

Evaluating The Perceptions of Employee Salary Reductions

Julius Demps II, Jacksonville University, Jacksonville, FL

Erica Baker, Jacksonville University, Jacksonville, FL

Abstract

In the wake of major downsizing and outsourcing practices in the United States, some organizations have utilized salary reduction as a means of retaining employees. In several cases, salary reductions were both voluntary and involuntary in nature. The purpose of this study is to explore the impact of employee salary reductions relating to the following: (a) prior to downsizing were employees provided an option to accept a reduction in salary versus being downsized; (b) would organizations consider a voluntary salary reduction in order to retain employees; (c) would employees be willing to accept a reduction in salary in order to remain employed; and (d) how committed would employees remain to their organizations if their salaries were reduced and organizational leaders' salary were maintained or increased.