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Employee Compensation ©

By

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Obviously, the question does not necessarily apply to employer / employee relationships that are contractual. Having said that, most companies are not changing the way they compensate employees, although they should and almost always want to, but don't think they can or know how.

Although it is perfectly justifiable, employers are getting to only temporarily eschew annual raises, because of the current economy. Shifting to merit based forms of compensation is not welcomed by employees in tough economic times. Employees only like performance based incentives during good times, when they are reasonably certain of achieving what ever goal is assigned. Employers, who at this time make this change, may discover a slow trickle through the exit door.

There are two main reasons for this rationale, and I have real examples to support my experience.

1. Entitlement; is no longer a sense or feeling, it has become a right, an expectation, and has permeated practically every level of employment.

The number of people who job-hop for wages and benefits is staggering.

2. Lack of Talent; the numbers of employees at almost all levels and job categories who lack true, applicable skills and experience that translate to results, is often overwhelming. Therefore, when an employer has an employee who is even remotely functioning well enough to get a sufficient amount of work completed, they will often throw money at that employee, whether earned or not, just to avoid the annoyance of having to find a replacement.

Additionally, the current economy is affecting the way many employers compensate employees. Why, cash availability. If any company has a significant decrease in revenue, the employer may be faced with layoffs, wage cutbacks or at a minimum wage freeze. The last thing any employer or employee wants is to have a paycheck bounce.

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