



The Pennsylvania Chamber of Business and Industry  
and The Department of Business and The High Center for Family Business at Elizabethtown College

# Highlights of the 24<sup>TH</sup> Annual Pennsylvania ECONOMIC SURVEY

September 2014

Conducted by



# Executive Summary & Analysis

## 24<sup>th</sup> Annual Pennsylvania Economic Survey

### General Overview: Employers Report Robust Sales Growth, Record Levels of Optimism but still Holding Back on Hiring and Investments

- A combined 57% of employers rate the overall business climate in the Keystone State as either “excellent” or “good”, including 11% who rate it as “excellent”. This marks the first time a majority of employers give Pa’s overall business climate a better than average rating. Moreover, 28% of employers say the business climate has gotten better in the last 12 months, a percentage that has bounced back from the peak of the recession in 2008/2009 when more than two in three employers reported that the economy was getting worse.
- Thirty-nine (39) percent of employers report increases in sales during the last 12 months, up from 35% last year and now the highest percentage increase in more than five years. This includes 49% of Chamber members and 27% of non-members, while only 21% report their sales have fallen, which is also a new low. Future sales projections also look sanguine, with 45% of employers saying they expect sales to increase in the next 12 months, the highest projection level in nearly ten years.
- Twenty-two (22) percent of employers say they hired more workers in the last 12 months, while 15% report their workforces have dropped; 62% saw no changes. These hiring trends over the last 12 months show little change from recent years when compared with 20% of employers who reported hiring more in 2013 and 21% who reported increases in hiring in 2012. Important to note is 23% of employers say they expect to hire more in the *next* 12 months - a new high not seen in more than five years. Despite this small uptick in projections for future hiring, the percentage of employers who report increases in hiring during the last 12 months is still far below pre-recession levels when new hiring peaked at 41% in 2006.
- Twenty (20) percent of employers report making major investments in equipment or machinery during the last 12 months, a small drop from a 3-year average of 23% from 2011-2013. Plus, only 11% expect to make “major” investments during the next 12 months, while 67% expect no improvements or investments of any kind – both of which show heightened reluctance to commit to any new spending or business investments for the immediate future.
- Only 15% of employers say they would leave Pennsylvania “if they could”, an all-time low in more than ten years of surveys. This shows a continued escalation of optimism among employers who remain committed to doing business in Pennsylvania. Furthermore, a record high of 22% rate the Keystone State as “very” business-friendly, an increase from 13% last year, and higher than the average of 15% during the last 6 years.

### Lingering Concerns about the Economy, Health Care Costs and Taxes still Dominant

- In an unaided question asking employers to name the issue that most seriously impacts their ability to be competitive, concerns about the economy are named (by 20%) as the single most important issues facing companies, while 11% cite taxes or health care costs as the top concerns. Concerns about the economy are unchanged from 20% last year, but continue to show a sustained drop from the peak of the recession in 2009 when 34% cited the economy as the most pressing issue.

In general, sentiments among family-owned business mirror those of employers overall. For instance:

- Family-owned businesses express similar levels of optimism about the state of the business climate when compared with the overall sample. For instance, 29% of family-owned businesses say the business climate has improved during the last 12 months, compared with 28% of all employers.
- Twenty-three (23) percent of family-owned businesses rate Pennsylvania as “very” business-friendly, compared to 22% of all employers. Moreover, a combined 53% of family-owned businesses rate the overall business climate as either excellent or good, nearly the same as 57% of employers overall.
- Twenty (20) percent of family-owned businesses cite the economy as the single most important problem facing their companies today, unchanged from 20% of all employers. Also similarly to all employers, family-owned businesses rate controlling health care costs (at 59%) and lowering business taxes (at 54%) as the top legislative priorities for state officials in Harrisburg to concentrate on.
- Forty-two (42) percent of family-owned businesses report increases in sales during the last 12 months, compared to 39% of all employers. However, 51% of family-owned businesses expect sales to increase for the next 12 months, slightly higher than all employers (45%) or non-family owned businesses (42%).
- Fifty-seven (57) percent of family-owned businesses provide healthcare plans for employees, virtually unchanged from 58% among all employers. Differently from employers, 86% of family-owned businesses report increases in premiums over last year, which is higher than the 80% of all employers or 77% of non-family owned businesses that saw increases.

**The Pennsylvania Chamber of Business and Industry and  
The Department of Business and  
The High Center for Family Business at Elizabethtown College  
24<sup>th</sup> Annual Pennsylvania Economic Survey  
Sample Size: 652 Pennsylvania Employers  
Conducted: July 28-August 28, 2014**

N = 352      PA Chamber Members  
N = 300      Non-Members

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Q1. Generally speaking, how would you rate the overall business climate in Pennsylvania—that is, how is it to do business in this state--as excellent, good, fair or poor?

|              |     |     | <u>Members</u> | <u>Non-Mbrs</u> |
|--------------|-----|-----|----------------|-----------------|
| 1. Excellent | 74  | 11% | 08%            | 15%             |
| 2. Good      | 299 | 46% | 50%            | 41%             |
| 3. Fair      | 232 | 36% | 38%            | 32%             |
| 4. Poor      | 44  | 07% | 04%            | 10%             |
| 5. Undecided | 02  | 00% | 00%            | 00%             |
| 6. Refuse    | 01  | 00% | 00%            | 00%             |

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Q2. Do you think the business climate in Pennsylvania has gotten better, gotten worse or stayed about the same during the past 12 months?

|                |     |     | <u>Members</u> | <u>Non-Mbrs</u> |
|----------------|-----|-----|----------------|-----------------|
| 1. Better      | 185 | 28% | 31%            | 25%             |
| 2. Worse       | 140 | 21% | 16%            | 28%             |
| 3. Stayed same | 321 | 49% | 53%            | 45%             |
| 4. Undecided   | 06  | 01% | 01%            | 01%             |
| 5. Refuse      | 00  | 00% | 00%            | 00%             |

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Q3. Do you consider your company a family business? (As in, family-owned, family-controlled or both...?)

|              |     |     | <u>Members</u> | <u>Non-Mbrs</u> |
|--------------|-----|-----|----------------|-----------------|
| 1. Yes       | 246 | 38% | 38%            | 38%             |
| 2. No        | 400 | 61% | 62%            | 61%             |
| 3. Undecided | 06  | 01% | 01%            | 01%             |
| 4. Refuse    | 00  | 00% | 00%            | 00%             |

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Q4. What is the single most important issue affecting your company or business today? That is, the one that most seriously affects your ability to be competitive in today's marketplace?

|   |            |            | <u>Members</u> | <u>Non-Mbrs</u> |
|---|------------|------------|----------------|-----------------|
| 1. Credit availability/can't get loan     | 13         | 02%        | 01%            | 03%             |
| <b>2. Economy (general)</b>               | <b>129</b> | <b>20%</b> | <b>16%</b>     | <b>24%</b>      |
| 3. Electronic commerce/internet           | 06         | 01%        | 00%            | 02%             |
| 4. Energy/fuel/delivery costs             | 12         | 02%        | 02%            | 02%             |
| 5. Environmental/EPA/OSHA/red tape        | 11         | 02%        | 02%            | 02%             |
| 6. Foreign/out of state competition       | 04         | 01%        | 01%            | 01%             |
| 7. Government/politicians (general)       | 17         | 03%        | 03%            | 02%             |
| 8. Healthcare costs (specific)            | 71         | 11%        | 14%            | 07%             |
| 9. Human resources/personnel issues       | 42         | 06%        | 09%            | 04%             |
| 10. Inadequate financing/start-up costs   | 02         | 00%        | 00%            | 01%             |
| 11. Increased costs of goods and services | 75         | 12%        | 08%            | 16%             |
| 12. Mandates/regulations/Min. Wage        | 87         | 13%        | 17%            | 09%             |
| 13. Other (Insurance Costs, WC, UC)       | 12         | 02%        | 02%            | 01%             |
| 14. Staying competitive in marketplace    | 27         | 04%        | 02%            | 06%             |
| 15. Taxes                                 | 69         | 11%        | 12%            | 09%             |
| 16. Transportation/infrastructure         | 06         | 01%        | 01%            | 01%             |
| 17. Workforce development, training       | 15         | 02%        | 03%            | 01%             |
| 18. Undecided                             | 25         | 04%        | 03%            | 04%             |
| 19. Other                                 | 29         | 04%        | 03%            | 06%             |

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Q5. How business-friendly would you rate Pennsylvania - very friendly, somewhat friendly or not at all business-friendly?

|               |     |     | <u>Members</u> | <u>Non-Mbrs</u> |
|---------------|-----|-----|----------------|-----------------|
| 1. Very       | 143 | 22% | 22%            | 22%             |
| 2. Somewhat   | 397 | 61% | 65%            | 56%             |
| 3. Not at all | 108 | 17% | 12%            | 22%             |
| 4. Undecided  | 04  | 01% | 01%            | 00%             |
| 5. Refuse     | 00  | 00% | 00%            | 00%             |

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Q6. If you could, would you consider leaving Pennsylvania?

|              |     |     | <u>Members</u> | <u>Non-Mbrs</u> |
|--------------|-----|-----|----------------|-----------------|
| 1. Yes       | 98  | 15% | 11%            | 20%             |
| 2. No        | 545 | 84% | 88%            | 79%             |
| 3. Undecided | 09  | 01% | 01%            | 01%             |

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Q7. If yes, where would you go?

[N=98]

|                            |    |     | <u>Members</u> | <u>Non-Mbrs</u> |
|----------------------------|----|-----|----------------|-----------------|
| 1. Delaware                | 35 | 36% | 31%            | 39%             |
| 2. New Jersey              | 07 | 07% | 05%            | 08%             |
| 3. Maryland                | 19 | 19% | 18%            | 20%             |
| 4. Virginia                | 06 | 06% | 05%            | 07%             |
| 5. New York                | 04 | 04% | 05%            | 03%             |
| 6. Ohio                    | 04 | 04% | 05%            | 03%             |
| 7. North Carolina          | 09 | 09% | 18%            | 03%             |
| 8. South Carolina          | 06 | 06% | 05%            | 07%             |
| 9. West (General)          | 04 | 04% | 00%            | 07%             |
| 10. Mid Atlantic (general) | 02 | 02% | 00%            | 03%             |
| 11. Southwest (general)    | 04 | 04% | 03%            | 05%             |
| 12. Other                  | 21 | 21% | 28%            | 17%             |
| 13. Undecided              | 10 | 10% | 15%            | 07%             |

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Q8. Would you rate the quality of the workforce in Pennsylvania in terms of being able to meet the business community's demand for skilled or trained workers as excellent, good, fair or poor?

|              |     |     | <u>Members</u> | <u>Non-Mbrs</u> |
|--------------|-----|-----|----------------|-----------------|
| 1. Excellent | 60  | 09% | 08%            | 10%             |
| 2. Good      | 322 | 49% | 54%            | 44%             |
| 3. Fair      | 200 | 31% | 30%            | 32%             |
| 4. Poor      | 53  | 08% | 07%            | 10%             |
| 5. Undecided | 14  | 02% | 02%            | 03%             |
| 6. Refuse    | 03  | 00% | 00%            | 01%             |

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Q9. What are the most common problems you experience when interviewing and considering job applicants?

|            |   | <u>Members</u> | <u>Non-Mbrs</u> |
|------------|---|----------------|-----------------|
| 17         | (03%) 1. Applicants are overqualified   | 02%            | 03%             |
| <b>269</b> | <b>(41%) 2. Applicants under qualified (lack hard skills like training, education, certifications, inadequate resume, etc.)</b> | <b>48%</b>     | <b>33%</b>      |
| 239        | (37%) 3. Applicants under qualified (lack soft skills, work ethic, communication skills, punctuality, team work) etc.)          | 43%            | 29%             |
| 105        | (16%) 4. Eligibility issues (e.g., criminal record, proper documentation, etc.)   | 16%            | 16%             |
| 87         | (13%) 5. Drug test refusal or failure   | 16%            | 11%             |
| 171        | (26%) 6. Hard time matching salary requests to qualifications   | 26%            | 26%             |
| 237        | (36%) 7. Lack of reliability/dependability  | 32%            | 41%             |
| 81         | (12%) 8. Other  | 13%            | 12%             |
| 24         | (04%) 9. Refuse   | 03%            | 04%             |

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**Now, this next section deals with state and federal business issues....**

Q10. Which TWO of the following seven issues should be the top legislative priorities for the Pennsylvania Chamber to focus on in its dealings with the state's elected officials (SPLIT SAMPLE – or for the state's elected leaders to focus on) in Harrisburg?

|            |  | <u>Members</u> | <u>Non-Mbrs</u> |
|------------|--|----------------|-----------------|
| 84         | (13%) 1. Reforming the workers' compensation insurance system                    | 10%            | 16%             |
| <b>385</b> | <b>(59%) 2. Controlling the costs of healthcare</b>                              | <b>64%</b>     | <b>53%</b>      |
| <b>343</b> | <b>(53%) 3. Lowering business taxes including tax reform</b>                     | <b>50%</b>     | <b>55%</b>      |
| 215        | (33%) 4. Cutting down on regulations and mandates including environmental issues | 38%            | 27%             |
| 85         | (13%) 5. Further reform of the legal system                                      | 10%            | 16%             |
| 131        | (20%) 6. Reforming the public pension system                                     | 21%            | 19%             |
| 17         | (03%) 7. Providing greater choice and convenience when purchasing alcohol        | 02%            | 03%             |
| 03         | (00%) 8. Undecided (DO NOT READ)   | 00%            | 01%             |
| 08         | (01%) 9. None/other (DO NOT READ)  | 00%            | 02%             |

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Q11. Thinking more specifically about taxes, which TWO of the following seven taxes most hinder job creation and economic growth – the corporate net income tax (and by this we mean either the tax rate itself or the way net operating losses are treated), the capital stock & franchise tax, the personal income tax, the property tax, the sales tax, the gross receipts tax, or the business privilege tax?

|            |   | <u>Members</u> | <u>Non-Mbrs</u> |
|------------|---|----------------|-----------------|
| 150        | (23%) 1a. Corp. net income – rate itself    | 27%            | 19%             |
| 89         | (14%) 1b. Corp. net income – net op. losses | 14%            | 13%             |
| 58         | (09%) 2. Capital stock/franchise            | 12%            | 05%             |
| <b>243</b> | <b>(37%) 3. Personal income</b>             | <b>36%</b>     | <b>39%</b>      |
| <b>313</b> | <b>(48%) 4. Property</b>                    | <b>51%</b>     | <b>44%</b>      |
| 131        | (20%) 5. Sales                              | 16%            | 25%             |
| 81         | (12%) 6. Gross receipts                     | 09%            | 16%             |
| 132        | (20%) 7. Business privilege                 | 17%            | 24%             |
| 19         | (03%) 8. Undecided                          | 03%            | 03%             |
| 10         | (02%) 9. None/other                         | 02%            | 01%             |
| 03         | (00%) 10. Refuse                            | 01%            | 00%             |

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Q12. The 2004 Alternative Energy Portfolio Standards Act (or AEPS) requires electric utilities to purchase an increasing amount of the electricity they sell to customers from alternative energy sources like wind, solar, etc., so that by 2021 eighteen (18) percent of a company's total sales will come from non-traditional sources of energy. This past June, the federal EPA also proposed regulations for greenhouse gas emissions at power plants, with the expectation that states like Pennsylvania increase renewable mandates and rely less on fossil fuels, regardless of cost. Should the free enterprise system determine which sources of energy are most viable, or should state government require that certain types of energy sources be made available in the marketplace?

|     |   | <u>Members</u> | <u>Non-Mbrs</u> |
|-----|---|----------------|-----------------|
| 485 | (74%) 1. Allow free enterprise system to determine the market               | 75%            | 73%             |
| 129 | (20%) 2. State government should require which types of energy is available | 20%            | 20%             |
| 28  | (04%) 3. Undecided  | 04%            | 05%             |
| 06  | (01%) 4. None/other   | 01%            | 00%             |
| 04  | (01%) 5. Refuse   | 00%            | 01%             |

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Q13. Have the cost of your workers compensation insurance premiums increased or decreased in recent years, or have they remained about the same?

|                  |     |     | <u>Members</u> | <u>Non-Mbrs</u> |
|------------------|-----|-----|----------------|-----------------|
| 1. Increased     | 294 | 45% | 53%            | 36%             |
| 2. Decreased     | 27  | 04% | 05%            | 04%             |
| 3. Remained same | 250 | 38% | 30%            | 49%             |
| 4. Undecided     | 60  | 09% | 08%            | 10%             |
| 5. Refuse        | 21  | 03% | 05%            | 01%             |

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Q14. A fair and equitable legal system is vital to allowing employers to grow and prosper. Which TWO of the following four proposals would have the biggest impact on helping reduce both the number and cost of unnecessary lawsuits?

|            |  | <u>Members</u> | <u>Non-Mbrs</u> |
|------------|--|----------------|-----------------|
| 220        | (34%) 1. Limit the filing of a lawsuit to the county where the injury occurred   | 24%            | 45%             |
| <b>388</b> | <b>(60%) 2. Place a time limitation on how long a person can bring a lawsuit for a defective product</b>                       | <b>66%</b>     | <b>51%</b>      |
| <b>409</b> | <b>(63%) 3. Protect the liability of retailers or other sellers of products who have no relation to the cause of an injury</b> | <b>66%</b>     | <b>58%</b>      |
| 204        | (31%) 4. Require a professional to attest to the validity of a claim when a complaint is filed                                 | 30%            | 33%             |
| 14         | (02%) 5. Undecided (Do Not Read)   | 02%            | 02%             |
| 08         | (01%) 6. Other/none (Do Not Read)  | 01%            | 01%             |
| 02         | (00%) 7. Refuse (Do Not Read)  | 01%            | 00%             |

Q15. What impact do regulations from environmental regulatory agencies including the federal Environmental Protection Agency and the Pennsylvania Department of Environmental Protection have on your business- a positive impact, a negative impact or no impact at all?

|              |     |     | <u>Members</u> | <u>Non-Mbrs</u> |
|--------------|-----|-----|----------------|-----------------|
| 1. Positive  | 91  | 14% | 13%            | 15%             |
| 2. Negative  | 194 | 30% | 34%            | 24%             |
| 3. No Impact | 350 | 54% | 50%            | 58%             |
| 4. Undecided | 14  | 02% | 03%            | 02%             |
| 5. Refuse    | 03  | 00% | 00%            | 01%             |

Q16. From the following list, which ONE of the following four types of reforms would be most effective in helping to improve the education being provided to elementary and secondary school students?

|            |   |  | <u>Members</u> | <u>Non-Mbrs</u> |
|------------|---|--|----------------|-----------------|
| 58         | (09%) 1. Increased focus on charter schools and magnet schools.                 |  | 07%            | 11%             |
| 139        | (21%) 2. Creating new choices for parents and students through school vouchers. |  | 22%            | 21%             |
| <b>242</b> | <b>(37%) 3. Strengthening academic standards and student assessments.</b>       |  | <b>33%</b>     | <b>42%</b>      |
| 180        | (28%) 4. Reforming teacher tenure rules.  |  | 33%            | 21%             |
| 18         | (03%) 5. Undecided (Do Not Read)  |  | 03%            | 02%             |
| 15         | (02%) 6. Other/none (Do Not Read)   |  | 03%            | 02%             |

Q17. Do you currently provide a healthcare plan for your employees?

|              |     |     | <u>Members</u> | <u>Non-Mbrs</u> |
|--------------|-----|-----|----------------|-----------------|
| 1. Yes       | 377 | 58% | 71%            | 42%             |
| 2. No        | 265 | 41% | 28%            | 56%             |
| 3. Undecided | 04  | 01% | 00%            | 01%             |
| 4. Refuse    | 06  | 01% | 01%            | 00%             |

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(IF YES TO Q17, PROCEED; IF NO TO Q17, SKIP TO Q20)

Q18. In comparison to last year, have your health insurance premiums increased, decreased or remained about the same?

[N=377]

|              |     |     | <u>Members</u> | <u>Non-Mbrs</u> |
|--------------|-----|-----|----------------|-----------------|
| 1. Increase  | 303 | 80% | 82%            | 76%             |
| 2. Decrease  | 18  | 05% | 04%            | 06%             |
| 3. Stay same | 49  | 13% | 12%            | 16%             |
| 4. Undecided | 07  | 02% | 02%            | 02%             |

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(IF INCREASE IN Q18, CONTINUE; IF DECREASE OR STAY THE SAME, SKIP TO Q20)

Q19. As a result of an increase in premiums, have you shifted additional costs to employees, reduced benefits, dropped coverage or taken some other action?

[N=303]

|                                |     |     | <u>Members</u> | <u>Non-Mbrs</u> |
|--------------------------------|-----|-----|----------------|-----------------|
| 1. Shifted costs               | 141 | 47% | 53%            | 33%             |
| 2. Reduced benefits            | 71  | 23% | 26%            | 18%             |
| 3. Dropped Coverage            | 32  | 11% | 08%            | 15%             |
| 4. Undecided                   | 03  | 01% | 00%            | 02%             |
| 5. Other                       | 10  | 03% | 02%            | 06%             |
| 6. No changes made/"ate" costs | 150 | 50% | 54%            | 39%             |

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**This last section of the poll deals with various economic indicators for your business over the last 12 months and in the future...we appreciate your patience...**

Q20. During the last 12 months, did the sales for your company increase over the previous year, decrease or stay about the same?

|              |     |     | <u>Members</u> | <u>Non-Mbrs</u> |
|--------------|-----|-----|----------------|-----------------|
| 1. Increase  | 255 | 39% | 49%            | 27%             |
| 2. Decrease  | 134 | 21% | 14%            | 28%             |
| 3. Stay same | 242 | 37% | 32%            | 44%             |
| 4. Undecided | 10  | 02% | 02%            | 01%             |
| 5. Refuse    | 11  | 02% | 03%            | 01%             |

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Q21. For the next 12 months, do you expect sales for your company to increase, decrease or stay about the same?

|              |     |     | <u>Members</u> | <u>Non-Mbrs</u> |
|--------------|-----|-----|----------------|-----------------|
| 1. Increase  | 296 | 45% | 51%            | 39%             |
| 2. Decrease  | 35  | 05% | 05%            | 06%             |
| 3. Stay same | 295 | 45% | 41%            | 50%             |
| 4. Undecided | 16  | 02% | 01%            | 04%             |
| 5. Refuse    | 10  | 02% | 02%            | 01%             |

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Q22. During the last 12 months, did the size of your workforce increase over the previous year, decrease or stay about the same?

|              |     |     | <u>Members</u> | <u>Non-Mbrs</u> |
|--------------|-----|-----|----------------|-----------------|
| 1. Increase  | 142 | 22% | 30%            | 13%             |
| 2. Decrease  | 99  | 15% | 13%            | 18%             |
| 3. Stay same | 404 | 62% | 56%            | 69%             |
| 4. Undecided | 03  | 00% | 00%            | 01%             |
| 5. Refuse    | 04  | 01% | 01%            | 00%             |

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Q23. For the next 12 months, do you expect the size of your workforce to increase, decrease or stay about the same?

|              |     |     | <u>Members</u> | <u>Non-Mbrs</u> |
|--------------|-----|-----|----------------|-----------------|
| 1. Increase  | 153 | 23% | 25%            | 22%             |
| 2. Decrease  | 26  | 04% | 03%            | 05%             |
| 3. Stay same | 468 | 72% | 71%            | 73%             |
| 4. Undecided | 01  | 00% | 00%            | 00%             |
| 5. Refuse    | 04  | 01% | 01%            | 00%             |

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Q24. During the last 12 months, did your company make major investments, minor investments or no investments at all on such things as expansion or purchase of machinery or equipment, technology or other improvements in comparison to the previous year?

|                    |     |     | <u>Members</u> | <u>Non-Mbrs</u> |
|--------------------|-----|-----|----------------|-----------------|
| 1. Major           | 132 | 20% | 26%            | 14%             |
| 2. Minor           | 153 | 23% | 22%            | 26%             |
| 3. No Improvements | 358 | 55% | 51%            | 60%             |
| 4. Undecided       | 06  | 01% | 01%            | 01%             |
| 5. Refuse          | 03  | 00% | 01%            | 00%             |

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Q25. For the next 12 months, do you expect your company to make major investments, minor investments or no investments at all on such things as expansion or purchase of machinery or equipment, technology or other improvements?

|                    |     |     | <u>Members</u> | <u>Non-Mbrs</u> |
|--------------------|-----|-----|----------------|-----------------|
| 1. Major           | 69  | 11% | 12%            | 09%             |
| 2. Minor           | 130 | 20% | 22%            | 18%             |
| 3. No Improvements | 440 | 67% | 65%            | 71%             |
| 4. Undecided       | 10  | 02% | 01%            | 02%             |
| 5. Refuse          | 03  | 00% | 01%            | 00%             |

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Q26. Earlier you indicated you were a family business. How many generations have had ownership in the company (including your generation)?

[N=246]

|                            |     |     | <u>Members</u> | <u>Non-Mbrs</u> |
|----------------------------|-----|-----|----------------|-----------------|
| 1. 1 to 3 generations      | 226 | 92% | 89%            | 95%             |
| 2. 4 to 6 generations      | 17  | 07% | 10%            | 04%             |
| 3. More than 6 generations | 00  | 00% | 00%            | 00%             |
| 4. Undecided               | 03  | 01% | 01%            | 02%             |
| 5. Refuse                  | 00  | 00% | 00%            | 00%             |

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Q27. Based on what you know today, is it likely or unlikely that your family business will be owned or controlled by the same family (or families) in the future?

[N=246]

|                        |    |     | <u>Members</u>      | <u>Non-Mbrs</u>   |
|------------------------|----|-----|---------------------|-------------------|
| 1. Extremely unlikely  | 50 | 20% | Total unlikely: 34% | 26%               |
| 2. Somewhat not likely | 33 | 13% |                     | Total likely: 50% |
| 3. Unsure/no opinion   | 39 | 16% |                     | 21%               |
| 4. Somewhat likely     | 43 | 17% |                     | 10%               |
| 5. Extremely likely    | 79 | 32% |                     |                   |
| 6. Refuse              | 02 | 01% |                     | 00%               |
|                        |    |     |                     | 02%               |

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Q28. Does your family business have a written strategic plan?

[N=246]

|              |     |     | <u>Members</u> | <u>Non-Mbrs</u> |
|--------------|-----|-----|----------------|-----------------|
| 1. Yes       | 74  | 30% | 31%            | 29%             |
| 2. No        | 159 | 65% | 64%            | 66%             |
| 3. Undecided | 13  | 05% | 05%            | 05%             |
| 4. Refuse    | 00  | 00% | 00%            | 00%             |

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Q29. Does your family business have a formal management succession plan?

| <b>[N=246]</b> |     |     | <b><u>Members</u></b> | <b><u>Non-Mbrs</u></b> |
|----------------|-----|-----|-----------------------|------------------------|
| 1. Yes         | 100 | 41% | 42%                   | 39%                    |
| 2. No          | 141 | 57% | 55%                   | 60%                    |
| 3. Undecided   | 04  | 02% | 02%                   | 01%                    |
| 4. Refuse      | 01  | 00% | 01%                   | 00%                    |

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Q30. Does your family business have a formal ownership transition plan? That is, a plan for transitioning the shares of the company to the next generation?

| <b>[N=246]</b> |     |     | <b><u>Members</u></b> | <b><u>Non-Mbrs</u></b> |
|----------------|-----|-----|-----------------------|------------------------|
| 1. Yes         | 91  | 37% | 38%                   | 36%                    |
| 2. No          | 140 | 57% | 57%                   | 57%                    |
| 3. Undecided   | 15  | 06% | 05%                   | 07%                    |

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Q31. Does your family business have family ownership meetings, which occur at least once a year?

| <b>[N=246]</b> |     |     | <b><u>Members</u></b> | <b><u>Non-Mbrs</u></b> |
|----------------|-----|-----|-----------------------|------------------------|
| 1. Yes         | 162 | 66% | 65%                   | 67%                    |
| 2. No          | 75  | 30% | 32%                   | 29%                    |
| 3. Undecided   | 09  | 04% | 03%                   | 04%                    |

---

Q32. Does your family business have an active Board of Directors that meets at least once a year?

| <b>[N=246]</b> |     |     | <b><u>Members</u></b> | <b><u>Non-Mbrs</u></b> |
|----------------|-----|-----|-----------------------|------------------------|
| 1. Yes         | 110 | 45% | 54%                   | 34%                    |
| 2. No          | 127 | 52% | 46%                   | 58%                    |
| 3. Undecided   | 09  | 04% | 00%                   | 08%                    |

---

Q33. Do any of the following internal challenges impact the survival of your business - lack of family unity, lack of interest in taking over the business by the next generation, and/or lack of managerial competence of the next generation?

[N=246]

|           |              |   | <u>Members</u> | <u>Non-Mbrs</u> |
|-----------|--------------|---|----------------|-----------------|
| 15        | (06%)        | 1. Lack of family unity   | 03%            | 10%             |
| <b>87</b> | <b>(35%)</b> | <b>2. Lack of interest in taking over the business by the next generation</b> | <b>33%</b>     | <b>39%</b>      |
| 22        | (09%)        | 3. Lack of managerial competence of the next generation                       | 11%            | 07%             |
| 33        | (13%)        | 4. Undecided  | 11%            | 17%             |
| 79        | (32%)        | 5. Other  | 37%            | 26%             |
| 24        | (10%)        | 6. Refuse   | 12%            | 07%             |

---

Now, thinking about the established guidelines your company has in place, please tell me if your family business has any of the following...

(ROTATE Q34-Q37)

Q34. A written job description outlining responsibilities for every position in the business...?

[N=246]

|              |     |     | <u>Members</u> | <u>Non-Mbrs</u> |
|--------------|-----|-----|----------------|-----------------|
| 1. Yes       | 129 | 52% | 56%            | 48%             |
| 2. No        | 112 | 46% | 42%            | 49%             |
| 3. Undecided | 04  | 02% | 02%            | 02%             |
| 4. Refuse    | 01  | 00% | 00%            | 01%             |

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Q35. A defined career path by job category...?

[N=246]

|              |     |     | <u>Members</u> | <u>Non-Mbrs</u> |
|--------------|-----|-----|----------------|-----------------|
| 1. Yes       | 70  | 28% | 30%            | 26%             |
| 2. No        | 166 | 67% | 67%            | 68%             |
| 3. Undecided | 09  | 04% | 02%            | 05%             |
| 4. Refuse    | 01  | 00% | 00%            | 01%             |

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Q36. Formal performance reviews for all employees?

[N=246]

|              |     |     | <u>Members</u> | <u>Non-Mbrs</u> |
|--------------|-----|-----|----------------|-----------------|
| 1. Yes       | 126 | 51% | 61%            | 39%             |
| 2. No        | 112 | 46% | 37%            | 55%             |
| 3. Undecided | 07  | 03% | 02%            | 04%             |
| 4. Refuse    | 01  | 00% | 00%            | 01%             |

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Q37. A standard bonus structure...?

[N=246]

|              |     |     |
|--------------|-----|-----|
| 1. Yes       | 100 | 41% |
| 2. No        | 139 | 57% |
| 3. Undecided | 07  | 03% |

---

Lastly, we only have a few demographic questions for statistical purposes...

Q38. What role do you play for your company in choosing the health care plan and benefits that are provided to your employees - would you say you are the primary decision maker, someone who has some influence in the [decision-making] process, or someone who does not play any role in this decision?

|  |     |     | <u>Family</u> | <u>Non-Family</u> |
|--|-----|-----|---------------|-------------------|
| 1. Primary decision-maker                | 331 | 51% | 56%           | 48%               |
| 2. Have some influence in the process    | 137 | 21% | 24%           | 18%               |
| 3. Do not play any role in this decision | 124 | 19% | 12%           | 24%               |
| 4. Undecided (DO NOT READ)               | 04  | 01% | 00%           | 01%               |
| 5. Other/none (DO NOT READ)              | 49  | 08% | 07%           | 08%               |
| 6. Refuse (DO NOT READ)                  | 07  | 01% | 01%           | 01%               |

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Q39. What is your current position within the company?

|     |   |  | <u>Family</u> | <u>Non-Family</u> |
|-----|---|--|---------------|-------------------|
| 334 | (51%) 1. president/CEO/owner/chairman                                       |  | 62%           | 45%               |
| 85  | (13%) 2. Vice President/COO   |  | 11%           | 14%               |
| 75  | (12%) 3. CFO/Accountant/Financial-related /controller                       |  | 06%           | 15%               |
| 151 | (23%) 4. Professional – HR, directors, admin., attorneys, consultants, etc. |  | 21%           | 24%               |
| 06  | (01%) 5. Other  |  | 00%           | 01%               |
| 01  | (00%) 6. Refuse   |  | 00%           | 00%               |

Q40. Gender

|           |     |     | <u>Members</u> | <u>Non-Mbrs</u> |
|-----------|-----|-----|----------------|-----------------|
| 1. Male   | 412 | 63% | 61%            | 65%             |
| 2. Female | 240 | 37% | 39%            | 35%             |

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Business description (SIC Code, from record)

|                                    |     |     | <u>Members</u> | <u>Non-Mbrs</u> |
|------------------------------------|-----|-----|----------------|-----------------|
| 1. Agriculture/Forestry/Fishing    | 18  | 03% | 01%            | 04%             |
| 2. Mining                          | 02  | 00% | 00%            | 00%             |
| 3. Construction                    | 61  | 09% | 07%            | 12%             |
| 4. Manufacturing                   | 76  | 12% | 16%            | 07%             |
| 5. Transportation/Utilities        | 20  | 03% | 05%            | 01%             |
| 6. Wholesale trade                 | 37  | 06% | 05%            | 06%             |
| 7. Retail trade                    | 100 | 15% | 09%            | 22%             |
| 8. Finance, insurance, real estate | 47  | 07% | 06%            | 08%             |
| 9. Services                        | 250 | 38% | 40%            | 37%             |
| 10. Non-classified/Other           | 41  | 06% | 10%            | 02%             |

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Number of Employees (from record):

|                |     |     | <u>Members</u> | <u>Non-Mbrs</u> |
|----------------|-----|-----|----------------|-----------------|
| 1. 1-4         | 296 | 45% | 33%            | 60%             |
| 2. 5-9         | 112 | 17% | 16%            | 18%             |
| 3. 10-19       | 70  | 11% | 11%            | 11%             |
| 4. 20-49       | 71  | 11% | 14%            | 07%             |
| 5. 50-99       | 31  | 05% | 07%            | 02%             |
| 6. 100-249     | 29  | 04% | 07%            | 02%             |
| 7. 250-499     | 07  | 01% | 01%            | 01%             |
| 8. 500-999     | 06  | 01% | 02%            | 00%             |
| 9. 1,000-4,999 | 09  | 01% | 03%            | 00%             |
| 10. 5,000+     | 11  | 02% | 03%            | 00%             |
| 11. Unknown    | 10  | 02% | 03%            | 00%             |

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Area (in which business is currently located, from record):

|                            |     |     | <u>Members</u> | <u>Non-Mbrs</u> |
|----------------------------|-----|-----|----------------|-----------------|
| 1. Northwest               | 19  | 03% | 01%            | 05%             |
| 2. Southwest               | 39  | 06% | 02%            | 11%             |
| 3. The "T"/Central         | 118 | 18% | 21%            | 15%             |
| 4. Northeast/Lehigh Valley | 93  | 14% | 15%            | 13%             |
| 5. South Central           | 232 | 36% | 51%            | 17%             |
| 6. Southeast               | 78  | 12% | 04%            | 21%             |
| 7. Allegheny County        | 42  | 06% | 03%            | 10%             |
| 8. Philadelphia            | 27  | 04% | 01%            | 07%             |
| 9. Unknown                 | 04  | 01% | 01%            | 00%             |

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The margin of error for the combined sample size of 652 interviews is +/-3.8% at the 95% confidence level, or +/-5.6% for the subsample of 300 (i.e., the "non-member" survey) and +/- 5.2% for the subsample of 352 (i.e., surveys with PA Chamber members).

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**The Pennsylvania Chamber of Business and Industry and  
The Department of Business and  
The High Center for Family Business at Elizabethtown College  
24<sup>th</sup> Annual Pennsylvania Economic Survey  
Sample Size: 652 Pennsylvania Employers  
Conducted: July 28-August 28, 2014**

N = 246      Family Businesses  
N = 400      Non-Family Businesses

Q1. Generally speaking, how would you rate the overall business climate in Pennsylvania—that is, how is it to do business in this state--as excellent, good, fair or poor?

|              |     |     | <b>[N=246]</b>       | <b>[N=400]</b>           |
|--------------|-----|-----|----------------------|--------------------------|
|              |     |     | <b><u>Family</u></b> | <b><u>Non-Family</u></b> |
| 1. Excellent | 74  | 11% | 10%                  | 12%                      |
| 2. Good      | 299 | 46% | 43%                  | 48%                      |
| 3. Fair      | 232 | 36% | 37%                  | 36%                      |
| 4. Poor      | 44  | 07% | 10%                  | 04%                      |
| 5. Undecided | 02  | 00% | 00%                  | 00%                      |
| 6. Refuse    | 01  | 00% | 00%                  | 00%                      |

Q2. Do you think the business climate in Pennsylvania has gotten better, gotten worse or stayed about the same during the past 12 months?

|                |     |     | <b><u>Family</u></b> | <b><u>Non-Family</u></b> |
|----------------|-----|-----|----------------------|--------------------------|
| 1. Better      | 185 | 28% | 29%                  | 28%                      |
| 2. Worse       | 140 | 21% | 22%                  | 21%                      |
| 3. Stayed same | 321 | 49% | 48%                  | 50%                      |
| 4. Undecided   | 06  | 01% | 00%                  | 01%                      |
| 5. Refuse      | 00  | 00% | 00%                  | 00%                      |

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Q3. Do you consider your company a family business? (As in, family-owned, family-controlled or both...?)

|              |     |     |
|--------------|-----|-----|
| 1. Yes       | 246 | 38% |
| 2. No        | 400 | 61% |
| 3. Undecided | 06  | 01% |
| 4. Refuse    | 00  | 00% |

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Q4. What is the single most important issue affecting your company or business today? That is, the one that most seriously affects your ability to be competitive in today's marketplace?

|   |            |            | <u>Family</u> | <u>Non-Family</u> |
|---|------------|------------|---------------|-------------------|
| 1. Credit availability/can't get loan     | 13         | 02%        | 02%           | 02%               |
| <b>2. Economy (general)</b>               | <b>129</b> | <b>20%</b> | <b>20%</b>    | <b>20%</b>        |
| 3. Electronic commerce/internet           | 06         | 01%        | 00%           | 01%               |
| 4. Energy/fuel/delivery costs             | 12         | 02%        | 02%           | 02%               |
| 5. Environmental/EPA/OSHA/red tape        | 11         | 02%        | 02%           | 02%               |
| 6. Foreign/out of state competition       | 04         | 01%        | 01%           | 00%               |
| 7. Government/politicians (general)       | 17         | 03%        | 02%           | 03%               |
| 8. Healthcare costs (specific)            | 71         | 11%        | 11%           | 11%               |
| 9. Human resources/personnel issues       | 42         | 06%        | 03%           | 08%               |
| 10. Inadequate financing/start-up costs   | 02         | 00%        | 00%           | 00%               |
| 11. Increased costs of goods and services | 75         | 12%        | 12%           | 12%               |
| 12. Mandates/regulations/Min. Wage        | 87         | 13%        | 12%           | 14%               |
| 13. Other (Insurance Costs, WC, UC)       | 12         | 02%        | 02%           | 02%               |
| 14. Staying competitive in marketplace    | 27         | 04%        | 05%           | 04%               |
| 15. Taxes                                 | 69         | 11%        | 12%           | 10%               |
| 16. Transportation/infrastructure         | 06         | 01%        | 00%           | 01%               |
| 17. Workforce development, training       | 15         | 02%        | 04%           | 01%               |
| 18. Undecided                             | 25         | 04%        | 04%           | 04%               |
| 19. Other                                 | 29         | 04%        | 05%           | 04%               |

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Q5. How business-friendly would you rate Pennsylvania - very friendly, somewhat friendly or not at all business-friendly?

|               |     |     | <u>Family</u> | <u>Non-Family</u> |
|---------------|-----|-----|---------------|-------------------|
| 1. Very       | 143 | 22% | 23%           | 22%               |
| 2. Somewhat   | 397 | 61% | 62%           | 60%               |
| 3. Not at all | 108 | 17% | 14%           | 18%               |
| 4. Undecided  | 04  | 01% | 01%           | 00%               |
| 5. Refuse     | 00  | 00% | 00%           | 00%               |

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Q6. If you could, would you consider leaving Pennsylvania?

|              |     |     | <u>Family</u> | <u>Non-Family</u> |
|--------------|-----|-----|---------------|-------------------|
| 1. Yes       | 98  | 15% | 18%           | 14%               |
| 2. No        | 545 | 84% | 79%           | 86%               |
| 3. Undecided | 09  | 01% | 03%           | 00%               |

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Q7. If yes, where would you go?

[N=98]

|                            |    |     | <u>Family</u> | <u>Non-Family</u> |
|----------------------------|----|-----|---------------|-------------------|
| 1. Delaware                | 35 | 36% | 20%           | 48%               |
| 2. New Jersey              | 07 | 07% | 07%           | 07%               |
| 3. Maryland                | 19 | 19% | 16%           | 22%               |
| 4. Virginia                | 06 | 06% | 05%           | 07%               |
| 5. New York                | 04 | 04% | 02%           | 06%               |
| 6. Ohio                    | 04 | 04% | 05%           | 04%               |
| 7. North Carolina          | 09 | 09% | 16%           | 04%               |
| 8. South Carolina          | 06 | 06% | 09%           | 04%               |
| 9. West (General)          | 04 | 04% | 07%           | 02%               |
| 10. Mid Atlantic (general) | 02 | 02% | 05%           | 00%               |
| 11. Southwest (general)    | 04 | 04% | 07%           | 02%               |
| 12. Other                  | 21 | 21% | 23%           | 20%               |
| 13. Undecided              | 10 | 10% | 11%           | 09%               |

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Q8. Would you rate the quality of the workforce in Pennsylvania in terms of being able to meet the business community's demand for skilled or trained workers as excellent, good, fair or poor?

|              |     |     | <u>Family</u> | <u>Non-Family</u> |
|--------------|-----|-----|---------------|-------------------|
| 1. Excellent | 60  | 09% | 11%           | 08%               |
| 2. Good      | 322 | 49% | 46%           | 52%               |
| 3. Fair      | 200 | 31% | 33%           | 30%               |
| 4. Poor      | 53  | 08% | 08%           | 08%               |
| 5. Undecided | 14  | 02% | 03%           | 02%               |
| 6. Refuse    | 03  | 00% | 00%           | 00%               |

---

Q9. What are the most common problems you experience when interviewing and considering job applicants?

|            |   | <u>Family</u> | <u>Non-Family</u> |
|------------|---|---------------|-------------------|
| 17         | (03%) 1. Applicants are overqualified   | 02%           | 03%               |
| <b>269</b> | <b>(41%) 2. Applicants under qualified (lack hard skills like training, education, certifications, inadequate resume, etc.)</b> | <b>39%</b>    | <b>42%</b>        |
| 239        | (37%) 3. Applicants under qualified (lack soft skills, work ethic, communication skills, punctuality, team work) etc.)          | 37%           | 36%               |
| 105        | (16%) 4. Eligibility issues (e.g., criminal record, proper documentation, etc.)   | 08%           | 21%               |
| 87         | (13%) 5. Drug test refusal or failure   | 07%           | 17%               |
| 171        | (26%) 6. Hard time matching salary requests to qualifications   | 17%           | 32%               |
| 237        | (36%) 7. Lack of reliability/dependability  | 32%           | 39%               |
| 81         | (12%) 8. Other  | 17%           | 10%               |
| 24         | (04%) 9. Refuse   | 04%           | 04%               |

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**Now, this next section deals with state and federal business issues....**

Q10. Which TWO of the following seven issues should be the top legislative priorities for the Pennsylvania Chamber to focus on in its dealings with the state's elected officials (SPLIT SAMPLE – or for the state's elected leaders to focus on) in Harrisburg?

|            |  | <u>Family</u> | <u>Non-Family</u> |
|------------|--|---------------|-------------------|
| 84         | (13%) 1. Reforming the workers' compensation insurance system                    | 12%           | 14%               |
| <b>385</b> | <b>(59%) 2. Controlling the costs of healthcare</b>                              | <b>59%</b>    | <b>60%</b>        |
| <b>343</b> | <b>(53%) 3. Lowering business taxes including tax reform</b>                     | <b>54%</b>    | <b>52%</b>        |
| 215        | (33%) 4. Cutting down on regulations and mandates including environmental issues | 33%           | 33%               |
| 85         | (13%) 5. Further reform of the legal system                                      | 11%           | 14%               |
| 131        | (20%) 6. Reforming the public pension system                                     | 20%           | 20%               |
| 17         | (03%) 7. Providing greater choice and convenience when purchasing alcohol        | 03%           | 02%               |
| 03         | (00%) 8. Undecided (DO NOT READ)   | 00%           | 00%               |
| 08         | (01%) 9. None/other (DO NOT READ)  | 02%           | 01%               |

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Q11. Thinking more specifically about taxes, which TWO of the following seven taxes most hinder job creation and economic growth – the corporate net income tax (and by this we mean either the tax rate itself or the way net operating losses are treated), the capital stock & franchise tax, the personal income tax, the property tax, the sales tax, the gross receipts tax, or the business privilege tax?

|            |   | <u>Family</u> | <u>Non-Family</u> |
|------------|---|---------------|-------------------|
| 150        | (23%) 1a. Corp. net income – rate itself    | 29%           | 19%               |
| 89         | (14%) 1b. Corp. net income – net op. losses | 14%           | 14%               |
| 58         | (09%) 2. Capital stock/franchise            | 08%           | 10%               |
| <b>243</b> | <b>(37%) 3. Personal income</b>             | <b>36%</b>    | <b>38%</b>        |
| <b>313</b> | <b>(48%) 4. Property</b>                    | <b>52%</b>    | <b>45%</b>        |
| 131        | (20%) 5. Sales                              | 19%           | 21%               |
| 81         | (12%) 6. Gross receipts                     | 10%           | 14%               |
| 132        | (20%) 7. Business privilege                 | 18%           | 22%               |
| 19         | (03%) 8. Undecided                          | 02%           | 03%               |
| 10         | (02%) 9. None/other                         | 01%           | 02%               |
| 03         | (00%) 10. Refuse                            | 01%           | 00%               |

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Q12. The 2004 Alternative Energy Portfolio Standards Act (or AEPS) requires electric utilities to purchase an increasing amount of the electricity they sell to customers from alternative energy sources like wind, solar, etc., so that by 2021 eighteen (18) percent of a company's total sales will come from non-traditional sources of energy. This past June, the federal EPA also proposed regulations for greenhouse gas emissions at power plants, with the expectation that states like Pennsylvania increase renewable mandates and rely less on fossil fuels, regardless of cost. Should the free enterprise system determine which sources of energy are most viable, or should state government require that certain types of energy sources be made available in the marketplace?

|     |   | <u>Family</u> | <u>Non-Family</u> |
|-----|---|---------------|-------------------|
| 485 | (74%) 1. Allow free enterprise system to determine the market               | 72%           | 76%               |
| 129 | (20%) 2. State government should require which types of energy is available | 23%           | 18%               |
| 28  | (04%) 3. Undecided  | 04%           | 04%               |
| 06  | (01%) 4. None/other   | 01%           | 01%               |
| 04  | (01%) 5. Refuse   | 00%           | 00%               |

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Q13. Have the cost of your workers compensation insurance premiums increased or decreased in recent years, or have they remained about the same?

|                  |     |     | <u>Family</u> | <u>Non-Family</u> |
|------------------|-----|-----|---------------|-------------------|
| 1. Increased     | 294 | 45% | 45%           | 45%               |
| 2. Decreased     | 27  | 04% | 05%           | 04%               |
| 3. Remained same | 250 | 38% | 35%           | 40%               |
| 4. Undecided     | 60  | 09% | 11%           | 08%               |
| 5. Refuse        | 21  | 03% | 04%           | 03%               |

---

Q14. A fair and equitable legal system is vital to allowing employers to grow and prosper. Which TWO of the following four proposals would have the biggest impact on helping reduce both the number and cost of unnecessary lawsuits?

|            |  | <u>Family</u> | <u>Non-Family</u> |
|------------|--|---------------|-------------------|
| 220        | (34%) 1. Limit the filing of a lawsuit to the county where the injury occurred   | 36%           | 32%               |
| <b>388</b> | <b>(60%) 2. Place a time limitation on how long a person can bring a lawsuit for a defective product</b>                       | <b>57%</b>    | <b>61%</b>        |
| <b>409</b> | <b>(63%) 3. Protect the liability of retailers or other sellers of products who have no relation to the cause of an injury</b> | <b>60%</b>    | <b>64%</b>        |
| 204        | (31%) 4. Require a professional to attest to the validity of a claim when a complaint is filed                                 | 34%           | 30%               |
| 14         | (02%) 5. Undecided (Do Not Read)   | 03%           | 02%               |
| 08         | (01%) 6. Other/none (Do Not Read)  | 02%           | 01%               |
| 02         | (00%) 7. Refuse (Do Not Read)  | 00%           | 00%               |

Q15. What impact do regulations from environmental regulatory agencies including the federal Environmental Protection Agency and the Pennsylvania Department of Environmental Protection have on your business- a positive impact, a negative impact or no impact at all?

|              |     |     | <u>Family</u> | <u>Non-Family</u> |
|--------------|-----|-----|---------------|-------------------|
| 1. Positive  | 91  | 14% | 14%           | 14%               |
| 2. Negative  | 194 | 30% | 38%           | 25%               |
| 3. No Impact | 350 | 54% | 46%           | 58%               |
| 4. Undecided | 14  | 02% | 01%           | 03%               |
| 5. Refuse    | 03  | 00% | 00%           | 00%               |

Q16. From the following list, which ONE of the following four types of reforms would be most effective in helping to improve the education being provided to elementary and secondary school students?

|            |   |  | <u>Family</u> | <u>Non-Family</u> |
|------------|---|--|---------------|-------------------|
| 58         | (09%) 1. Increased focus on charter schools and magnet schools.                 |  | 06%           | 11%               |
| 139        | (21%) 2. Creating new choices for parents and students through school vouchers. |  | 24%           | 19%               |
| <b>242</b> | <b>(37%) 3. Strengthening academic standards and student assessments.</b>       |  | <b>29%</b>    | <b>42%</b>        |
| 180        | (28%) 4. Reforming teacher tenure rules.  |  | 35%           | 23%               |
| 18         | (03%) 5. Undecided (Do Not Read)  |  | 03%           | 02%               |
| 15         | (02%) 6. Other/none (Do Not Read)   |  | 02%           | 02%               |

Q17. Do you currently provide a healthcare plan for your employees?

|              |     |     | <u>Family</u> | <u>Non-Family</u> |
|--------------|-----|-----|---------------|-------------------|
| 1. Yes       | 377 | 58% | 57%           | 58%               |
| 2. No        | 265 | 41% | 41%           | 40%               |
| 3. Undecided | 04  | 01% | 01%           | 00%               |
| 4. Refuse    | 06  | 01% | 01%           | 01%               |

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(IF YES TO Q17, PROCEED; IF NO TO Q17, SKIP TO Q20)

Q18. In comparison to last year, have your health insurance premiums increased, decreased or remained about the same?

[N=377]

|              |     |     | <u>Family</u> | <u>Non-Family</u> |
|--------------|-----|-----|---------------|-------------------|
| 1. Increase  | 303 | 80% | 86%           | 77%               |
| 2. Decrease  | 18  | 05% | 05%           | 05%               |
| 3. Stay same | 49  | 13% | 08%           | 16%               |
| 4. Undecided | 07  | 02% | 01%           | 02%               |

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(IF INCREASE IN Q18, CONTINUE; IF DECREASE OR STAY THE SAME, SKIP TO Q20)

Q19. As a result of an increase in premiums, have you shifted additional costs to employees, reduced benefits, dropped coverage or taken some other action?

[N=303]

|                                |     |     | <u>Family</u> | <u>Non-Family</u> |
|--------------------------------|-----|-----|---------------|-------------------|
| 1. Shifted costs               | 141 | 47% | 44%           | 49%               |
| 2. Reduced benefits            | 71  | 23% | 24%           | 23%               |
| 3. Dropped Coverage            | 32  | 11% | 08%           | 12%               |
| 4. Undecided                   | 03  | 01% | 00%           | 02%               |
| 5. Other                       | 10  | 03% | 04%           | 03%               |
| 6. No changes made/"ate" costs | 150 | 50% | 51%           | 48%               |
| 7. Refuse                      | 01  | 00% | 00%           | 01%               |

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**This last section of the poll deals with various economic indicators for your business over the last 12 months and in the future...we appreciate your patience...**

Q20. During the last 12 months, did the sales for your company increase over the previous year, decrease or stay about the same?

|              |     |     | <u>Family</u> | <u>Non-Family</u> |
|--------------|-----|-----|---------------|-------------------|
| 1. Increase  | 255 | 39% | 42%           | 38%               |
| 2. Decrease  | 134 | 21% | 26%           | 18%               |
| 3. Stay same | 242 | 37% | 31%           | 40%               |
| 4. Undecided | 10  | 02% | 01%           | 02%               |
| 5. Refuse    | 11  | 02% | 00%           | 02%               |

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Q21. For the next 12 months, do you expect sales for your company to increase, decrease or stay about the same?

|              |     |     | <u>Family</u> | <u>Non-Family</u> |
|--------------|-----|-----|---------------|-------------------|
| 1. Increase  | 296 | 45% | 51%           | 42%               |
| 2. Decrease  | 35  | 05% | 06%           | 05%               |
| 3. Stay same | 295 | 45% | 41%           | 48%               |
| 4. Undecided | 16  | 02% | 02%           | 03%               |
| 5. Refuse    | 10  | 02% | 00%           | 02%               |

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Q22. During the last 12 months, did the size of your workforce increase over the previous year, decrease or stay about the same?

|              |     |     | <u>Family</u> | <u>Non-Family</u> |
|--------------|-----|-----|---------------|-------------------|
| 1. Increase  | 142 | 22% | 18%           | 24%               |
| 2. Decrease  | 99  | 15% | 15%           | 16%               |
| 3. Stay same | 404 | 62% | 66%           | 60%               |
| 4. Undecided | 03  | 00% | 00%           | 00%               |
| 5. Refuse    | 04  | 01% | 00%           | 01%               |

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Q23. For the next 12 months, do you expect the size of your workforce to increase, decrease or stay about the same?

|              |     |     | <u>Family</u> | <u>Non-Family</u> |
|--------------|-----|-----|---------------|-------------------|
| 1. Increase  | 153 | 23% | 22%           | 24%               |
| 2. Decrease  | 26  | 04% | 04%           | 04%               |
| 3. Stay same | 468 | 72% | 74%           | 70%               |
| 4. Undecided | 01  | 00% | 00%           | 00%               |
| 5. Refuse    | 04  | 01% | 00%           | 01%               |

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Q24. During the last 12 months, did your company make major investments, minor investments or no investments at all on such things as expansion or purchase of machinery or equipment, technology or other improvements in comparison to the previous year?

|                    |     |     | <u>Family</u> | <u>Non-Family</u> |
|--------------------|-----|-----|---------------|-------------------|
| 1. Major           | 132 | 20% | 22%           | 20%               |
| 2. Minor           | 153 | 23% | 30%           | 19%               |
| 3. No Improvements | 358 | 55% | 46%           | 60%               |
| 4. Undecided       | 06  | 01% | 02%           | 00%               |
| 5. Refuse          | 03  | 00% | 00%           | 01%               |

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Q25. For the next 12 months, do you expect your company to make major investments, minor investments or no investments at all on such things as expansion or purchase of machinery or equipment, technology or other improvements?

|                    |     |     | <u>Family</u> | <u>Non-Family</u> |
|--------------------|-----|-----|---------------|-------------------|
| 1. Major           | 69  | 11% | 11%           | 10%               |
| 2. Minor           | 130 | 20% | 29%           | 14%               |
| 3. No Improvements | 440 | 67% | 57%           | 74%               |
| 4. Undecided       | 10  | 02% | 02%           | 01%               |
| 5. Refuse          | 03  | 00% | 00%           | 01%               |

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Q26. Earlier you indicated you were a family business. How many generations have had ownership in the company (including your generation)?

**[N=246]**

|                            |     |     |
|----------------------------|-----|-----|
| 1. 1 to 3 generations      | 226 | 92% |
| 2. 4 to 6 generations      | 17  | 07% |
| 3. More than 6 generations | 00  | 00% |
| 4. Undecided               | 03  | 01% |
| 5. Refuse                  | 00  | 00% |

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Q27. Based on what you know today, is it likely or unlikely that your family business will be owned or controlled by the same family (or families) in the future?

**[N=246]**

|                        |    |     |                            |
|------------------------|----|-----|----------------------------|
| 1. Extremely unlikely  | 50 | 20% | <b>Total unlikely: 34%</b> |
| 2. Somewhat not likely | 33 | 13% |                            |
| 3. Unsure/no opinion   | 39 | 16% | <b>Total likely: 50%</b>   |
| 4. Somewhat likely     | 43 | 17% |                            |
| 5. Extremely likely    | 79 | 32% |                            |
| 6. Refuse              | 02 | 01% |                            |

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Q28. Does your family business have a written strategic plan?

**[N=246]**

|              |     |     |
|--------------|-----|-----|
| 1. Yes       | 74  | 30% |
| 2. No        | 159 | 65% |
| 3. Undecided | 13  | 05% |
| 4. Refuse    | 00  | 00% |

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Q29. Does your family business have a formal management succession plan?

**[N=246]**

|              |     |     |
|--------------|-----|-----|
| 1. Yes       | 100 | 41% |
| 2. No        | 141 | 57% |
| 3. Undecided | 04  | 02% |
| 4. Refuse    | 01  | 00% |

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Q30. Does your family business have a formal ownership transition plan? That is, a plan for transitioning the shares of the company to the next generation?

**[N=246]**

|              |     |     |
|--------------|-----|-----|
| 1. Yes       | 91  | 37% |
| 2. No        | 140 | 57% |
| 3. Undecided | 15  | 06% |

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Q31. Does your family business have family ownership meetings, which occur at least once a year?

**[N=246]**

|              |     |     |
|--------------|-----|-----|
| 1. Yes       | 162 | 66% |
| 2. No        | 75  | 30% |
| 3. Undecided | 09  | 04% |

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Q32. Does your family business have an active Board of Directors that meets at least once a year?

**[N=246]**

|              |     |     |
|--------------|-----|-----|
| 1. Yes       | 110 | 45% |
| 2. No        | 127 | 52% |
| 3. Undecided | 09  | 04% |

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Q33. Do any of the following internal challenges impact the survival of your business - lack of family unity, lack of interest in taking over the business by the next generation, and/or lack of managerial competence of the next generation?

**[N=246]**

- 15 (06%) 1. Lack of family unity
  - 87 (35%) 2. Lack of interest in taking over the business by the next generation**
  - 22 (09%) 3. Lack of managerial competence of the next generation
  - 33 (13%) 4. Undecided
  - 79 (32%) 5. Other
  - 24 (10%) 6. Refuse
- 

Now, thinking about the established guidelines your company has in place, please tell me if your family business has any of the following...

(ROTATE Q34-Q37)

Q34. A written job description outlining responsibilities for every position in the business...?

**[N=246]**

- |              |     |     |
|--------------|-----|-----|
| 1. Yes       | 129 | 52% |
| 2. No        | 112 | 46% |
| 3. Undecided | 04  | 02% |
| 4. Refuse    | 01  | 00% |
- 

Q35. A defined career path by job category...?

**[N=246]**

- |              |     |     |
|--------------|-----|-----|
| 1. Yes       | 70  | 28% |
| 2. No        | 166 | 67% |
| 3. Undecided | 09  | 04% |
| 4. Refuse    | 01  | 00% |
- 

Q36. Formal performance reviews for all employees?

**[N=246]**

- |              |     |     |
|--------------|-----|-----|
| 1. Yes       | 126 | 51% |
| 2. No        | 112 | 46% |
| 3. Undecided | 07  | 03% |
| 4. Refuse    | 01  | 00% |
-

Q37. A standard bonus structure...?

[N=246]

|              |     |     |
|--------------|-----|-----|
| 1. Yes       | 100 | 41% |
| 2. No        | 139 | 57% |
| 3. Undecided | 07  | 03% |

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Lastly, we only have a few demographic questions for statistical purposes...

Q38. What role do you play for your company in choosing the health care plan and benefits that are provided to your employees - would you say you are the primary decision maker, someone who has some influence in the [decision-making] process, or someone who does not play any role in this decision?

|  |     |     | <u>Family</u> | <u>Non-Family</u> |
|--|-----|-----|---------------|-------------------|
| 1. Primary decision-maker                | 331 | 51% | 56%           | 48%               |
| 2. Have some influence in the process    | 137 | 21% | 24%           | 18%               |
| 3. Do not play any role in this decision | 124 | 19% | 12%           | 24%               |
| 4. Undecided (DO NOT READ)               | 04  | 01% | 00%           | 01%               |
| 5. Other/none (DO NOT READ)              | 49  | 08% | 07%           | 08%               |
| 6. Refuse (DO NOT READ)                  | 07  | 01% | 01%           | 01%               |

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Q39. What is your current position within the company?

|     |   |  | <u>Family</u> | <u>Non-Family</u> |
|-----|---|--|---------------|-------------------|
| 334 | (51%) 1. president/CEO/owner/chairman                                       |  | 62%           | 45%               |
| 85  | (13%) 2. Vice President/COO   |  | 11%           | 14%               |
| 75  | (12%) 3. CFO/Accountant/Financial-related /controller                       |  | 06%           | 15%               |
| 151 | (23%) 4. Professional – HR, directors, admin., attorneys, consultants, etc. |  | 21%           | 24%               |
| 06  | (01%) 5. Other  |  | 00%           | 01%               |
| 01  | (00%) 6. Refuse   |  | 00%           | 00%               |

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Q40. Gender

|           |     |     | <u>Family</u> | <u>Non-Family</u> |
|-----------|-----|-----|---------------|-------------------|
| 1. Male   | 412 | 63% | 66%           | 62%               |
| 2. Female | 240 | 37% | 34%           | 38%               |

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Business description (SIC Code, from record)

|                                    |     |     | <u>Family</u> | <u>Non-Family</u> |
|------------------------------------|-----|-----|---------------|-------------------|
| 1. Agriculture/Forestry/Fishing    | 18  | 03% | 04%           | 02%               |
| 2. Mining                          | 02  | 00% | 00%           | 00%               |
| 3. Construction                    | 61  | 09% | 12%           | 08%               |
| 4. Manufacturing                   | 76  | 12% | 13%           | 11%               |
| 5. Transportation/Utilities        | 20  | 03% | 04%           | 03%               |
| 6. Wholesale trade                 | 37  | 06% | 07%           | 05%               |
| 7. Retail trade                    | 100 | 15% | 22%           | 11%               |
| 8. Finance, insurance, real estate | 47  | 07% | 09%           | 06%               |
| 9. Services                        | 250 | 38% | 24%           | 47%               |
| 10. Non-classified/Other           | 41  | 06% | 05%           | 07%               |

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Number of Employees (from record):

|                |     |     | <u>Family</u> | <u>Non-Family</u> |
|----------------|-----|-----|---------------|-------------------|
| 1. 1-4         | 296 | 45% | 49%           | 42%               |
| 2. 5-9         | 112 | 17% | 18%           | 17%               |
| 3. 10-19       | 70  | 11% | 10%           | 11%               |
| 4. 20-49       | 71  | 11% | 13%           | 10%               |
| 5. 50-99       | 31  | 05% | 06%           | 04%               |
| 6. 100-249     | 29  | 04% | 01%           | 06%               |
| 7. 250-499     | 07  | 01% | 01%           | 01%               |
| 8. 500-999     | 06  | 01% | 00%           | 01%               |
| 9. 1,000-4,999 | 09  | 01% | 00%           | 02%               |
| 10. 5,000+     | 11  | 02% | 00%           | 03%               |
| 11. Unknown    | 10  | 02% | 01%           | 02%               |

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Area (in which business is currently located, from record):

|                            |     |     | <u>Family</u> | <u>Non-Family</u> |
|----------------------------|-----|-----|---------------|-------------------|
| 1. Northwest               | 19  | 03% | 02%           | 04%               |
| 2. Southwest               | 39  | 06% | 06%           | 06%               |
| 3. The "T"/Central         | 118 | 18% | 23%           | 15%               |
| 4. Northeast/Lehigh Valley | 93  | 14% | 14%           | 15%               |
| 5. South Central           | 232 | 36% | 39%           | 34%               |
| 6. Southeast               | 78  | 12% | 09%           | 14%               |
| 7. Allegheny County        | 42  | 06% | 04%           | 08%               |
| 8. Philadelphia            | 27  | 04% | 04%           | 04%               |
| 9. Unknown                 | 04  | 01% | 00%           | 01%               |

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The margin of error for the combined sample size of 652 interviews is +/-3.8% at the 95% confidence level, or +/-5.6% for the subsample of 300 (i.e., the "non-member" survey) and +/- 5.2% for the subsample of 352 (i.e., surveys with PA Chamber members).