

## **COMPENSATION IN 2010**

**By Cecelia Keenan, Human Resource Consulting, LLC**

Happy New Year to All

Looking into 2010

At the end of last year, many employers set their 2010 budgets including projecting staff pay levels. Therefore it's a natural process that, at the start of the New Year, employers look at how to manage compensation to the projected budget for the year.

Although the economy shows signs of recovery, employers are still being very cautious when it comes to compensation. The economic conditions of 2009 forced many employers to freeze pay, make cuts and take other cost cutting measures, often with no guarantees that these cuts will be reinstated. As a result, employees are more skeptical, and at best hesitant, to believe they will recover the salary and benefit losses of 2009. Some statistics are saying that over half of today's employees are unhappy in their current jobs. I for one have often heard people comment "At least I have a job." This makes me believe there is truth to that statistic, no matter how disheartening it is.

Other surveys have indicated companies offering salary increases in 2010 are keeping them low. Some numbers I have seen indicate 1.5-2.0% on average with around 3.0% on the high side. This is a far cry from the days when increases ranged from an average of 4.0-5.0%. Unfortunately I don't see getting back to these higher numbers anytime soon.

That does not mean that money is the only way for you to motivate your employees and have your staff on the happy side of the statistic I mentioned earlier. Even if you are not able to provide a salary increase, employees still want, and need, feedback on how they are doing. Often in the past companies have tied their performance review processes to salary increases; this does not need to be the case. Providing performance feedback is something that should be done regularly and recorded at least annually. Small employers do not need a performance process with all the bells and whistles. Using the position job description along with a list of expectations or goals, you can have a very productive performance discussion. By using these documents and noting how the employee has and is performing, you can document performance and be able to identify any responsibilities or skill areas that need improvement. Working with the employee you can create a learning environment that will demonstrate they are a valuable asset and team member. In the process you may just impact how happy they are on the job.

2010 will continue to press all employers to be creative in how they manage their businesses. Never has there been a time where so many are consciously looking for cost effective efficiencies and improvements. If you would like to explore creative ways to compensate, and motive employees give me a call. Cecelia Keenan, Human Resource Consulting, LLC, 763-370-4280.