.

Goal Alignment by Communication Satisfaction



97%

OF THOSE SATISFIED WITH COMMUNICATIONS AT WORK ALSO UNDERSTAND THEIR ROLES IN ACHIEVING ORGANIZATIONAL GOALS.

STUDY METHODOLOGY

This report contains selected results from two national surveys. The labor communications data (pages 1 and 2) come from a survey conducted using Greenfield Online's weekly omnibus study, February 20 to 24, 2003. This study was conducted among an Internet-representative sample of 1,000 members of Greenfield's 1.2 million-member Internet household panel. The results are weighted by age, gender, region and other factors to reflect the characteristics of the online population in general.

The employee practice benchmark data (page 3) are from a WirthlinWorldwide *National Quorum* telephone survey conducted from February 7 to 10, 2003. Interviews were conducted with a representative random sample of 1,001 adult Americans (18+), of which 558 are employed full- or part-time. The data were weighted by region, gender, ethnicity and education to be representative of the U.S. population. The margin of error for employed Americans in this survey is +/-4.1 percentage points at a 95% confidence level.

ABOUT WIRTHLINWORLDWIDE

WirthlinWorldwide is one of the world's leading strategic opinion research and consulting firms.

Our approach is based on a values-building framework known as Strategic Equity Management™. Many of the world's top corporations and organizations look to Wirthlin Worldwide to identify the strategic imperatives that will build measurable value for their enterprise, and consult with them on how to translate those imperatives into effective tactical action plans.

With a focus on marketing and communications strategy development, our range of services includes branding and positioning, advertising assessment, employee alignment, new product development, customer satisfaction, crisis management, Internet strategy and online research.

Wirthlin Worldwide is a three-time winner of the prestigious David Ogilvy Research Award from the US Advertising Research Foundation, recognizing "outstanding contributions to the development of creative and successful advertising campaigns."

WirthlinWORLDWIDE 

RESTON, VA
(703) 480-1900

NEW YORK, NY
(212) 370-9096

CHICAGO, IL
(630) 472-9500

GRAND RAPIDS, MI
(616) 954-0200

SALT LAKE CITY, UT
(801) 523-2553

DETROIT, MI
(734) 542-1480

CINCINNATI, OH
(513) 489-9000

DALLAS, TX
(972) 818-5237

MANCHESTER, UK
(44-1663) 765-115

LONDON, UK
(44-207) 421-6110

BRUSSELS, BELGIUM
(32-2) 647-24-21

HONG KONG
(852) 2832-9707

SINGAPORE
(65) 6837-8670

Decision Making Information® for our clients around the world.

The Wirthlin Report is published monthly.
1920 Association Drive, Suite 500
Reston, Virginia 20191
Copyright © 2003, WirthlinWorldwide
www.wirthlin.com

To receive *The Wirthlin Report* via email
free of charge, send an email to:
report-list-subscribe@wirthlin.com