This week's discussion is designed to enable you to think strategically about your organization's merit planning system and how merit budgets are allocated.  Please respond to the following prompts and reply to at least one other student's response.

* Briefly describe the merit planning process at your organization. Is it linked to the performance evaluation process?
* Give two reasons why departments may be allocated different amounts of merit budget.

Merit planning at my organization actually closely follows what is described in lecture. Employees are separated into 4 groups (unclear if each of the groups is evenly weighted, or if some of the groups have a greater percentage of the population). Then an algorithm is applied to determine their raises based on their current salary relative to market value. Market value is determined by the company based on an employee role and experience compared to other open positions.

One difference between my company and the proposed algorithm raises in lecture was the total amount of merit available. It seems that my company raises are closer to 3% per year than the lecture specified 5%. This is too bad for me, I would have much preferred the raises being proposed in lecture and homework to the raises that I received. This shows that the table can be updated with different % merit values to conform to different organizational needs and merit availability.

One reason a department may be allocated different amounts of merit budget is an overachieving department. If one department has an excellent run, and makes/saves the company a significant amount of money compared to other departments, then this may be a reason to allocate more merit budget to that department. It is good organizational practice to pay your best employees what they are worth, thus if a whole department proves they are worth more, then higher merit budget is warrented.

A reason that a department may be allocated less merit budget is an unexpected downturn (like COVID). Some departments may not be needed as much anymore in the current world economy, thus less spending on merit may be warranted. While this is unlikely to make the employees of the department happy, if there is no money in the budget, this is some of the tough decision making that has to be done to run a profitable business.