

# Let's go for higher wages, not more cheap labour

Many people are tired of the model of business which keeps inviting in people from the continent to take low paid jobs. No wonder we have a productivity problem, as recruiting tens of thousands each year to low productivity low paid jobs has become common.

I want business to employ more people who are already settled here. I want them to offer better wages to encourage more people into work. Because wages have to be earned that means offering training and investment support to each new worker so their productivity justifies the better pay. More computing power is needed to raise productivity in clerical and administrative functions. More machine power is needed in warehouses, on building sites and in older factories, to make the task easier for employees.

It is better to employ fewer people on better pay, and to seek to motivate and mentor them so they earn their wages and get more out of their jobs. There are many good firms in the UK who do a lot to nurture talent, to give people a second chance if they did not do well at school and need some educational support as adults. There are companies that like to promote from within, to give people a clear sense of career progression and opportunity within the firm. Good bosses welcome talent, foster better standards and higher achievement, and understand the training and motivational needs of their employees.

Getting the right structure of rewards and incentives is not easy. If there is no financial recognition of superior effort and achievement it is difficult to drive a business to higher levels of quality and efficiency. If there is too much emphasis on one or two variables that determine a bonus, it can distort the efforts of staff or even lead to unwelcome practices as we have seen in some companies where bonus calculations lead to conduct which is not in the customer interest. Successful bonus and pay rise schemes align the interests of the employee with the interests of the customer, and therefore also work for the shareholder.

In every business all staff need to know they are important and what they do is important. They need to know there is plenty of opportunity to learn and to gain higher pay and more responsibility if they are good. They also need to know above all else that everything they do has to be for the benefit of the customers, who pay their wages as well as the shareholder dividends.