



POSTED ON 05/12/07

PROBLEM SOLVING: DILEMMAS

## Christmas bonus may be nice, but it's also knotty

SUSAN PINKER

Dear Susan,

My husband and I own a business with 14 employees, including one who left our company but returned to us in November. Should he receive the same Christmas bonus as everyone else? We don't want to offend the employees who have been with us all year, but we don't want to hurt the new ex-employee if he doesn't get what the others get.

- *The Boss*

Print Edition - Section Front



Dear Boss,

'Tis the season of generosity, but perhaps it's time to start thinking more like an economist and less like Santa Claus.

Economists consider incentives and outcomes. What are you aiming for when you shower employees willy-nilly with Christmas handouts? Instilling loyalty through noblesse oblige? Hewing to tradition? I hate to be a party-pooper, but I'm with Woody Allen, who said that tradition just gives "the illusion of permanence."

Christmas bonus or not, chances are the new employee (indeed, all of your employees) will stick with you if the job is challenging, if he's treated respectfully and if he's paid well enough to stay motivated. If not, chances are he'll leave (again). Call me Scrooge, but I'm for more transparency and less empty formality - yes, even at Christmas.

The holiday bonus of Christmases past is now seen as quaint, more akin to handing out bricks of maraschino cherry-studded fruitcake to everyone you know, instead of giving them what they really want - true recognition. If there's a gift, it should reflect your gratitude - and their contribution.

Seventy-five per cent of 2,500 companies recently surveyed by Hewitt Associates, an international human resources firm, give their employees performance-based bonuses that are earned

anew each year. These bonuses top up people's salaries with "variable pay" - recognition or performance-based awards that are now used throughout the year by 80 per cent of their clients.

Ken Abosch, a principal at Hewitt, says employees tend to prefer variable pay programs over automatic salary increases or fixed bonuses because they're more motivating, and allow them more control, especially if the goals are meaningful, measurable, and there's frequent feedback.

One international entrepreneur, who gives performance based bonuses to his staff, commented that he may not be as flush as Wall Street brokerage houses - (known for bonuses in the \$2-million range for high performers) but he is still committed to cashable recognition of achievement at this time of year.

"All employees can earn up to 25 per cent of their salary based on reaching the personal goals we mutually agree on at the beginning of the year, and providing the company reaches its [profit target]."

As for your situation, it's too late to renege for this year. Most people like clarity and don't like surprises. Give the new employee a reasonable - not strictly prorated - portion of the amount that more long-standing employees will get.

And give yourself ample time to review your options for next year. Regular bonuses based on performance mean that there can be Christmas, even in July. And in lieu of money, giving paid time off for everyone to spend time with their families is the least garish and most gracious way to say thank you to staff.

**Dear Susan,**

I have discovered that my accounting partner discusses our client and business issues with his wife. She even looks at the files and advises him on professional matters. There's something that bothers me about this and I don't know how to handle it.

- *There's a ghost in the room*

**Dear Ghost,**

Most people assume that a leader has a like-minded partner with similar leanings and the power to influence. And they're right - there is evidence from genetics that like attracts like.

Called assortative mating, the idea is that humans are attracted to mates who are similar to themselves, physically and psychologically. After all, humans, like animals, don't shack up with just anyone. People are drawn to mates with similar features because, long ago, the ability to recognize that a mate matches you and your environment was a good evolutionary plan.

For example, on average, tall men tend to marry taller women. Romantic partners also share personality traits, education and, these days, even earning power, according to studies by evolutionary psychologist David Buss, at the University of Texas at Austin. Meanwhile, other researchers have shown that even at the start of their relationship, couples resemble each other in intelligence, how much they enjoy risk, and how outgoing they are. To put it bluntly, friends and lovers are more likely to share similar sets of genes.

What does all this have to do with your business partner? If your partner is a bright light and an asset to your firm, his wife may be, too. You just have to ensure that what's highly confidential stays secret. A statement to him about a file's ultrasensitivity should be enough to put them both on notice.

*Susan Pinker is a psychologist and author of *The Sexual Paradox: Extreme Men, Gifted Women and the Real Gender Gap*, to be published in February.*

Copyright Susan Pinker 2007

---