Employee Salary Increase Recommendations

Posted on September 23, 2019

This report reviews salary-increase recommendations for six employees: Arthur Tressler, Jerry Holden, Faceman Peck, Stephanie Wachsberger, Adam Shilstone, and Teddy Burke. The original report recognizes performance, service, technical contribution, and employee development, but several recommendations rely on factors that should not determine compensation. Age, approaching retirement, divorce, parental status, gendered titles, or a manager’s sympathy are not reliable merit criteria. Pay decisions should be based on job responsibilities, market position, internal equity, verified performance, promotion, skill scarcity, and a consistently applied compensation policy. Personal hardship may justify supportive benefits, leave, flexibility, or employee-assistance resources, but it should not be used to award one employee a salary increase that similarly situated colleagues cannot access. The following recommendations preserve the original employees, evidence, and proposed amounts while converting them into a defensible compensation plan. (U.S. Equal Employment Opportunity Commission, 2026)

Purpose of the Salary Review

The purpose of a salary review is to determine whether employee pay remains fair, competitive, and aligned with contribution. A raise may serve several different purposes: a cost-of-living adjustment, a merit increase, a market correction, a promotion increase, a retention adjustment, or an equity correction. These purposes should not be mixed without explanation. A large increase described as “appreciation” may create compression or inequity if employees in similar roles are paid differently. Before approving any amount, Human Resources should compare salary bands, market data, performance ratings, length of service, qualifications, and pay among employees performing substantially equal work.

Legal and Ethical Compensation Principles

Compensation decisions must comply with applicable equal-pay and anti-discrimination laws. The Equal Pay Act prohibits sex-based wage differences for substantially equal work unless the difference is supported by factors such as seniority, merit, quantity or quality of production, or another factor other than sex. Title VII, the Age Discrimination in Employment Act, the Americans with Disabilities Act, and related laws also restrict discriminatory pay decisions. A lawful process uses documented criteria and applies them consistently. Even a decision intended to help an employee can create unfairness if it depends on protected or private circumstances rather than job-related evidence. (Equal Pay Act of 1963, 29 U.S.C. § 206(d); U.S. Equal Employment Opportunity Commission, 2026)

Budget Clarification

The original report states that a $10,000 budget was allotted, that employee pay increases total $8,400, and that the remaining $1,600 will be transferred to sales. It also describes each raise as a monthly amount. If the $10,000 is a monthly payroll-increase budget, the arithmetic is correct: $2,000 + $3,000 + $1,000 + $900 + $0 + $1,500 = $8,400, leaving $1,600 per month. If $10,000 is an annual budget, the proposed monthly increases would be impossible because they would add $100,800 to annual payroll. Finance and HR must define the budget period before approval. This report treats the figures as proposed monthly adjustments because that is how the original amounts are written, but recommends confirming affordability and total annual cost.

Arthur Tressler – Head of Human Resources

Arthur Tressler has worked for the company for ten years and is described as loyal, trustworthy, responsible, and dependable. The original recommendation grants a $2,000 monthly increase—approximately 40 percent of current pay—because he is fifty-nine and expected to retire next year. His age and retirement plans should not be the basis for a salary decision. A 40 percent permanent increase is unusually large and could distort retirement-linked benefits, internal equity, and the pay structure if it is not connected to expanded responsibilities or a market correction.

The company should first evaluate Arthur's current salary against the approved range for the Head of Human Resources role and compare his performance with documented objectives. If he is materially below market or below similarly responsible executives, a $2,000 adjustment may be justified as a market or equity correction. If his salary is already appropriate, recognition for ten years of service should be provided through a one-time service award, retention bonus, succession-consulting agreement, or formal recognition rather than a permanent 40 percent raise. The company should also create a succession and knowledge-transfer plan without pressuring him to retire or assuming that he will do so because of age.

Jerry Holden – Customer Care and Sales Manager

Jerry Holden has worked for the company for two years and possesses an academic background in marketing and sales. The report credits him with a 12 percent increase in monthly customer engagement and retention and proposes a $3,000 monthly raise, bringing salary to $9,000. This is the largest increase in the report and should be supported by clear evidence. HR should verify how engagement and retention were measured, whether the improvement is attributable to Jerry's leadership, and whether the result generated revenue, repeat business, or lower customer-acquisition cost.

If Jerry has assumed broader managerial responsibility or is being promoted, a $3,000 adjustment may be appropriate after comparison with the salary band and peer roles. If his job has not changed, the increase may be too large as a merit raise and could create compression with more senior managers. A balanced approach could combine a smaller base-pay increase with a transparent performance bonus tied to customer retention, ethical sales, complaint resolution, team development, and revenue quality. Sales incentives should not reward aggressive conduct that harms customers or employees.

Faceman Peck – System Engineer and IT Associate

Faceman Peck joined four months ago as an intern after completing a computer-science degree. He learned the company's systems quickly, received employee-of-the-month recognition, and now contributes to reliable operations. The original proposal offers a permanent position and a $1,000 monthly increase from the $2,000 internship rate. Converting an intern to a regular employee is not merely a merit raise; it is a change in employment status and job value. The company should issue a formal job description, determine whether the position is System Engineer, IT Associate, or a combined role, and place it within the proper salary band.

A salary of $3,000 per month may be reasonable if it matches entry-level market data and internal equity, but the decision should not rest on one employee-of-the-month award. The company should evaluate technical competence, security responsibilities, documentation, response time, reliability, teamwork, and supervision needs. The offer should include normal benefits and a development plan. Future raises should be based on demonstrated growth, certifications where relevant, system availability, project delivery, and security performance rather than an informal promise.

Stephanie Wachsberger – Secretary

Stephanie Wachsberger performed well previously but has recently made recordkeeping and scheduling mistakes. During an HR discussion, she disclosed a divorce and responsibility for her daughter. The original report proposes a $900 monthly raise to help with personal expenses. Compassion is important, but a permanent salary increase based on marital or family status is not a sound compensation practice. Other employees may face equally serious private difficulties that management does not know about, and using personal information in pay decisions can create inconsistency and legal risk. (U.S. Equal Employment Opportunity Commission, 2026)

The company should separate support from compensation. Stephanie should receive a confidential conversation about workload, training, health, leave, scheduling, and any workplace factors contributing to errors. Resources may include an employee-assistance program, temporary flexibility, available paid leave, childcare information, or a short-term hardship program offered under consistent rules. Her salary should be reviewed for market and pay equity like every other employee. A $900 adjustment is appropriate only if her role is underpaid, responsibilities have increased, or a general merit or cost-of-living process supports it. Performance errors should be addressed through clear expectations and support, not punishment for divorce or a raise motivated solely by sympathy.

Adam Shilstone – Engineering Administrator

Adam Shilstone's team missed promised deliverables, and customers reported flaws in finished products. The original report gives him no raise. Withholding a merit increase may be reasonable if documented performance fell below established expectations, but the decision should not be made from one failed month without investigating causes. Management should determine whether schedules were realistic, staffing and specifications were adequate, quality controls functioned, and Adam possessed the authority needed to solve problems.

Adam should receive a written performance review identifying specific deficiencies, required outcomes, available support, and a reasonable timeline. A performance-improvement plan may include milestone tracking, quality checks, customer feedback, project-risk reporting, and leadership coaching. He should have an opportunity to respond and provide evidence. If his base pay is below the lawful minimum or an equity correction is required, that issue should not be ignored merely because merit performance is weak. Merit pay and pay-equity compliance are separate questions.

Teddy Burke – Electrical Engineer

Teddy Burke has worked for the company for three years and is praised for troubleshooting, technical education, time management, leadership, and the rapid repair of electrical and mechanical faults. The proposed $1,500 monthly increase may be justified if his contributions are documented and his salary is consistent with the engineering market. HR should review equipment uptime, preventive-maintenance improvements, repair quality, safety performance, cost avoidance, and knowledge transfer.

The report also praises Teddy for working "day and night." The company should not reward a pattern of unsafe overwork as though exhaustion were the only proof of commitment. Repeated emergencies may reveal inadequate preventive maintenance, understaffing, weak spare-parts planning, or poor on-call design. The raise should recognize expertise and responsibility, while management should establish safe schedules, overtime compliance, backup coverage, and a preventive-maintenance program. Heroic emergency work should lead to system improvement rather than becoming the permanent operating model.

Employees Not Listed in the Report

The original conclusion states that all unmentioned employees do not qualify for an increase. That statement is too broad unless every employee was evaluated under the same process. Employees should receive written notice of the review criteria, and managers should submit documented evaluations for all eligible staff. Cost-of-living or equity adjustments may apply even when a person does not receive a merit raise. The company should also examine whether part-time, remote, disabled, older, female, minority, or lower-visibility employees are being overlooked because their contributions are less visible to senior management. (U.S. Equal Employment Opportunity Commission, 2026)

Recommended Compensation Matrix

A defensible system can score each recommendation across job-market position, internal equity, verified performance, increased responsibility, skill scarcity, and retention risk. Protected characteristics and personal hardship should be excluded from merit scoring. Each proposed increase should identify its category. Arthur's amount would be categorized as a possible market/retention correction or converted to a one-time service award. Jerry's would require promotion or performance evidence. Faceman's would be a status conversion and job-pricing decision. Stephanie's would be separated from hardship support. Adam's would be no merit increase pending improvement, while Teddy's would be a merit/market adjustment with workload reform.

Use of the Remaining $1,600

The remaining $1,600 should not be transferred automatically from payroll to the sales department unless the budget owner permits that change. Salary funds create recurring obligations, while a customer-engagement program may be a discretionary operating expense. Finance should confirm classification and sustainability. If the amount is monthly and genuinely available, it could support targeted customer research, staff training, service-recovery tools, or a performance-bonus pool. The expenditure should have goals and measurement rather than being allocated merely because sales is described as the company's "face." Customer experience is also shaped by operations, engineering, IT, administration, and support teams.

Documentation and Communication

Every employee should receive a written letter stating the effective date, new salary, reason for the change, and whether the amount affects bonus or benefit calculations. Managers should avoid comparing employees' personal circumstances. HR should retain market data, performance evidence, approvals, and equity analysis. A pay audit should examine unexplained differences across sex, race, age, disability, and other protected categories. Confidentiality is important, but employees should understand the compensation framework sufficiently to trust that decisions are not arbitrary. (U.S. Equal Employment Opportunity Commission, 2026)

Final Recommendations

The proposed amounts should be treated as provisional rather than approved automatically. Arthur's $2,000 should be supported by market/equity evidence or converted into a one-time service or retention payment. Jerry's $3,000 should be approved only if the role has expanded or verified performance and market data justify the increase. Faceman's $1,000 should accompany a properly evaluated permanent appointment. Stephanie's $900 should not be based on divorce or parenthood; support should be provided separately, and salary adjusted only under neutral criteria. Adam may receive no merit raise, but should receive a fair performance-improvement process. Teddy's $1,500 may be justified, while unsafe overwork should be corrected.

Conclusion

The company has identified employees who deserve recognition, but a fair salary process requires more than managerial appreciation. Compensation must be consistent, documented, affordable, and connected to the value of the job and verified contribution. Personal hardship, age, retirement expectations, gender, and family status should not determine permanent pay. By distinguishing merit, market correction, promotion, retention, and employee support, the company can preserve the positive intentions of the original report while reducing discrimination risk and protecting internal equity. The final step is to confirm whether the $10,000 budget is monthly or annual, calculate the full annual payroll effect, and complete a company-wide equity review before implementation. (U.S. Equal Employment Opportunity Commission, 2026)

References

U.S. Equal Employment Opportunity Commission. (2026). *Equal pay and compensation discrimination*.

U.S. Equal Employment Opportunity Commission. (2026). *Best practices for employers and human resources professionals*.

Equal Pay Act of 1963, 29 U.S.C. § 206(d).