Distribution of wealth

Business, Company

A full time employee working forty hours a week contributes a great deal towards the functionality and overall success of a business to receive a paycheck in order to pay the bills. Everyone knows that failing to meet performance standards can bring disciplinary actions resulting in suspension or possible termination. All companies are heavily dependent upon the day-to-day workforce to accomplish their goals and ultimately bring in revenue, yet the compensation given to these employees is drastically less than that of the Chief Executive Officers (CEOs).

The required skills and abilities of a person in a lower ranked position are in relative abundance, but expendability should not be a basis for a much smaller paycheck. The responsibilities of a CEO should not yield annual salaries and benefits totaling upwards of nine figures. If a company thrives, every one of its employees should be rewarded accordingly. Equal growth of income can be achieved by re-evaluation of monetary distribution within corporations to increase raises for workers and eliminate executive bonuses.

The distribution of wealth within a corporation is about as fair as 300 against one in a game of dodge ball. In 2007, the Economic Policy Institute took a survey to determine that eighty percent of the working class has possession of only fifteen percent of wealth in America, while the one percent of citizens comprised of the upper class own almost thirty five percent (Executive Compensation, 2010). It is no secret that executives get paid in the millions every year to run their companies, but is it entirely necessary that they also receive stock options as well as bonuses comparable to their already undeserved salaries?

Any CEO will argue their compensation is justified “ because of the long hours they work and the intense responsibility of managing a corporation” (Executive Compensation, 2010), however most people put in long hours each week just to pay the bills and put food on the table. It takes a strong sense of leadership to perform managerial duties in a position at the top of the corporate ladder. This same skill is absolutely essential to the success of any military mission. If a general fails a mission, it can be a matter of life and death.

He would then be held accountable for his actions and disciplinary measures would be taken against him. However if a CEO fails, a company can go under; resulting in hundreds of people losing their jobs, yet the executive still gets a massive severance package. By making proper assessments of executive worth as well as every individual employed in a company, a more balanced pay scale can be created. For most white collar workers, the idea of requesting a raise is usually associated with less than optimistic thoughts regarding a favorable result.

The standards at which an employee is obligated to meet in order to receive a raise can sometimes be unreasonable. It very well may be that an employee is required to have several years in a company before even being considered. The average salary increase for workers in 2007 was only 3. 4 percent according to the Mercer Human Resource Consulting firm (Baran, 2007). “ From 1989 to 1999, the real median wages of CEOs went up by 62. 7 percent” (Baran, 2007). The CEOs of major banks and other corporate companies affiliated with financing and insuring Americans money is not an issue.

Bailouts, exit pay and what these CEO's are using their money for is not helpful or useful to the company but for themselves. According to USA Today “ O'Neal of Merrill Lynch received 66 million dollars, including $357, 000 for car services and personal use of aircraft in 2007” (Jones and Iawata 2008). There are struggling Americans who are trying to take care of their families while working two jobs and barely making it by, but the heads of these banking companies are getting help while the unemployed continue to suffer.

The distribution of wealth to CEO's should not be a fraction of what they are receiving considering the companies they run are falling into severe debt, they clearly aren't doing their jobs correctly if they need to be given millions of dollars to bail out the company so why reward them with large salaries? The amount of money that has been distributed for bank bailouts is staggering. In October of 2008, two of the nation's most popular banks were given 40 billion dollars to bail out the debt that the company is in.

The CEO of Citigroup affiliated with Citibank was given 105 million dollars despite that the company was in debt 15 billion dollars as of October 2008 according to CNN news (Bailed Out Banks, 2008-2009). That is 15 billion dollars that could be going toward college students who are truly in need of financial aid, or to the United States armed forces who are laying their lives down for their country and are not getting enough money for the duties they perform.