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## Pay raise alternatives: reward employees on a tight budget

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Mary Margaret Kelly

By Mary Margaret Kelly

A new year is under way amid growing optimism that the economy is showing some real signs of getting back on track. But small business owners aren't yet ready to loosen their seat belts as they continue to look for ways to minimize costs.

Indeed, employers continue to make changes to staffing, organizational structure, compensation and benefits and other perks, according to a [glassdoor.com](#) survey of more than 2,300 working adults in the United States. And workers seem to understand. To avoid further layoffs, 76 percent of employees who responded to the survey said they would be willing to take a pay cut if their jobs were on the line.

But while keeping their pencils sharp, employers must take note of employee sacrifices during the past few years, experts say. Smart owners need to be concerned about morale, particularly as the economy begins to recover and jobs become potentially plentiful again. In a 2010 [CareerBuilder.com](#) survey, a third of workers said it is likely they will start looking for a new job when the economy picks up.

As a result, employers should consider turning their attention to rewarding employees for their hard work. That doesn't necessarily mean pay raises and bonuses. To be sure, budgets remain tight, especially for many small and medium-sized businesses. For those businesses that are beginning to find themselves in better financial positions, however, there are areas that may have been neglected during the past few years that can now be afforded more attention, such as bringing on more clients, expansion opportunities or acquiring new office equipment.

Following are several ways to help rebuild an organization and reward employees during this transitional period:

**Give an extra paid day off.** Many employees have been putting in extra hours or covering job duties for more than one position for quite a while, often neglecting to take important time away from the office to rejuvenate and relax. In fact, an annual survey conducted by [Expedia.com](#) estimates that employed adults in the United States give back a combined 436 million vacation days each year.

Whether employees are feeling uncertainty in their jobs or looking to cash in their unused vacation days, everyone needs to take a day off. In most cases, giving employees an additional paid day off does not necessarily cost employers any real dollars that were not already accounted for in the budget. Not only will employees return to work refreshed, they will be more motivated to support and work hard to rebuild an organization that values them.

**Offer flexible working arrangements.** With the price of gasoline and double-income families on the rise, employees may enjoy the option to telecommute or work flexible hours to help better manage their lives and save money. If given the option, nearly 75 percent of all workers surveyed said they wanted the freedom to work remotely from home or somewhere else away from the office, according to a survey conducted by [Citrix Online](#).

Flexible working arrangements can help employees achieve a healthier work-life balance, which can yield a happier and more productive employee. It also helps to support an environmentally friendly alternative to reduce fuel emissions, which many employees may respect.

**Invest in the company.** Most companies that have been struggling to survive during the past few years – even those that are technology-oriented – have probably not been able to upgrade to the latest equipment, causing inefficiencies and frustration among employees. Replacing this old equipment could provide a quick boost in productivity and morale.

Hiring additional employees when they are needed can also be beneficial to the company and existing employees. Bringing on more staff can help employers by generating more business and better servicing current clients. Employees may appreciate the help after enduring a heavier workload as a result of scaled-back recruiting efforts.

Travel is another area that many companies have had to curtail. Eliminating travel caps may help employees secure new clients and retain others, which can be energizing to staff members anxious to get back into the field.

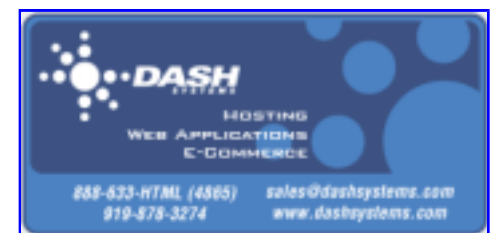
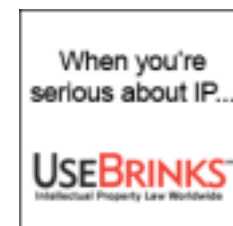
**Support training and development.** Training and development is a smart investment that is often underutilized and overlooked by companies, particularly during tough times. Not only does it help employees enhance their skills and perform more efficiently, training also can help boost their confidence and positively impact morale. What's more, taking advantage of training opportunities during slower periods can help a company gain a competitive edge as business increases.

**Reinstate or enhance benefits.** Many small and medium-sized businesses have had to scale back or eliminate benefits such as medical insurance and/or retirement plans for employees. If a company cannot afford to pay the full cost of health care premiums, consider other options that may allow for a small portion to be covered. Or consider a retirement plan with the possibility of matching employee contributions in the future. Any opportunity to offer assistance with benefits should be evaluated, as it can help attract and retain valuable employees.

Companies also should consider bringing back low-cost perks that were eliminated in leaner times, such as providing snacks at meetings or small sales incentives, such as restaurant gift cards or movie tickets.

No matter which alternative to pay raises is selected, be sure to inform employees and maintain honest communication about why raises may not be reinstated in the near future. And while you should expect – and respect – some initial disappointment, employees will appreciate honesty. In the long run, the efforts a company makes during a difficult time will be remembered.

Mary Margaret Kelly is a human resources specialist at Administaff, a [professional employer organization](#) (PEO). Administaff



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