

Bob Kustka

Factoring Human Capital Into Your Business Plan

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By Jay Fitzgerald

Saying it with bonuses: Economy drives up \$\$ perks

Employers appear to be loosening their bonus purse strings this year, experts say.

But it isn't because of a surge in altruistic holiday cheer.

It's more about businesses wanting to retain top talent and reward performance in an increasingly competitive labor market.

"Pressure is building on employers to retain people, so the short-term solution is to throw money at the problem," said Bob Kustka, president of CHR Partners, a Norwell business consulting firm.

Kustka said he's seeing an uptick in bonuses this year - and expects the trend to last as long as the economy remains strong.

That bonuses are handed out around the holiday season has less to do with the spirit of Christmas giving and more to do with end-of-the-year bookkeeping, he said.

Employees aren't as loyal to their companies as they were in the past - and companies are scrambling to find ways to keep them, he said.

John Challenger, executive director of the Challenger, Gray and Christmas executive-search firm, said he's also hearing about more "performance bonuses" in non-financial services industries, which usually don't shower their employees with as much money as Wall Street firms do with their own workers.

"When companies face losing employees, part of the (unspoken) bargain is that bonuses go up," said Challenger.

Gail Goodman, executive director of Waltham's Constant Contact, said her e-mail marketing company recently surveyed about 1,500 small business owners and found a slight increase in the number planning to give holiday bonuses, compared with those surveyed last year.

But the bonus increases are really tied to the economy, which is stronger than it was a year ago, she said. "It's really a reflection of the state of the economy in general," said Goodman.