

Ford Says Raises Are Out, Bonuses Are In

Tom Krisher, AP Auto Writer

DETROIT (AP) — Ford Motor Co. will give bonuses but not pay raises to its U.S. and Canadian white-collar workers as the company tries to keep its costs down to stay competitive with other global automakers.

Spokeswoman Marcey Evans said Ford surveyed 21 peer companies, including General Motors and Chrysler, and determined that its salaries are competitive.

She also said Ford needs to keep costs down to be price-competitive with other global automakers.

Many companies in the auto industry are mindful of financial troubles from 2009 and are reluctant to give annual pay raises that can increase structural costs and push up the price of cars and trucks in a highly competitive market. One-time bonuses compensate employees for work but don't add to the annual costs.

Workers were told about the decision on Thursday. Ford has about 20,000 U.S. salaried workers. The size of their bonuses is based on performance of the individual worker and their department. Evans said the amounts won't be determined until after Ford releases fourth-quarter earnings.

The company's 41,000 U.S. blue-collar workers will get profit-sharing checks. All the checks will go out in March.

"Keeping an eye on competitiveness is really a driving factor in the business decisions Ford is making," Evans said.

General Motors CEO Dan Akerson said earlier this week that GM would not give white-collar raises but could give bonuses tied to company performance. GM, he said, used to give annual raises all the time.

"Three percent times five years in a row is 15 percent added to your cost structure," he told the AutomotiveNews World Congress. "All of the sudden you're starting to really narrow the possibilities and flexibility of any reaction to a downturn. It's very difficult to overcome," he said.

Ford, Evans said, gave out merit pay raises to white-collar workers last year.

Managers in other Ford locations across the globe also will get bonuses, but those are set by individual country, Evans said.

Ford is having a great year, gaining U.S. market share and winning awards for the quality of its vehicles. Through the first three quarters of the year, the company made \$6.4 billion, and it expects to post a fourth-quarter profit.

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