



The new National Living Wage came into force on 1st April. Workers aged 25 or over and not in the first year of an apprenticeship must now be paid at least £7.20 an hour. This is 50p higher than the current National Minimum Wage for those aged 21 and over. Government statistics show that it will affect six million workers and particularly benefit those in the 25-29 and 60+ age brackets. Those in the cleaning, hospitality, hairdressing, childcare, and social care sectors were most likely to be receiving less than the NLW in the period before its introduction.

Inevitably, some employers have expressed concern about the effects on their businesses. Those listed are all labour intensive and wage increases have to be paid somehow, at a time when many employers feel squeezed financially.

However, support for the NLW was revealed in a survey of more than 100 entrepreneurs by London law firm Bircham Dyson Bell and publicized by the Chartered Management Institute. Just over half the employers questioned said that it would improve the reputation of their business and would help them recruit good workers, and 48% supported the new wage standards saying that productivity will improve as a result of the changes.

The CMI also quoted Breda Cullen, an employment law advice specialist: “Strategically increasing productivity in the workforce may not be an instant fix but is a much more prudent long term investment than a destructive reaction to downsize workforces. It’s vital that employers are ready for this change and have the appropriate mechanisms in place in order to meet their new wage obligations and avoid penalties.” (see link below)

The Archbishop of York, John Sentamu wrote in the Times (30.3.15):

The Christian faith makes a strong moral argument for paying the living wage. But if the moral argument does not sway bosses, perhaps the financial one will: companies which pay it report higher morale and lower levels of absenteeism.

The Bible has much to say about paying wages. It was written to people who, if they were unable to live off the land, required a day’s pay in order to feed themselves and their family for a day. With many people today having no savings, the weekly wage packet is just as necessary. In Deuteronomy 24: 15, the principle is set out, “Pay them their wages each day before sunset, because they are poor and are counting on it.” Jesus’ story of labourers hired to work in a vineyard at different times during a day (Matthew 20: 1 – 16) is scarcely a model for collective bargaining, but it does underline the importance of paying the basic minimum necessary – a living wage.

Many employers pay the “Real Living Wage”, slightly higher than the NLW. This is an example of what John Sentamu has called the principle of gratuity – giving a little more than we are obliged to do. Similar principles are set out in the Bible. Slaves were to work hard even when they were not being watched (Ephesians 6:6) and slave owners were to treat them well (Ephesians 6:9). Overall the principle that Paul set out was that people should look not only to their own interests, but also to the interests of others (Philippians 2:4). This isn’t naïve. It works, and will have a real payoff. As the Archbishop says, employees who are valued will have higher morale and be absent less often. They will also be inclined to invest more of themselves and their effort in the business. The economist Joseph Stiglitz put this succinctly: “Paying attention to everyone else’s self interest – in other words the common welfare – is in fact a precondition for one’s own ultimate well being” and “Looking out for the other guy isn’t just good for the soul, it’s good for business.”

http://www.managers.org.uk/insights/news/2016/april/NATIONAL-LIVING-WAGE-BUSINESS-HAS-ITS-SAY?utm_source=Chartered%20Management%20Institute&utm_medium=email&utm_campaign=6950658_Insights%201%20April%202016%20TEST%20B&dm_i=SYT,44Z5U,KT8P8H,F19UT,1
Joseph Stiglitz, “The Price of Inequality”, page 361.