



Announcing a Pay Cut

Business > Intermediate 6



Exercise 1 – Reading

Read the dialogue aloud with your tutor and check your understanding.

Mr. Smith has invited David to his office, to inform him of the pay cuts that are about to be implemented.

Mr. Smith: Hi, David. Please take a seat.

David: Thank you, sir.

Mr. Smith: I called you here today, because I need to break some bad news to you. As you already know, the economic crisis has hit us very hard and for the last few months the company has been going in the red.

David: Yes, sir. We have all been working very hard, in an attempt to recover from the current situation.

Mr. Smith: And we appreciate all your hard work. Unfortunately, despite all of our efforts, we are now forced to cut our expenses drastically. I am afraid we are left with no other option but to impose a salary reduction on all employees. I know this is not the best news, but this is just a temporary solution.



David: Okay... How big of a reduction are we talking about?

Mr. Smith: Ten percent. And I want you to understand that we didn't take this decision lightly. This was the only way to avoid layoffs, and job security is our first priority.

David: I understand. How long do you expect this pay cut to last?

Mr. Smith: We have developed a strategic plan and we are hoping to take care of most of the deficit within the next four months. As soon as we break even, we will get your salaries back to where they were.

David: Okay, that doesn't sound too bad. I hope the plan will prove to be effective.

Mr. Smith: Thank you for your understanding, David.



Check your understanding:

1. Why did the company decide to impose pay cuts?
2. How much will salaries be lowered by?
3. When do they hope to recover from the crisis?



Exercise 2 – Learning

Useful Expressions

- The company is in the red.
- We are forced to impose a salary reduction.
- We are left with no other option but to impose a salary reduction.
- We're going to have to cut your pay by...
- I know this is not the best news.
- We didn't take this decision lightly.
- As soon as we break even, we will get your salaries back to where they were.
- How big of a reduction are we talking about?
- How long do you expect this pay cut to last?



Exercise 3 – Role Play

Take turns with your tutor and act out the scene described below.

Scene: As the head of your firm, you have to let your workers know that they will all be getting a pay cut. Your teacher will act as one of your employees.



Exercise 4 – Discussion

Discuss the following questions with your tutor.

1. Do you think decreasing salaries is a necessary action sometimes? In what cases?
2. Would you agree to a salary cut if the reason was justified?
3. What are some of the things that could compensate for a lower wage?