A “Decent” Wage Cut?

by Anna Wells, Editor, IMPO

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Looking at a utopian outcome, of course we’d all like to keep our jobs. In fact, if we’re making a brief stop-off in dreamland here, I’d like a raise. And an extra week of vacation.

But practically speaking, things are tight in the ledgers of most businesses.

The New York Times recently ran an article [1] about an alternative to layoffs that was gaining some traction as of late—the shorter work week. In the article, reporters interviewed a sample group of those who were contending with reduced hours, typically anywhere from 24 to 32 per week. The shorter shifts came without a reduction in benefits.

Some of those interviewed found the shorter work week more difficult than others. One woman explained that, when the company she worked for asked for volunteers, she took the cut to help out her department and the company. Not long after, she realized the pay cut was tougher to contend with than she had imagined. Yet others—mostly those in two income families—discovered that the shorter week was a great way to keep their current jobs and benefits, but spend more time with their families than they could at 40 hours. More time at home can also mean fewer transportation costs and less childcare.

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the idea of *flexibility* that bears consideration.

In my mind, flexibility is the bridge to compromise. While employee wage reductions are far from ideal, it’s better than the potential alternative—job cuts. If a company can keep its employees in part time positions without cutting their benefits, it might be a legitimately viable alternative to full headcount reductions.

Considering the housing market, the realistic possibilities for relocation are not as easy as they once were. Being saddled with a mortgage on a house that could take months (years?) to sell means the stakes have changed—and if it were me, I’d certainly take a shorter work week with full benefits over the prospect of losing my job entirely.

From a business perspective, these companies are doing the best they can to retain their talent and sending a message to employees—we’re a cohesive unit, and are not going to go down without a fight. Headcount reduction often signifies a last-ditch effort to remain financially buoyant. The shorter work week might serve as a business’s acknowledgement of this situation as *temporary*. Keeping your workforce at the ready for stronger order cycles means an expectation of better business, and recognition of the talent it will take to manage the impending increase in production; between associates and their employees, it’s a mutual exchange of faith.

While I’m certainly not advocating worker wage reductions, I think there is something to be said for a struggling company taking a creative approach to employee relations. If there were a simple answer here, I’d love to know.

What's your take? Email anna.wells@advantagemedia.com [2]

Click here to read Associate Editor Amanda McGowan's take on the shortened work week [3]

Good morning Anna,

I thoroughly enjoyed reading your article on "A Decent Wage Cut?" In these tough USA Economic times I believe it is important that the people age 59 and older that are still working and are collecting a paycheck consider this so that those younger generation people stay employed to help the economy. If these 59 and ol
wages, yet they might be able to keep their medical benefits. And the USA Government and companies should seriously consider this option and allow these two generations to survive in these tough times. Any time we cannot employ our people here in the USA means disaster for all of us, looks what's happening now.

Dear Anna and Amanda,

Thanks for both of your opinions on this issue, but I agree with Anna Wells about flexibility. Although, Amanda, you made an example out of the more worst case situation of a 40% reduction in hours; 60% of pay does sounds better than an extended job search which is likely in this exceptionally poor economy. And
possible cost savings such as less commuting, or more “DIY” type activities that many people currently hire out. And if you are thinking flexibly maybe not everyone would have to take a 40% reduction in work hours. The company could employ a small reduction in staff along with targeting a 25 or 30% reduction in h

My real hope is that we re-think the whole 5 day 40 hour work week. Although there are some benefits to having “standard business hours” this schedule puts unnecessary capacity pressures on our highways, restaurants and services (just try to schedule a morning or evening dentist appt.) Depending on the type o
by 10 hours. This would reduce traffic problems significantly and improve efficiencies by reducing set-up and break down times.

So Amanda, I don’t know if you drew straws to take the counterpoint, but I hope you could see the benefits of letting go of what typically defines a work day, work week and work month, so that it best fits the company’s needs and the worker’s lifestyles and allows each worker and employer the flexibility to pick schedu
you had the choice, would you pick a different work schedule than you currently have?

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