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Gleanings

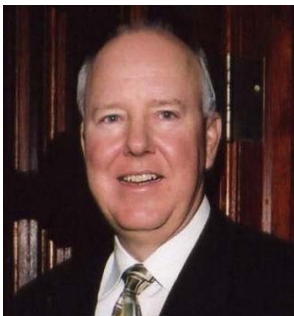
By Gerald R. Chester, Ph.D.

Determining a Just Wage

What is a just wage?—a great question that can provoke considerable conversation and angst. A definition of the word *just* is required to answer the question. The dictionary defines *just*, as an adjective: “. . . in accordance with what is morally right” (source: MSN Encarta). So how do we define “morally right”? Morally right implies there is such a thing as right. If you believe in God, you probably utilize the following definition: *Right is that which is consistent with the character and nature of God.* Assuming this definition, morally right means *anything that is morally consistent with the character and nature of God.* This implies that *just* is that which is consistent with the character and nature of God. Given this definition of *just*, a just wage would then be a wage consistent with the character and nature of God. So how do we go about determining a just wage?

One company that wrestled with this problem was Reell Precision Manufacturing Company, a manufacturer of clutches and hinges for office products (source: Michael Naughton, “A Theology of Fair Pay,” *Regent Business Review*, 2005 Jan–Feb, 9). Reell concluded that a just wage must be, at a minimum, a living wage. A living wage is a wage that enables an average family to live comfortably, but not lavishly.

The company did some research and determined that a living wage for the community where it was located was \$11 per hour. Competition was paying \$7 per hour. The question was a daunting one: What should they do? The easy answer was to match the competition. After all, for most companies, profit is more important than paying a just or living wage.



Reell found matching the competition unacceptable. Their value system required them to pay a just wage. Hence, Reell chose to believe that there must be a way to pay a living wage.

Reell evaluated everything it was doing and determined that management costs were too high. The key to reducing the cost was to have line workers make more decisions and assume responsibility for quality control. To accomplish this, the company adopted a management style called “teach-equip-trust” (Naughton, “A Theology of Fair Play”). Using this management paradigm, line workers were empowered to be more effective and trusted to do a good job.

To reduce management expense, assuming that line employees could make more decisions and self-police their work quality, was a bold move. Such a move took great courage and there was no guarantee that it would succeed.

In essence, what the company did was gamble that it could turn manufacturing workers—the majority of whom were simply working for a paycheck—into people who took pride and ownership in the company’s products.

Did it work? Resoundingly! The company was able pay a just wage (living wage) *and* make a profit. Now that is a win-win for everyone!

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