# How to Respond When an Undeserving Employee Asks for a Pay Raise or Promotion

By Mac McIntire

*Some employees deserve a pay raise or promotion. Yet, surprisingly, undeserving employees often are the ones most likely to ask for more money or a better position. Here is what to say when that happens.*

Practically every manager has had an employee ask him or her for a raise or promotion.

Some employees confront the manager armed with valid justification as to why he or she deserves the pay increase or higher-level position. It's easy to fulfill requests from employees who deserve it when there are open positions and financial resources available. But it is much harder to respond to an employee who has the gall to ask for a pay raise or promotion when he or she obviously is unworthy of either.

Amazingly, undeserving employees seem to be the ones most likely to ask for more money or a better position. This article explains how I handle these requests.

## Be Very Upfront

The first thing I do in anticipation of such requests is make sure every employee understands up front, long before they might come to me seeking a raise or promotion, that I am *not* the one who determines whether they deserve such actions. I explain to the employees that their pay raise or promotion is within their *own* control. Raises and promotions are bestowed upon those employees who deserve it, when they deserve it. I also explain that it will be self-evident when an employee deserves a raise or promotion based upon specific and certain criteria. I then explain that criteria so there will be no confusion in the future.

Employees need to know they will be given a pay raise when they are *worth* it and will be promoted when they are *worthy* of it. Worth and worthiness are the key indicators of a person's eligibility for a raise or promotion. This should be obvious to everyone; and to most employees it is. Unfortunately, for the less astute employees it needs to be spelled out very clearly and very specifically.

I also tell the employee that it is *their* responsibility to prove their worth and worthiness, not mine. *They* have to justify the raise or promotion, not me. Then I very clearly and very specifically define how they can prove and justify it.

## The Rental Agreement

To help the employee better understand the components of worth and worthiness I explain a concept I call the **RENTAL AGREEMENT**.

As a manager I am renting an employee's skills, knowledge, attitude and behaviors for a set period of time. During that "rental" time I have very specific expectations of things for which I am willing to pay and certain things for which I am unwilling to pay. Since I am paying the employee for their services, I expect them to fully use their skills and knowledge to effectively achieve specific performance outcomes. I expect them to exhibit the attitude and behaviors I want to "buy," and to not exhibit the attitude and behaviors I don't want to buy. During the rental time I expect an employee to work for *me* to achieve *my* purposes or the business purposes, not for the employee to do whatever he or she wishes. If the employee wants to do what he wants or she wants, he or she can either do it on their own time or pay themselves, instead of me doing so.

I further explain to the employee that the beauty of the rental agreement is that it is only for a very small portion of their day. I offer them a fair price (wage, benefits, a quality work environment, and other perks) for a day's work. All they have to do is model the appropriate characteristics for the specified limited amount of time. Once their "shift" is over they can do whatever they want and act however they want. All I'm asking the employee to do is to perform and act according to our "contract" for the length of the rental agreement.

The employee also needs to know that when the conditions of our working relationship are no longer in compliance with our rental agreement, I will either enforce the contract or terminate our agreement. Should the employee wish to not do the work, or stop doing the things I require of him or her, I will be equally willing to stop paying them.

Consequently, the first criterion, therefore, in determining whether or not an employee deserves a pay raise or promotion is the extent to which he or she has fulfilled one's portion of the *Rental Agreement*.

## The Value Equation

The second way I determine an employee's worthiness for a raise or promotion is to assess their performance against what I call the **VALUE EQUATION**. An employee's value to the organization is determined by appraising the difference between the value of his or her accomplishments versus the cost of one's performance.

*Value* is measured as the worth of the business results the employee accomplishes. An employee's value or worth to an organization also might include his or her knowledge of the business, relationship with customers, positive influence on other employees, initiative, innovation, or a host of other valuable skills, knowledge, abilities, attitudes, or behaviors. For example, a self-motivated and self-directed employee has greater value to a manager than an employee who needs constant guidance and prodding from the manager before fulfilling a task. An employee who is always on time or who readily works extra hours when needed is of great value to me and to the organization.

The *Cost* side of the equation entails more than the monetary measurements of wage, salary, benefits, and other compensation related perks. The cost of an employee may include the amount of time a manager has to spend with that individual. Some employees are a pain to manage. The hassle-factor of dealing with some people is extremely draining on a manager and therefore very costly in time, stress, brain power and peace of mind. Someone who performs according to the rental agreement without supervisory over-sight has greater value that an employee who only does what is expected when the boss is around. Employees who whine and complain are of less value than those who do their jobs cheerfully without grumbling.

Obviously an employee who accomplishes little and costs a lot would not be worthy of a pay raise or promotion (unless it is to be promoted out the door). Likewise an employee who accomplishes very little, yet doesn't cost very much, would also be unworthy of an increase. I'm always surprised at the number of low-performing workers who believe they should be paid more. In actuality they should be paid less than what they are making since they do so little. Yet they feel they are worthy of being paid more because they don't rock the boat or cause any problems.

The only employees who truly deserve a pay raise or promotion are those who have higher value margin because what they accomplish far outweighs the costs to produce it. High value employees who are high performers are worth paying high costs to keep them.

On the surface it may appear that the ideal value margin to an organization would be to have high-value/low-cost employees. However, this is a formula for disaster. Companies who try to improve their profit margin by limiting the compensation of their good employees will soon find they have very few good employees left. High value employees will leave the company if they are not paid what they are worth. Competitors can easily steal a company's high value employees who feel under-valued at work.

Underpaid high value employees who don't leave the company typically lower their productivity to a level they feel matches the value the company places on their effort. Some underappreciated hard workers express their dissatisfaction of how they are being treated by exhibiting off-purpose or dysfunctional behaviors. Thus, unrecognized high-value workers often become lower value employees.

Managers ought to consciously use the *Value Equation* to clearly show the value, worth and worthiness of those employees who deserve a pay raise or promotion and to expose those who don't.

## The Credibility Factor

Finally, the last criteria I use for deciding whether or not to grant a pay raise or advancement opportunity to an employee is what I call the **CREDIBILITY FACTOR**.

Before I can justify an employee's pay increase or promotion I must have a credible reason for doing so. The only way I can confidently champion an employee's request for more money is when I have credible evidence that confirms they deserve it. But this credible evidence is not limited to the employee's performance. If performance were the only criteria for a promotion, only competent people would be promoted. Yet many competent employees have watched in frustration as less competent non-performers were promoted over them. At the same time, highly competent performers often are not promoted. Therefore, performance cannot be the only criteria for determining whether or not to promote an individual.

An employee's "credibility" is the sum of the following three elements: performance, image and exposure.

*Performance* is merely the first characteristic of credibility. Being known as someone who can produce great results adds to one's credibility. Employees who talk the talk, but can't walk the walk, are not credible. Results *are* important.

One would hope that an employee must produce credible results before they receive more pay or greater responsibility in the company. But this is not always the case, as stated before. Quite often, less competent performers are promoted over more qualified individuals. Therefore there must be more to credibility than mere performance. I believe that, in most companies, competent performance accounts for only 50 percent of the decision of whether or not to promote an individual.

The second element of credibility is *Image*. It's one thing to be a competent performer; it's another thing to look, sound, and act like a competent worker. Employees who produce valuable results, but who don't interact well with their peers or superiors, have less credibility than those who get along well in the organization. How a person acts and how they look has significant impact on whether or not they will be promoted. Employees who match the company image have a greater chance of getting a pay raise or promotion than those who don't. In some companies being a "fit" in the organization often can have more weight than one's actual performance.

Employees who want to become managers need to look, sound and act like managers. Managers who want to become executives have a greater chance of becoming and executive when they match the attitudes, words, behaviors and performance of the executives above them.

The third determinant of credibility is *Exposure*. Although it is important to be competent and to act competently, if key decision makers are unaware of the employee's competence, the chances of being promoted are diminished. High performers need exposure in the company. Before a high performer can be granted a pay raise or promotion key decision makers in the company must know about their accomplishments. It will be hard for a manager to get approval to promote or increase the wages of an employee unless the manager's manger also is aware of the employee's competence.

It is the employee's responsibility, more so than the manager's, to get the message out that he or she is an outstanding performer. This, of course, could be done through self-promotion or tooting one's own horn. But the best promotion is when some other credible source is touting the accomplishments of the employee. Employees who want more money or want to get promoted should perform and behave so well it causes other people to talk positively about them. Those who wish to go far in an organization ought to ensure that peers within the organization talk about them in positive terms. What others in the company or department think or feel about an employee has a great influence on whether or not that employee will be promoted or receive a pay raise. One's reputation often determines one's advancement.

This brings up a key concept that few people understand. To get promoted a person must be promoted in a marketing sense. The only way that I (or anyone else) will promote an employee's accomplishments is if I am convinced they truly are high performers. I tell my employees I will know when they are high performers because, not only will they achieve the production results that are expected of them, but they also will look, sound, and act like a high performer. Likewise, I will hear other people telling me how good the employee is. When a manager is constantly being told about the outstanding achievements of one of his or her employees, the manager would be a fool not to ensure the long-term loyalty of the employee by rewarding that employee with a pay raise or promotion.

## The Bottom Line

Again, I tell every employee they will be granted a pay raise or promotion when they are worth and worthy of it. Consequently, they can be assured their request for a pay raise or promotion will be met with an immediate "yes" response if they can *prove* their worth and worthiness. My answer to every request is always: "*Yes, I will give you a raise or promotion – if, and when, you are worth it*."

When you have the three tools mentioned above it is very simple to assess an employee's worth and worthiness by asking a few questions:

- To what extent has the employee kept his or her rental agreement?
- To what extent has the employee accomplished valuable results, and at what costs?
- Does the employee's performance justify the requested pay raise or promotion?
- Does the image of the employee match the image expected of an employee at the new pay or position level?
- Would others in the organization agree that the employee deserves the pay increase or promotion based upon their knowledge of the employee's accomplishments?

If the answers to these questions indicate the employee adds value to the company and is worthy of a pay raise or promotion, making the decision to increase the company's costs by granting the employee's request should be easy. An investment in a valuable human asset is a wise investment indeed. On the other hand, if the indicators are not favorable, denying the employee's request should be equally easy to deliver. Granting a pay raise or promotion to an unworthy candidate would be a waste of company assets. §

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