

## Stretching out reduced salaries

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When you hear about redundancies in the media, you hear about numbers. When it starts to happen in your own workplace, those numbers take on human faces.

Just how do you hold on to valued team members when a reduced salary budget needs to be spread more thinly? Logically, there are only two ways, neither of them being immediately appealing.

One of them is the obvious switch to a shortened week on reduced pay. Most organisations, with a choice, will not go for this one, though some staff may welcome the extra days off, and others may settle for it purely through inertia.

The alternative is to continue staff-levels on the existing basis, but agree to defer part of the salary until the business has recovered. This will appeal to the more supportive employees, as it reflects a stake in the company. By agreeing to it, they are effectively confirming their faith in the product and management.

In the UK, we would call this the 'least worst' option. It avoids both the psychological trauma of unemployment and the humiliation of the outright pay-cut. And they enable the team to stay together, perhaps more conscious of their shared goals than they would be otherwise.

When I first worked in Dubai, long before there was any recession, I had to counsel the MD of a small workshop that made ornamental gilt buckles for shoes and handbags.

For years, sales had gone so smoothly for the firm that Khalil could not imagine having to make redundancies. But then all the bad luck arrived at once - two leatherware groups relocating overseas and his newest client suffering a near-fatal stroke at only thirty-three years of age.

Individually, he suggested to his staff that they could avoid redundancy by settling for reduced earnings. But he was dreading the reactions of two of the women benchworkers who always looked like trouble - Myisha, an aggressively negative type, and the shy, meek Tehani, who was firmly under her influence.

Sure enough, Myisha sullenly declared that she would settle for a four-day week, rather than be paid for the fifth day in 'company stock', as she put it. But Tehani unexpectedly voted the other way, for possible deferred earnings, though she could not calculate exactly what that would mean.

Working without Myisha for just one day a week changed Tehani decisively. She was no longer under pressure to deliver only the minimum, in line with Myisha's obstructionist attitude. Or perhaps the very act of exercising her individuality had emancipated her. For the first time, she actually felt that her efforts might impact on the success of the team, and up on her own earnings. She began to treat each job as a mission to be rendered to the highest possible standard. Before long, she found herself working on their special orders, a most unexpected outcome of a redundancy crisis.

### **The facts: Averting the axe**

- Managers must try to redistribute the reduced salary budget
- Short-time work will tend to attract only the least employable
- Agreeing to accept deferred pay is a more positive sign of commitment