Long Distance Christian

# Just Pay

## a biblical perspective on the ethics of remuneration

**Calum Samuelson**

# *Just Pay*

A CEO is paid hundreds of times more than the 'everyday workers' in their own company. The market seems to allow it, but is it morally right?

This report proposes a biblical framework for exploring remuneration, which has three major components – **justice, dignity** and **reward**. Justice is concerned with the fair amount of pay, to ensure families are protected from destitution. Dignity is concerned with the right kind of work and protects the agency of workers. Finally, reward is about working for the right reasons, and leads to the common good. Together, they provide new insight into the ethics of remuneration.

*'Pay and bonuses can be highly emotive. For Christians and those who place a high value on relationships in society, extremes in pay represent fault lines that demand attention. So full marks to Calum Samuelson for a balanced and scriptural review of the issues. He combines rich learning with compelling insights to offer practical considerations for decision-makers.'*

**Clive Mather,** Chair, Church of England Pension Board, and former Chairman, Shell UK limited

*'Calum Samuelson has provided a highly creative synthesis in this report, bringing together the worlds of contemporary corporate commerce and incipient biblical economics in a thoughtful and imaginative way. The principles he spells out ought to be at the heart of current thinking on executive pay.'*

**Richard Higginson,** Chair, Faith in Business

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**Calum Samuelson** holds two master's degrees in historical theology and is married with one son. He's the author of several Jubilee Centre publications, including Artificially Intelligent (2019) and The Steering Wheel (2018).

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The Jubilee Centre's 'Long Distance Christian' series of booklets sets out a Christian perspective on contemporary issues by combining careful research with in-depth biblical analysis.

*'Executive Pay is a real conundrum. Everyone agrees that the habits we've got into no longer feel right, but it's hard to know where to start in coming up with alternatives. I welcome this report because it goes back to basics, and in doing so offers fresh ways to re-think the whole issue.'*

**Dr Eve Poole,** Third Church Estates Commissioner

*'The Jubilee Centre has provided an interesting and challenging report on the whole issue of pay in an increasingly complex world. Pay is just part of the constant review that a Board of Directors and its CEO needs to reflect on as it seeks to fulfil its wider obligations to shareholders and stakeholders, via the team that delivers its mission. The wise leader is a focussed juggler of many balls, working with well rewarded colleagues, with a clear sense of mission.'*

**Kenneth M MacKenzie,** Chief Executive, Target Fund Managers

*'The Church in the Middle Ages argued for just prices and just wages. Calum Samuelson shows the continuing relevance of the Bible's teaching about justice, dignity and reward to the questions about appropriate rates of pay which run from top to bottom in our world today.'*

**David McIlroy,** Visiting Professor, Centre for Commercial Law Studies, Queen Mary University of London

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First published 2019

Printed in Great Britain

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## Acknowledgements

We are grateful to Tim Young for suggesting the idea for this research project in the first place, helping shape the concept and then advising regularly during the process. Shirley Jenner helped in the initial design stage, and the following all gave valuable feedback on draft versions of this paper: Jonathan Rushworth, Richard Higginson, Paul Mills and Michael Schluter.

Sallux contributed generously towards the research and printing costs of the report, and we are grateful to their director, Johannes de Jong, for writing the Foreword also.

Since 2011, the activities of Sallux have been financially supported by the European Parliament. The liability for any communication or publication by Sallux, in any form and any medium, rests with Sallux. The European Parliament is not responsible for any use that may be made of the information contained therein.

# Foreword

## The ethics of remuneration are a European challenge

On 17 November 2018, the Yellow Vests took to the streets in France for the first time. The movement exposed a bitter reality that many Europeans simply don't earn enough to keep up with the increasing costs of living. The Yellow Vests aspired to be an informal, pan-European movement that brought people onto the streets through a shared feeling of dissatisfaction and powerlessness.

What makes these feelings even more poignant is the wide disparity between lower and higher incomes in Europe. All over Europe people see their disposable income becoming less and less, but a happy few see their income rising every year. This is a reality *within countries* and *within companies*. People experience higher costs of living as big companies try to squeeze ever more profit from the economy—profit that is not coming back into people's pockets, but instead returns to the ever-growing bubble of financial markets and shareholders.

The sentiments that are created by imbalances in remuneration also have political consequences for the European Union as a whole. The protest votes that emerge from these feelings move, in many cases, to the extreme left or right. This creates a political situation in the Member States that is clearly felt at the EU level. At the same time, it is important to stress that some of the new parties that emerge from this protest are genuine reformist parties that demand a more democratic, transparent and better-focused EU.

Member States are responsible for levels of remuneration in their economies, but the EU and its institutions feel the consequences if there are serious imbalances. Sallux and the European Christian Political Movement are committed to ensuring that EU policies that affect the single market are more communal (people and planet oriented), and less focused on economic efficiency and unfiltered competition. The neoliberal drive in the EU competition policy needs to be replaced with policies that will ensure that stakeholders are seen as equal to, or more important than, shareholders.

EU institutions such as the European Economic and Social Committee (EESC) bring together many of these stakeholders. The EESC, other institutions, NGOs and MEPs can all play a role in changing the orientation of EU policies so that power over remuneration decisions is spread out, instead of accumulating at the top—thereby correcting the current trajectory.

Europe and the EU recognize that human dignity is inviolable and inherent to every human being. Remuneration has a profound impact on whether people *experience* that their human dignity is respected. It is more than time that the EU understood that the economy is not an issue of efficiency, but a means to support human dignity. It is our hope that this publication will contribute to that end.

We thank Calum Samuelson for his work on this publication. We thank the Jubilee Centre for their excellent cooperation that led to this result.

Johannes de Jong

*Director, Sallux*

# Introduction

The topic of remuneration can be sensitive and difficult to discuss, whether it's from the perspective of employees, shareholders or companies. Sensitive because it relates to ideas of fairness and self-worth and difficult because it is intertwined with complex factors, including productivity, inflation, international regulation, taxation and corporate governance. In the decade since the Global Financial Crisis (**GFC**), high executive compensation and pay ratios have frequently been the subjects of public protest, not just because they show an increase in executive pay, but because they also reflect a stagnation in real-wage earnings for many workers.[1] For 2018 in the UK, the ratio between the average **FTSE**-100 **CEO** pay (£3.9 million) and average UK pay (£28,200) was about 140:1.[2] In the US, that number was well above 300:1.[3] Although the exact ratios differ, the public indignation is clear and is expressed today in movements like the Gilets Jaunes (Yellow Vests) in France.[4]

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How have many Western economies ended up in this position? Employees argue that there is corruption or avarice in management. Taxpayers respond that it's an injustice stemming from government bailout of businesses that were deemed 'too big to fail'. Some believe that regulations are simply not detailed or tight enough. Still others pin the blame on globalisation or loss of the 'real purpose' of business—whether that is innovation, maximising shareholder value (**MSV**) or wealth creation (more broadly conceived). Perhaps, after all, it's simply basic human greed? Each of these perspectives touches on an element of the current dilemma, but they fail to explain the present situation in its entirety. It seems that deeper, more holistic answers are needed.

This need for answers offers a significant opportunity for Christians to draw upon the wisdom contained in Scripture. Although many Christians have considered (and continue to wrestle with) these issues there is little published literature about remuneration from a Christian perspective. The current Christian literature on this subject can be divided into three categories. The first—which is the most plentiful—begins with contemporary principles of remuneration and works backward towards the biblical text. At best, this methodology observes correlations between modern practices and biblical wisdom; at worst, it imposes ideas upon the text that it was never meant to convey.[5] The second category involves more rigorous scholarship, but yields results that are primarily of use for the church. Examples include the admirable report published by the Presbyterian Church (USA) with the help of Old Testament scholar, Walter Brueggemann. However, the report fails to offer significant, tangible insights for Christians in corporate management. It also proves relatively unhelpful for churches with models of organisation that are not Presbyterian.[6] The third category presents the most serious effort to bridge the gap between biblical wisdom and current realities. The best examples are from Richard Higginson and David Clough, who are able to offer important insights on executive remuneration—especially for investors.[7] These efforts should be applauded, but also built upon if Christians are to keep abreast of the increasingly complex and technical thinking behind modern remuneration.

The hope is that this report can help reframe current thinking about remuneration by providing a fresh ethical framework based upon biblical wisdom. This process of interpreting and applying biblical wisdom requires distinct phases. Real-world *policies* are not easily deduced from general biblical *principles*, and although relational dynamics can be derived from the latter they can be difficult to measure in professional environments.[8] The first section of this report explains the basic mechanics of remuneration today. The second section surveys some of the major views on the problems with remuneration and how these can be addressed. The third section examines three biblical themes with the aim of establishing a general framework that can guide critical thinking about remuneration. Finally, the report draws on these themes in order to suggest some implications for our contemporary situation. All terms appearing in **bold** are defined in the glossary.

Several caveats must be made. First, although not all forms of remuneration relate to the narrow company structure of employers and employees, this shapes much of the current dialogue and is where this paper will focus.[9] Second, although there will be some mention of the differences between public and private companies, teasing out the subtle distinctions between the two is beyond the remit of this paper. Third, although some prefer to approach the ethics of remuneration through the lens of human rights and global outsourced labour, this is also beyond the scope of this paper.[10] Fourth, despite the important focus on gender pay gaps of late, this paper will not address that issue directly. Finally, this report centres on remuneration in the UK. Legislation and governance codes in other countries vary in important ways, but it would take too long to enumerate these differences.[11] It is hoped that the general concepts explored below will nonetheless provide relevant insight for all these particular areas and help ignite further research to confront the complex problems of remuneration in our globalised world.

# 1 The basics of remuneration

Much of the work people do around the world is not formally remunerated, including domestic chores, volunteer programs, care for the elderly and raising children. Additionally, much work people do for formal compensation is motivated by things not listed in their job descriptions, such as personal satisfaction, sense of belonging or reputation. These realities can complicate a precise understanding of remuneration, but they will be crucial to remember when reading this paper because they help construct the larger picture of why human beings work. In short, paid work is a subset of work more broadly conceived.[12]

A simple definition of remuneration is 'intentional compensation for services rendered.' The term 'remuneration' is not used often in colloquial English, but it emphasises the *formality* involved. Employers outline the tasks expected of employees and specify what will be given in return. They might list monetary compensation, training and even intellectual stimulation as forms of remuneration, but are unlikely to include geographic attractions (e.g. living near the Alps) or potential relationships (e.g. deep friendships with colleagues) as *formal* benefits an employee can expect to receive for their services.[13] Remuneration is fundamentally about agreed compensation provided by one party to another party for agreed services.

Remuneration is fundamentally about *agreed* compensation for *agreed* services.

## Components of remuneration

Remuneration packages can have up to five elements: **wages and salary**, **incentives**, **fringe benefits**, **perquisites and allowances** and **non-monetary compensation**. Wages and salary comprise the bulk of remuneration for most employees, but in many executive pay packages they are considered as the 'base salary' because they contribute a minority of the total value.

Second, although incentives for general employees most often take the form of bonuses and commission, they are largely given as **share grants** and **share options** for executives—meaning that 'incentives' can form the majority of executive pay.[14] This explains why some executives can relinquish a 'base salary',[15] although there are explicit laws in the EU guarding against excessive share-based pay.[16] Third, even though pensions are standard fringe benefits, the difference in size and duration for defined benefit schemes can vary significantly between executives and other employees.[17] Finally, although non-monetary components of remuneration have always been acknowledged to some degree, there has been increased focus on them in the past decade—not least because of the overtly monetary drivers of the GFC.[18]

## Process and structure

The levels of pay for many employees are determined either by the legal minimum wage or by industry wide pay scales, especially in the public sector, taking into account factors like inflation and cost of living. Although some remuneration committees determine pay levels for all employees, most of them focus on the remuneration of management and executives.

Executive remuneration policies within a large public company are meant to pass through several levels of decision-making before they become official. The line between legal enforcement and policy recommendations can be difficult to pinpoint, but the UK has a strong corporate tradition of heeding advice presented by regulatory bodies and councils, especially the **FRC** Corporate Governance Code.[19]

> The line between legal enforcement and policy recommendations can be difficult to pinpoint.

Depending on the maturity and experience of a company, the initial stage in determining executive remuneration may involve an external consultant. Otherwise, an independent remuneration committee ('remco') of at least three people[20] typically uses the methods of **benchmarking**, **job evaluation** or both to arrive at the structure and amounts of remuneration for executives. Benchmarking establishes an amount based on what other equivalent employees are paid in comparable organisations. Job evaluation considers the various components of a role to decide how much pay the employee deserves. The conclusions of the remco are presented to the board of directors for review. The final stage involves the shareholders, who are required to vote on the pay proposal. In theory, this stage should invite criticisms and modifications, but it is often seen as a formality. Shareholders approve the proposals 95% of the time—perhaps due to ignorance, or inadequate examination of the proposed remuneration policy.[21] The voting process is complicated by the fact that most shareholders today are large institutions. This likely contributes to the formality of the vote, since it reduces the diversity of viewpoints and opinions that might occur if *individual* shareholders were voting themselves.[22]

Some executive pay packages contain mechanisms for halting or retracting pay if certain measures are breached by an employee. This has become an increasing focus since the GFC, even if their effectiveness is dubious. **Malus** mechanisms cancel remuneration before it is paid out in response to misconduct. **Clawback** mechanisms reclaim remuneration after it has already been paid out. Unfortunately, even when clawback mechanisms are clearly outlined they can be difficult to enact.

The inclusion of share grants and share options in remuneration packages is often used as a mechanism to avoid the need for malus or clawback, since it arranges for payment to be made at a later point in time for the work performed in the present. Share options became popular in the 1980s as a reaction to excessive pay, since they align management interests with shareholders' interests—known as putting 'skin in the game'.[23] Unfortunately, lagging regulations and the growing shift to MSV[24] increased share options in remuneration packages *in addition* to base salaries, rather than replacing them. Ultimately, it's not always clear if delay in payment is seen as a guard against poor performance or as the legitimate way to gauge performance which takes a long time to yield measurable results.[25]

## Reasons for Remuneration

When it comes to evaluating remuneration, there is often a gap between what happens in theory and in practice. It is important to consider both.

*In theory*, there are three models used to conceptualise remuneration. The first, **Expectancy Theory**, argues that behaviour is motivated by the desire to maximise pleasure and avoid pain.[26] Application of Expectancy Theory varies between staff, managers, shareholders, suppliers and customers. Sometimes this theory is used to justify consistency and predictability of results and rewards, whilst for other groups it is used to justify reward for uncertainty and effort. Sometimes a distinction is made between remuneration that removes distractions for the employee (hygiene factors) and remuneration that positively incentivises additional effort.

The second, **Equity Theory**, argues that productivity is highest when employees feel their pay is fair in comparison to other workers, whether internally, externally, in the same position or otherwise.[27] Based on this theory, remuneration should be determined more by the job's responsibilities and requirements than by performance. Since it is not clear what principles can be applied to compare the relative value of very different activities (such as decision-making, manual labour and social care), this theory carries the implicit assumption that fairness is best determined by conforming to currently established norms.

The third, **Agency Theory**, states that remuneration is about aligning the divergent desires of employers (who seek to minimise costs) and employees (who seek to maximise their compensation). A common expression of Agency Theory is the free-market model, which assumes that employers and employees barter within an open market, and assumes that remuneration is a bilateral transaction between two parties rather than, say, a multilateral arrangement involving other stakeholders such as suppliers, customers and shareholders.

All three theories grapple at some level with the factors instinctively associated with remuneration such as motivation, risk and merit. At the risk of oversimplification, a primary question to be posed in relation to such rationales for remuneration is the extent to which they operate on an individual basis versus a social or holistic basis. Is an employee motivated purely by self-interest or also by the interests of their family and company? Do the risks taken by a manager put their subordinates at risk or do they actually function to shield them from risk? These types of questions are explored further below.

Is an employee motivated purely by self-interest or also by the interests of their family and company?

*In practice*, the reasons behind remuneration can be less precise and less noble than in theory. Sometimes employees are rewarded for luck or inordinate risk taking, rather than for skill or effort.[28] Despite ostensibly matching the experience of an employee, sometimes remuneration packages pander to a *reputation* more than measurable qualities. Rather than helping establish legitimate pay, job evaluation often leads to **job scope inflation**, which shifts workers to a lower pay-band despite them performing the same work. Sometimes managers are even remunerated for what amounts to failure rather than success.[29]

One of the largest (but most subtle) gaps between theory and practice is found in benchmarking. Instead of establishing consistent and fair pay across a sector, benchmarking often inflates pay over time in what is known as the **ratchet effect.**[30] This phenomenon occurs when well-meaning companies pay their employees 'slightly more than average' in order to attract them, which in turn raises the average benchmark of the sector, by which other companies then remunerate their own employees. This is sometimes considered an example of market failure, since value is being artificially boosted.[31] The ratchet effect can be further accentuated by expansion or contraction of what constitutes 'comparable' employers or employees.

The disparity between the theory and practice of remuneration can and should raise probing questions. How and which skills should be most valued? Is previous success a reliable predictor of future success? What kinds of risks are necessary and which are extraneous? How should merit take into consideration qualities such as attitude and determination? Indeed, how adequate are the theories themselves? These questions will be addressed below.

**Summary**: Not all work is remunerated, but all remuneration is given in exchange for services rendered.

Although remuneration can take several forms, it is fundamentally an interpersonal transaction that requires some form of agreement between the parties giving and receiving it. Despite the ways that modern economies complicate this transaction, remuneration is still ultimately determined by real people considering a range of factors regarding real work. Nowhere are these factors more complicated than in executive pay.

The three main theories of remuneration all recognise the dynamics of human relationships involved in remuneration, but in reality many common remuneration practices operate without thoughtful consideration of how they may fully affect the people involved, including third parties.

# 2 Overview of current thinking

It is widely acknowledged that today's remuneration levels and systems should be improved, but opinions on how this should be done vary widely.[32] Current perspectives on remuneration reform can be sorted into three categories: amount, type and method.

## Amount

Perhaps the most basic argument in this area is that remuneration needs to be more transparent—especially where executives receive significant and complex remuneration besides base salary. Technical remuneration policies can be hard to understand even for experts, and detailed information is usually inaccessible to normal shareholders. It's one thing to demonstrate how much a senior manager *could* make, but quite another to detail how much they *actually* profited after all the components of their pay package have been totalled. Proponents of pay transparency often cite examples like Norway, where the pay of every citizen is publicly visible.[33] However, cultural differences and population size complicate the viability of replication.[34] Additionally, it is unclear if transparency is the best way to achieve fairness, since it could increase the potential for 'ratchet effects' to take place across more sectors and job types. In short, pay transparency may be effective if people genuinely care what other citizens think about them; it may not work as well in large countries or those characterised by less social capital and solidarity.[35]

Other ideas connected to the amount of remuneration suggest implementing total pay caps for CEOs and other senior management. Some companies have already enacted such measures, but it is unclear whether the cuts have had any benefit besides improving public image. Large cuts can be beneficial if the money is reinvested in an area like R&D but are unlikely to have a measurable effect on average employees.[36] Consequently, opponents of pay caps point out that it is highly problematic to view remuneration within a company as a 'zero-sum game' (which betrays a mindset of 'value extraction'); it's better to encourage a mindset of 'growing the pie for all' instead (which signals the idea of genuine 'value creation').[37]

The most popular idea in current dialogue is to control the *ratio* of pay between the highest-paid and the lower-paid within a company.[38] Although this is often perceived as a straight-forward solution, it is riddled with complications. First, there are problems with measuring the ratios. Should companies select the lowest-paid, the mean or the median employee?[39] If the lowest, how should employees in subsidiaries, part-time work, contracted work, outsourced work and zero-hour contracts be accounted for (if at all)? What about employees of multinational companies whose cost of living is significantly lower in other nations? Questions like these make the compliance and enforcement of pay ratios difficult and costly.

Ultimately, regulators and companies must determine if enforcing ratios is the best use of resources.

Inevitably, regulators and companies must determine if enforcing ratios is the best use of resources. Opponents argue that it is not, partly because even accurate ratios are not the most helpful, but mostly because of the *unintended consequences* involved (often in companies with compliance cultures). For instance, companies could maintain specific pay ratios by outsourcing cheap labour, reducing employee benefits, increasing automation or even *reducing* employee wages where they are too high in comparison with peer companies. Other opponents contend that the public should accept higher pay ratios since it has also accepted the much larger size of transnational corporations. In fact, they point out that the growth in CEO pay mirrors the growth in the size of the companies they lead, meaning that CEOs now have far more responsibility[40] whereas the job of, say, a cashier has changed very little in terms of scope and responsibility (which is why their pay has not grown). It is argued that CEO pay should be measured as a ratio to company size rather than the average worker. A counter-argument is that such logic has already encouraged inappropriate and inefficient consolidation and agglomeration of organisations.

## Type

Modifying the type of compensation employees receive is another category of remuneration reform. Many are in favour of compensating with perks such as health insurance and student loan pay-offs. Others advocate helping employees with their cost of living by providing affordable housing.[41] Even though **share grants** and **share options** have been a significant element in *executive* remuneration for the past few decades, increasing efforts are being made to provide this type of remuneration to other employees to acknowledge their effort in company growth and motivate them. Employee share ownership looks different in a **PLC** than in a **partnership** or restricted-ownership companies, where every employee owns a part of the company by default, and those in favour of employee shares often favour the 'John Lewis Model'. Ironically, studies have shown that even senior executives 'over-value' share options.[42] This may be—as the researchers suggest—because options are complex and hard to intuitively value, but it may also speak to a desire to be recognised as a fellow owner and contributor to the company. There may be a non-monetary value in share ownership.

Companies will continue experimenting with remunerating employees in ways besides basic salary and wage, but non-monetary types will be especially important. The shock of the GFC prompted the FSA to observe the lack of non-monetary remuneration in their 2009 report on how to set things straight again: 'Non-financial performance metrics should form a significant part of the performance assessment process.'[43] Increasingly employers are recognising that money is not necessarily the primary motivator of their workers. Some proponents of motivation theory go so far as to say that for complex tasks money is merely a hygiene factor (a distraction if it is absent) rather than a positive motivator.[44]

Increasingly employers are recognising that money is not necessarily the primary motivator of their workers.

## Method

This category applies mostly to the remuneration of CEOs and senior management, but it is also beginning to influence thinking on how incentives and bonuses might become normalised for other employees as well. Due to concern that CEOs are 'gaming' targets to receive increased pay, many have pointed out the need for *multiple targets*. This would involve at least four targets that are as unrelated as possible (e.g. revenue growth, customer satisfaction, R&D investment, environmental sustainability).[45] The underlying recognition is that work should be conceived in a holistic manner and it seems likely that this will garner considerable attention in this age of increasing social responsibility.[46]

A related idea concerns the ways that target thresholds for higher remuneration are structured. When large bonuses are connected to a certain threshold, employees (and especially managers) are motivated to cross that threshold at the expense of other legitimate pursuits. Tesla's most recent proposal for Elon Musk's pay scheme is an excellent example of what many see as a basic problem with target-based pay.[47] The dangers of creating targets with substantial thresholds have led to calls for remuneration to be paid out at *constant rates*, so that employees are not motivated to cut corners in order to reap rewards.[48]

Elon Musk's recent pay scheme is an excellent example of what many see as the basic problem with target-based pay.

A third idea is to make incentives 'long-term' to avoid rewarding employees for short-term or superficial performance. This idea has been around for a long time; it formed part of the reasoning for shifting CEOs remuneration to share options and vested share grants. Unfortunately, the length of time for most 'long-term' incentives is only about three years, which is problematic when the median CEO tenure is approximately five years.[49] In 2016, the UK Corporate Governance Code recommended that long-term incentives should be three to five years, but in 2018 it increased the recommendation to 'five years or more.'[50] The ideal length would exceed the tenure of a CEO and would involve 'post-employment vesting', where the pay of the CEO is tied to the performance of the company for several years after they leave.

Finally, there is considerable criticism of the biases of remcos and board members who determine pay. Although members should be 'independent non-executive directors'[51] without ulterior motives, many accuse them of partiality since they usually hold senior positions in similar-sized companies. Suggestions have been made to include committee members from some of the lowest-paid sectors of a company; oppponents object that they would not have the knowledge or experience to judge CEO pay. Even if such committee members were competent, there is the risk that they will 'go native' and change their perspective as they spend more time with senior leaders. Ultimately, some conclude that structural 'impartiality' may not be an ideal mechanism. If compliance is at the core of company culture then the rules may be followed but genuine *fairness* is unlikely to be achieved. The issue of impartiality in determining appropriate pay raises questions about how employees can seek the good of their own organisation without seeking primarily to benefit themselves. This is an organisational-culture question more than a structural one and has led to calls for smaller company sizes to facilitate fairness.[52]

Many of the ideas in this section are useful and some have led to real improvements in corporations. However, they don't fit together in a coherent way and they cannot solve the bigger problems on their own. Remuneration solutions to date are not wrong in seeking certain *outcomes* such as fairness, equality and consistency, but are perhaps wrong where they are directed at *symptoms* rather than causes. The next section of this report will explore the more fundamental questions of why workers should be remunerated at all.

**Summary**: Most agree that modern remuneration can be improved. Ideas for improvement address the amount, type and method of remuneration.

It is clear that large pay differentials within companies and communities have adverse effects, but it's less clear how these should be reduced and to what extent. Given the various types of remuneration, and a growing awareness of what satisfying work looks like, more institutions are placing higher value on non-monetary forms of remuneration than ever before.

Perhaps the most difficult area is reforming the *methods* of remuneration – in part due to the complexity involved with long-term success of workers and companies in an increasingly globalised economy. It is difficult to determine fair remuneration methods without forcing them to be simply identical.

# 3 Biblical themes

The Bible has a great deal to say about paying workers for their work. Some of the best-known verses include: 'the worker deserves his wages',[53] 'do not hold back the wages of a hired worker overnight',[54] 'treat your servants justly and fairly'[55] and 'do not muzzle an ox while it treads out the grain.'[56] Nevertheless, individual verses and even collections of verses usually fail to address the complexities of remuneration today, largely due to cultural and economic differences. For instance, food is no longer an acceptable form of payment,[57] most workers are not paid from day to day,[58] and most people in high-income countries no longer work in agricultural settings. Instead, employment often means working for large corporations operating in several countries, pay is automatically deposited into bank accounts and purchasing power is constantly impacted by market forces and currency fluctuations.[59]

Before proceeding, it is necessary to outline the methodology this study uses to approach the biblical texts for application. Old Testament teachings were immediately relevant for God's people, the Israelites, but have ultimate relevance for everyone, insofar as Israel was meant to model God's intentions as an intermediary ('light') to the nations.[60] New Testament teachings, on the other hand, simultaneously do two things: they expand the relevance to all people with humble hearts and they also displace the Jews' 'automatic' membership in the Kingdom by requiring them to approach God with the same posture of heart.[61] The parables in particular (and the NT more generally) exemplify this dual shift, as they both reveal and conceal the will of God;[62] 'the wisdom of God is foolishness to those who are perishing.' The biblical insights discussed in this paper are potentially relevant for any person, but their potency is not realised fully without a commitment to put them into action.[63]

Understanding the place of workers in society is key for this study. Workers in the Bible can be divided into three groups: 1) professionals, the self-employed and those who owned property; 2) permanent workers (mainly relatives and servants)[64]; 3) temporary workers (such as the disenfranchised and foreigners).[65] This hierarchy of workers fundamentally created relationships of unequal power. Masters who owned land had more power and discretion than the permanent servants in their households,[66] and both of these had more power than the temporary workers who often lacked both material resources and social capital (perhaps because of misfortune or disaster).[67] However, just because power was unequal this did not mean that the lower workers had no power at all. Though influenced by the fallen nature of humanity, the biblical corpus implicitly recognises that some asymmetry is inevitable in relationships between human beings. On that basis, it provides guidance for acceptable behaviour in whatever socio-economic position people found themselves. This can be understood as *positional power*. Nowhere in Scripture are such obligations made clearer than in the domestic codes given by the apostle Paul in the New Testament.[68] Paul's exhortation to both masters and servants to treat each other 'in the same way'[69] due to their shared status as 'servants of Christ'[70] was revolutionary in the time of the early Church.

The biblical corpus implicitly recognises that some asymmetry is inevitable in relationships between human beings.

Positional power is closely related to the idea of agency. Judges 6:15 illustrates a five-fold hierarchy of agency: 'But sir, how can *I* deliver *Israel*? My *clan* is the weakest in *Manasseh*, and *I* am the least in my *family*.[71]' This single verse conveys agency at the national level (Israel), tribal level (Manasseh), clan level, family level and the individual level (Gideon himself). Each level was respected and responsible for actions and behaviour within that level. This means that Israel was responsible for things as a nation that Gideon was not necessarily responsible for; Gideon could not be a 'light to the nations' by himself. In short, the divisions of positional power exist within and across the hierarchies of agency (the role of chief always entails high positional power, but the individual who relinquishes that position does not).

Israel was responsible for things as a nation that Gideon as an individual was not. Gideon could not be a 'light to the nations' by himself.

The biblical hierarchy of agency is shifted in the New Testament but still articulates a stratified vision involving the Church, geographic assemblies of the Church (*ekklesia*),[72] ethnic groups,[73] families[74] and households,[75] and individuals. Jesus teaches about bearing fruit at the individual level, but there is also the fuller and mysterious sense in which groups of people can bear fruit collectively; the Spirit of God who produces the fruit does not dwell in isolated individuals, but rather in assemblies of God's people.[76] This means that separate agents can become a single agent *together* in Christ even though their positional powers are different; the master and the slave are *both* essential members of the Body of Christ!

This section examines three broad biblical themes which underpin most of the challenges of remuneration today: *justice*, *dignity* and *reward*. These themes are not the only ones relevant to remuneration in the Bible,[77] nor do they comprehensively address all of the difficulties with remuneration today. Furthermore, there is considerable overlap among these themes, but their separation helps maintain an organised approach and roughly aligns with the theories of remuneration outlined above: justice relates to Equity Theory, dignity to Agency Theory and reward to Expectancy Theory. When taken together, these three themes constitute a cohesive vision of remuneration focusing on the right *amount* of pay (justice), for the right *kind* of work (dignity) that is executed in the right *manner* (reward).

## Justice: Protecting families from destitution for their own well-being

Justice is an undeniable theme in the Bible and the English word does not fully convey the sense of the original words.[78] Biblical justice can be both retributive *and* restorative.[79] The word 'justice' often appears alongside the word 'righteousness'; in Guy Brandon's words, 'broadly speaking… justice is the action, righteousness is the result.'[80] Biblical justice usually entails deliberate behaviour of an agent (especially God) rather than a passive or static quality of some situation or institution. Although justice is relevant for all members of society, special attention repeatedly turns to the poor and disenfranchised. Like a billiards table with one short leg that causes all the balls to roll towards the corner pocket, some theologians talk about God's favour towards the poor.[81] When applied to remuneration, two facets of justice are relevant: *distributive* and *procedural*.

> Although justice is relevant for all members of society, special attention repeatedly turns to the poor and disenfranchised.

*Distributive* justice is concerned with fairness in terms of how much pay employees receive. Distributive justice in the Bible is not about imposing limits so that everyone in society is materially equal.[82] Rather, biblical laws nurture 'a delicate balance between economic freedom and social equality.'[83] Because modern forms of individualism were virtually absent from ancient near eastern society, the right amount of pay implied reasonable provision for the family dependent on the worker. This is indicated in the parable about the workers in the vineyard, since the 'fair' pay promised by the master was the Roman denarius—generally acknowledged as the amount required to feed a family for one day. Families were permitted and encouraged to improve their lot through diligence, dedication and hard work. But it was recognised that some would not significantly improve their material status and may even be adversely affected by famine, ill health or misfortune. Consequently, rather than seeking to constrain the upper rung of the economic ladder, the Bible is much more concerned with supporting the bottom. Dangers are associated with both extremes,[84] but they are not symmetrical: the comfort and resources of the rich enable them to serve God if they choose; the destitution of the poor prevents them from being able fully to serve God. This idea is enshrined in the Torah through the paradigmatic story of the Exodus from Egypt and covenant at Sinai; God did not simply rescue the Israelites for their own happiness but so that they would be able to worship him.[85] The distinction between slavery and freedom marks a crucial juncture for any understanding of economic justice. Today many would call this the 'poverty line'; the biblical concept might more appropriately be called the 'covenant line', since only by living within the covenant of God are his people able to experience freedom *from* oppressiveness and freedom *for* flourishing.

Although the Bible advocates the care of those who fall below this line,[86] a sharp distinction is drawn based upon the *ability to work*. Orphans, widows, foreigners and the physically disabled were to be cared for because they could not own land and therefore provide for themselves.[87] This falls into the realm of 'charity' and cannot be considered remuneration since compensation is not given for work done but simply for the sake of provision. The Jubilee laws outlined in the Torah, on the other hand, functioned to ensure that everyone who was *capable* of work had recourse to some type of work by which their family could flourish.[88] Unfortunately, this ideal was frequently lacking in practice. Various passages articulate the tension felt by workers with the desire to work who are also at the mercy of a master: 'Woe to him who builds his palace by unrighteousness, his upper rooms by injustice, making his own people work for nothing, not paying them for their labour.'[89] Again, 'Now listen, you rich people, weep and wail because of the misery that is coming on you… Look! The wages you failed to pay the workers who mowed your fields are crying out against you. The cries of the harvesters have reached the ears of the Lord Almighty.'[90] Distributive justice was about paying the fair amount for work so that workers and their families did not slip into a position where they needed charity.[91]

Distributive justice was about paying the fair amount so that families did not slip into a position where they needed charity.

*Procedural* justice is concerned with fairness regarding how, when and why workers receive their pay. Injustice in this area involves behaviour such as coercion, delay and refusal to heed carefully workers' concerns. Many examples of procedural coercion are found in the relationships between property owners ('masters') and those working for them (whether permanent or temporary). For instance, workers may have been paid the agreed price but pressured to perform more than originally agreed because of their low positional power. Exploitation of this inevitable power imbalance was condemned with reference to the Israelites' time of servitude in Egypt.

All Israel had become servants of God and were never to treat their own servants like the Egyptians did.[92]

Timing is also a serious factor in procedural justice. Servants might be paid the 'just' amount at a delayed or inconvenient point in time. Due to the positional power of hired workers described above, they were especially vulnerable to *delays* in the process of remuneration, since it threatened the well-being of families who typically needed daily payment for daily provision. In this context the following warning is given to masters: 'Do not take advantage of a hired worker who is poor and needy, whether that worker is a fellow Israelite or a foreigner residing in one of your towns. Pay them their wages each day before sunset, because they are poor and are counting on it. Otherwise they may cry to the Lord against you, and you will be guilty of sin.'[93] The story of Jacob working for Laban portrays these dynamics in typical fashion. Jacob works for seven years in order to earn Rachel as his bride, but is tricked and given Leah instead.[94] This narrative provides a glimpse into procedural injustice because although Jacob originally enters into an agreement without coercion and a week later receives Rachel as his wife, the actual agreement is not honoured. Because Jacob's positional power is subsidiary to Laban's, he is forced to work an additional seven years to receive what he should have received originally and has little say in renegotiating the agreement.[95]

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Finally, the ability to discuss pay and participate in decisions about how it is determined is integral to procedural justice. Procedural justice cannot be deaf or static, but must be dynamic as it discerns the present situation and needs of workers, as well as the changes in markets and social conditions. While the culture of the ancient Near East (and much of the Middle East today) often involved lively and extended periods of negotiation,[96] this did not excuse deception. Good bargains were condoned, but any bargain that impinged upon the well-being of the worker was condemned. The total picture of just procedural remuneration frames a strict obligation to deal fairly not only within a household (to whom masters would feel most naturally obliged), but even those from the 'outside' who may have 'dug themselves in their own hole' through laziness or foolish behaviour.[97]

It is precisely because of humanity's propensity to *injustice* that the Bible is so adamant that justice is carried out. Moreover, there is recognition that even the best human efforts can leave a trail of injustice in their wake.

Wise leaders should expect their best intentions to drift in that direction and ask, 'Who might be hurt by these decisions in ways we have not yet comprehended?' In the end, the biblical texts are keenly aware of the manifold ways that masters are able to skirt around true justice in remunerating workers.[98] It was possible to compensate workers in a way that kept them alive but prevented them from flourishing (as servitude did to the Israelites in Egypt), just as it was possible to delay pay in a manner that locked workers in a cycle of unhealthy dependence rather than promoting their freedom. Both are condemned as forms of injustice.

## Dignity[99]: Affirming the agency of all workers for strong relationships

If justice involves the fair *amount* and *methods* of pay, dignity is concerned with the right *kind* of work. The concepts of dignity and shame[100] were central to cultures in the ancient Near East and the Bible recognised that it was possible for both masters and workers to satisfy external 'legal' requirements while behaving in ways that erode the dignity of themselves and others.

It was all too possible for masters to pay their workers correctly but treat them poorly. This is one of the main reasons why the Torah has injunctions protecting servants from being beaten[101] and raped.[102] The Sabbath laws safeguarded the dignity of *all* members of society so that even the most vulnerable workers were allowed to rest and participate in flourishing relationships.[103] Various Sabbath implications that often elude Western readers would have met the original hearers with more force. For instance, the fact that the rich man portrayed in Luke 16 'feasted sumptuously *every day*' strongly implies that his servants were never given a break; the fact that the crippled man in John 5 was healed on the Sabbath meant that he was never able to move beyond the oppressive dependency of begging. The burden to preserve dignity by promoting rest falls upon those with the resources available to allow their workers to enjoy rest. In times of famine, plague or other difficulty, the wealthy and the landowners were the few who had the resources to *absorb* calamities and shield those in

> The Bible recognised that masters and workers could satisfy 'legal' requirements while acting in a way that eroded the dignity of others.

their care from disaster. The story of Joseph selling grain during the famine in Egypt reflects this expectation.[104] In short, the wealthy were not only expected to meet material needs, but also to strive for the holistic flourishing of those within their ranks. This is one of the main reasons why the manager in Luke 12 is condemned as wicked; beating was not just generally wrong but was a direct contravention of what a manager is meant to do in the first place (giving 'food at the proper time')![105]

Just as *justice* was meant to overflow from permanent workers towards those who could not work, so also *dignity* was designed to overflow to those who found themselves in less-dignifying positions of work. One beautiful picture of this is given in Leviticus 23:22, where not 'reaping to the very edges' permitted those who were unable to find hired work to maintain a sense of dignity by working to collect their own food.[106] Like a multi-tiered fountain, dignity flowed from the landowner to the full-time workers (since not 'reaping to the very edges' was both a provision for weariness and an opportunity to engage in behaviour that dignified others) and from the full-time workers to the gleaners (the work of both parties in the field would have overlapped).[107] Even more instructive is the story of the workers in the vineyard.[108] Rather than simply giving the last workers a small amount of money to appease his own obligation, the owner (who was clearly 'respected in the community'[109]) dignifies them by providing respectable work in his own vineyard. This parable is not 'economic advice' from Jesus, for the story clearly describes the shocking and *unusual* nature of paying all the workers the same amount. The story is not so much about *money and work* as about *grace and work*. Dignifying workers necessitates having the grace to relate to them as people with agency who are made in the image of God, rather than just units of labour.

> Like a fountain, dignity flowed from the landowner to the full-time workers, and from the full-time workers to the gleaners.

If masters failed to act with dignity towards their servants and workers, they also risked their own well-being and status in society. In the societies of the ancient near east, a 'good name' was invaluable for trading and business,[110] and being 'well-known at the city gates' could greatly increase the ability of a master to provide for his household.[111] One honourable man was Boaz, who clearly had clout in his community not just because of his resources, but because of the way he conducted business and treated his workers. Readers are shown the way that he interacted and rubbed shoulders with his most junior workers.[112] Again, this is strikingly portrayed in the parable of the workers in the vineyard. The master makes several trips 'in the heat of the day' back and forth to the marketplace in order to look workers in the eyes and hire them himself—even though he has a manager who could do it for him (v. 8)![113] Above all, the humble, servant-hearted nature of the Incarnation—epitomised in Jesus washing his disciples' feet—communicates the importance of managers and masters interacting with their very lowest workers.

Regarding workers themselves, there were many ways they could act with or without dignity in their work. The New Testament domestic codes set out a radical program for dignified work in which all workers are to operate with 'sincerity of heart' and behave 'as working for the Lord.'[114] Of course, not everyone worked for other people, and the apostle Paul is quite clear that whenever possible people should 'work with their own hands.'[115] The author of Ecclesiastes praises the goodness of 'enjoying the fruit of one's own labour.'[116] These insights suggest that highly-skilled work (as long as it is fairly paid) is encouraged more because of the inherent satisfaction and dignity it brings to the worker than because it can fetch a high monetary reward.[117] Workers who behaved dishonourably risked various forms and degrees of social exclusion. Zacchaeus and prostitutes like the woman who anointed Jesus' feet are two different examples of how social shaming could operate. Although Zacchaeus' work was seen as disloyal (and the way he carried it out as dishonest), this was primarily because of the way it poisoned his relationships with his community. Prostitutes were similarly shamed because of the way they corrupted right social relationships,[118] even though many of them apparently had recourse to no other source of livelihood.[119] At its core, dignified work had strong moral boundaries in order to ensure solidarity with wider society (not just the economically active).[120]

> Although Zacchaeus' work was seen as disloyal, this was primarily because it poisoned his relationships with his community.

Once again, due to the social norms of biblical cultures, expectations of work typically revolved around entire families, not independent individuals. Workers could be shamed if they failed to care for their own family: 'Anyone who does not provide for their relatives, and especially for their own household, has denied the faith and is worse than an unbeliever.'[121] This would have applied both to those who were *deprived* of dignity (the dishonoured) as well as those who *eschewed* dignity (the dishonourable).[122]

When most members of a community were involved in dignified work, trust and respect were built up and relationships were strengthened. Honourable work was not to be based on one's opinion about the position or type of work (e.g. fisherman, tentmaker, even tax collector) but on whether the person worked with integrity that honoured masters, supported their family and facilitated healthy social relationships. Esteemed roles could harbour dishonourable workers just as honourable workers could occupy ignoble positions, but God's people were instructed to dignify the agent by helping them work in honourable ways. The Gospels exemplify this vision by entrusting lowly shepherds,[123] fisherman,[124] and even homemaking women[125] with the greatest news of all time and integrating them into a body where their participation genuinely matters.

Overall, the Bible recognises that the default behaviour is to drift towards shameful rather than dignified practices of remuneration. Ironically, some of the most insidious shameful behaviours are those that attempt to appear dignified in order to conceal the real nature beneath the surface.[126] No group in the Bible is accused of this tactic more often than religious leaders (whether priests like the sons of Eli in the OT or Pharisees in the NT). They were being paid fair amounts themselves and were able to maintain the appearance of righteousness, but their work and service did not merit any praise because they were deceiving the very people they were meant to be serving. This connects neatly with the baseline of justice in caring for the most vulnerable. It seems that priests and other wealthy leaders were able to fabricate a sense or appearance of dignity by making charitable donations and offering 'extra' sacrifices.[127] But although generosity is certainly expected from the rich, it never excuses wealth that has been accrued through undignified means. The biblical theme of dignity entails that masters and workers of all kinds honour each other not because of status but because of inherent agency, and thereby enable each other to fulfil best their respective relational responsibilities no matter what their positional power.

## Reward: Developing agents for the common good

Reward is an important concept in the Bible. If justice is about the right *amount* of pay and dignity about the right *kind* of work, biblical reward is about working for the *right reasons*. The reasons for and nature of the reward itself are so intrinsically linked that separating them creates a false dichotomy. Nevertheless, it may be said that the right reasons for work are always *eternally* and *corporately* directed, and that the reward for working in these ways primarily entails increase in responsibility (positional power) and relational closeness or proximity.

Like the concepts of justice and dignity, the biblical concept of reward is not completely conveyed by the English term. For instance, 'reward' often indicates what someone deserves—whether positive or negative.[128] Although the semantic boundaries can be difficult to parse, another meaning of 'reward' carries the idea of a prize[129] of exceeding value,[130] which is occasionally denoted by the more helpful word 'treasure' (*thesauros*).[131] It is mainly this second meaning that informs the following examination of reward in relation to remuneration.

The concept of reward as treasure is also augmented by the concept of *inheritance*.[132] The layers of meaning contributed by the concept of inheritance preserve several paradoxes, especially in relation to how an inheritance is received: it is simultaneously earned and given; decisively received at a specific moment but also gradually accrued over time; both promised and revocable. Rightly understood, the concept of inheritance harmonises motivation and reward since the reception of a reward both indicates and consists of the Father's pleasure.[133] Nonetheless, a vital tension remains, not between motivation and reward but between promise and grace. Inheritance is a grace that is promised, but if adopted family members forget the component of grace, the promise can morph into a stifling expectation.[134] The language of inheritance injects the biblical concept of temporal reward with an unshakeable promise of ultimate reward. Put another way, earthly rewards function as symbols and facilitators of the eternal treasures Christians will one day inherit. Put together, this report conceptualises biblical reward along the lines of *inherited treasure*.

**Treasure:** Because it is of lasting value, treasure relates to work that is *eternally directed.* In the Old Testament, this eternal focus is primarily related to children and the legacy of Israel in the Promised Land.[135] In the New Testament it is shifted to a focus on the mission of the Church and the everlasting Kingdom of Heaven. The permanence of heaven is portrayed in several ways, not least with the exhortation to store up treasures there against the temporal limitations of earth.[136]

Workers with an eternal frame of mind work with sustained resolve and commitment. This is demonstrated in several of Jesus' parables, which show people in long periods of reliable service, and who persevere through adversity; masters are absent for a 'long time'[137] and servants must remain faithful even when they are part of a household that is 'hated' by society.[138]

The intention of work was important because a fixation on mere production could end up rewarding excessive risk or luck rather than genuinely exceptional behaviour. King David refused to drink the water his 'mighty men' had fetched because of the excessive risk that was involved in their exploit.[139] Luck was permitted, but not rewarded.[140]

Consider the story of the landowner who had an excellent crop yield.[141] He is called a fool, not so much for ignorance but more for his short-sightedness. His actions did not facilitate further growth in the long-term (such as buying more land or hiring more workers) nor was there anyone in his life whose future he cared enough about to bless with his windfall—he only has himself to talk to.[142] The goal of rewarding eternally-directed behaviour was to perpetuate and develop it so as to overcome stagnation and even regression. True treasure always takes a long time to discover, create or manifest.

**Inheritance:** Because it necessitates relationship, inheritance relates to work that is *corporately directed*.[143] In the Old Testament, this involved being a faithful member of the house of Israel[144] in order to fulfil the vocation of being a 'light to the nations'.[145] In the New Testament, the context was being a devoted member of the household of God[146] in order to be salt and light to the world.

The relationships of inheritance are multilateral, including Israel as God's first-born son, Gentiles as adopted children and Christians as servants all working together in God's service.[147] It is made clear that workers with a corporate frame of mind should work selflessly to benefit and strengthen the greater household or group[148] (which had the purpose of benefitting and strengthening wider society).

Such behaviour was strongly contrasted with selfish behaviour which was isolating and led to social fragmentation. The Wisdom literature exclaims: 'The one who lives alone is self-indulgent, showing contempt for all who have sound judgement.'[149] The story of the rich man and Lazarus is a more detailed account of this phenomenon.[150]

Of course, not everyone worked within a household and it was not wrong for individuals to be successful in their trade or business. But without an intentional outward, corporate focus people gradually drift into entitled, 'tight-fisted' behaviour in their work.[151] The aim of rewarding corporately-directed behaviour was to facilitate the worker's generosity.[152] The nature of inheritance served to foster relationships.[153]

As already indicated, the *method* of rewarding both eternally- and corporately-directed behaviour was basically the same: it involved increased responsibility and positional power by means of promotion or closer proximity to the source of power. This type of reward is modelled in several places ('I shall put you in charge of many things'[154] and 'you shall have authority over ten cities'[155]), but the ongoing process is best outlined in Luke 12. The prudent manager (who is already in charge of the other servants), is rewarded with the increased responsibility of managing *all* of the master's possessions.[156] This manager was not gritting his teeth in order to earn a reward that would enable him to become independent *from* his master, but was serving faithfully with the knowledge that the best reward was the capacity to grow in his ability to bless others with his skills and expertise, which also involved increased proximity to his master. Many Christians are familiar with Jesus' words, 'From everyone to whom much has been given, much will be required.'[157] Fewer recognise that this shows the ongoing process of true human growth[158] and is modelled in the story; the manager had already been rewarded with increased responsibility at least once, and was fulfilling this reward by once again demonstrating his long-term desire to serve his master with greater excellence. His reward involved being promoted into the inner circle of the family household,[159] which is a picture of Christians' ultimate reward of inheritance as intimate members of

God's family in heaven (where the treasured inheritance has been kept waiting).[160]

> God did not reward with wealth to give free license to abdicate responsibility, but as an opportunity to *grow* in responsibility.

This method of rewarding has a collective benefit. Masters benefit when their servants grow in their capacity for responsibility. Servants benefit when their masters honour them and give them opportunities to develop their skills. Workers benefit when their co-workers work diligently.[161] 'Whoever ploughs should plough in hope and whoever threshes should thresh in hope of a share of the crop.'[162] Sometimes rewards were promised[163] and other times they were unexpected, up to the discretion of the one giving the reward (whether master, manager, servant or other).[164] Although not identical with a promotion in positional status, it was possible for masters to reward their servants in ways that increased their positional power.[165] The priorities of reward lean towards increased responsibilities rather than money or material possessions. There is no shortage of wealthy figures in the Bible and wealth is often described in terms of reward for righteous living.[166] But what is less often observed is that these figures are primarily rewarded with increased responsibility, which is then accompanied by wealth, rather than *vice versa*.[167] To put this another way, God did not give material wealth as a reward with the free license to abdicate responsibility, but rather as a sign that the reward for righteous living was the ability to *genuinely* grow in righteousness by loving and caring for others.[168]

Moreover, the biblical texts are keenly aware of the dangers associated with wealth, and these dangers are primarily assessed for the way they obstruct and thwart relationships.[169] We read about those who 'add house to house and join field to field till no space is left and you live alone in the land.'[170] Readers can conclude from familiar verses about serving Mammon[171] or not putting trust in 'horses and chariots'[172] that although it is not wrong to be wealthy, it is wrong to desire wealth *for its own sake*. Again, this assessment hinges on relationships: 'use worldly wealth to gain *friends* for yourselves, so that when it is gone, you will be welcomed into eternal dwellings.'[173] Rather than helping a person grow, serving Mammon as master diminishes a person because the lover of money can never be satisfied without strong relationships.[174]

Finally, just as justice and dignity are mirrored by injustice and shame, biblical reward is counterbalanced by penalty.[175] Penalties were clear and decisive, but also carefully *limited* because they—like rewards—had the goal of promoting growth rather than decay.[176] Most often, behaviour that was neither exceptional nor deplorable was simply met with just pay,[177] which meant considerable involvement was required in order to discern exceptional performance from luck or fleeting behaviour.[178]

**Summary**: The Bible is deeply concerned with remuneration, especially where it concerns relationships between and among the people giving and receiving it.

The biblical principle of justice mandates that workers should be paid enough to keep them from destitution, which involved both fair amount (*distributive justice*) and fair timing (*procedural justice*).

The principle of dignity is also central in the Bible and speaks to the treatment of people in all areas of work. No matter if someone finds themselves in the position of master, servant or independent labourer, the Bible protects their agency to fulfil their role with honour and to enable the agency of the other parties involved.

Finally, the principle of reward cultivates a sense of purpose within workers by charting a long-term trajectory (*eternally directed*) and also strengthens relationships by encouraging behaviour that benefits the entire group (*corporately directed*).

# **4** Implications

In order to remain as faithful as possible to the themes conveyed in the Bible, the previous section dealt with concepts on their own terms rather than in the context of current remuneration and employment issues. This section will seek to make an explicit connection between those themes and the contemporary world, though there are many difficulties with this. One is that the understanding of many current issues is in flux, including the dynamics of new modes of employment such as zero-hours contracts and gigging.[179] More foundationally, many consider the moral and ethical insights from sources like the Bible irrelevant because they view the economic system as *amoral*. Higginson and Clough challenge three assumptions in this view: 'that people are motivated by self-interest; that self-interest is not a matter of morality; and self-interest consists essentially in a calculation of financial benefits.' They go on to argue that 'human beings are too varied, too interesting and too imbued with concern for other people for this view of "homo economicus" to be convincing as a universal description.'[180] Therefore, a robust anthropology encourages application of 'morality' to the economic system, which has been losing credibility largely due to the licence it seems to give to greed.

## Reward today

The biblical theme of reward is relevant to Expectancy Theory, but shifts the focus away from accumulating 'stuff' and towards increasing the capacity to *behave generously*. Biblically, having material wealth enables a good worker to invest more in relationships rather than merely to address their own needs. Receiving rewards should not be individualistic, but should foster a responsible, generous spirit in employees. However if the company directors fail to demonstrate a responsible, generous spirit, it is unlikely that employees will develop one. Individuals, organisations and governments should consider carefully *what* should be rewarded, and *how*, while ensuring the rewards aren't actually providing perverse incentives.

Biblically, having material wealth enables a good worker to invest more in relationships rather than merely to address their own needs.

Whereas much of society thinks in terms of atomistic performance regarding *what* should be rewarded, the biblical material assumes a more expansive focus. In modern corporations, individual performance inevitably influences other stakeholders both in the present and the future.[181] A single employee may create a brilliant advert that increases profits by £10m, but determining a 'fair' reward for them (as an individual) is far from straightforward. How much of the profit resulted from the employee's direct individual effort? If the employee 'only' takes £1m, it appears that the shareholders received a £9m windfall simply for having the employee on their payroll. This difficulty in determining what is 'fair' derives from an atomistic view of agency and reward. As an individual agent, the employee should probably just receive their normal salary for doing a good job.[182] As a part of the company, however, the employee should share in the reward just as all other stakeholders do. This raises the question of 'cascaded rewards', the distribution of rewards across all levels rather than concentration of rewards at the position of 'highest common manager'. Positions are relational responsibilities, so the reward for a position is not meant to be retained by the holder of that position, but rather it should be *distributed* from that position. The growing reality of zero-hours contracts and gigging greatly complicates this understanding of positional rewards, but some insight can be gleaned from observing the natural evolution of companies that begin as small operations but grow in order to increase the influence and effectiveness of certain workers.[183]

This way of thinking has serious implications for CEOs and senior management. Although some 'successful' CEOs are promoted from within a company (e.g. François-Henri Pinault of Kering and Johan Thijs of KBC[184]), others are brought in from outside, which begs the question: will their behaviour be more positional or personal? It is one thing to take risks that potentially jeopardise the position and quite another thing to take risks that jeopardise the person who holds that position.[185] The '**golden parachute**' type of compensation attracts leaders who are personally risk-averse, but it may encourage excessive risk in regards to the position itself. There may, therefore, be a need for policy decisions addressing the balance between role performance and personal performance, and distributing different amounts and types of remuneration on that basis.[186] This could create a false dichotomy between personal and positional, but this can be avoided with a clear emphasis on dignity (covered next). Furthermore, the average CEO tenure of five years does not change the need for a leader who is able to grow *with* the company and eventually hand over smoothly to their successor. The simplistic view that a company should hire an expert leader to 'bring them up to their level' is obsolete because it does not give enough credit to the entire company and concentrates rewards for the 'highest common manager'.

Some CEOs are promoted from within a company, but others from outside, so will their behaviour be more positional or personal?

If discretion is required when distributing rewards according to position in a company, it follows that *how* these rewards are given should also be determined with care. The current system often rewards atomistic persons in atomistic ways so that a cycle is perpetuated. However, the ideas of reward explored in the previous sections suggest that when rewards are given for positions, those rewards should reflect the place of that position within the larger company.

Just as corporate and long-term behaviour should be rewarded, the rewards themselves should be given in ways that benefit the entire company and equip it to continue to grow in the future. Giving rewards in this way will require both creativity and a keen understanding of the company itself.[187] It will likely involve rewarding entire teams for the concerted excellence of every member.[188] Other methods might include some form of reduction in labour rather than an increase in compensation.[189] Regardless, adequate rest is always vital and should be able to be enjoyed with family and friends on a common day.[190] If monetary rewards are the best type of reward (since they are often used to procure non-financial rewards), they should be given to groups rather than individuals, together with an explanation: 'We hope this bonus helps you unwind so you can continue to help our customers with your patience and concern.' However, perhaps the best method of reward is an increase in responsibility, either within the same position or as a promotion to a new position. This is already the intention behind many rewards but it is not made explicit. High salaries are associated with positions of high responsibility, so paying someone more signals to other (future) employers that the employee has shown excellence in their responsibilities.

Rewards should be given in ways that benefit the entire company and equip it to continue to grow in the future.

Finally, givers of rewards should evaluate whether their rewards are unintentionally providing perverse incentives. Here, it is crucial to safeguard discretionary powers. If an overloaded manager is given still more responsibilities, she may feel a sense of importance and accomplishment, but may also lose the discretionary ability to be generous in her role, which could eventually hurt the company rather than helping it. Incentivizing long-term, corporate behaviour for a position is only effective as long as the employee is still able to choose those behaviours of their own volition. It is all too common for company commitments to qualities like generosity and excellence to become rigid expectations; they no longer feel like actions willingly chosen, but rather like rules imposed from above. Striking the balance between freely-chosen excellence and enforced high standards will look unique from company to company and requires a recognition of nuance, together with a commitment to continual re-calibration. Even within a single company, there must be space for multiple 'equilibria' in terms of how different managers negotiate the balance between reward and expectation.[191]

In order for these ideas about reward to be correctly weighted, there must also be decisive penalties that are consistently enforced. This has not been well practised to date, especially for senior management. (Ironically, there are currently non-monetary penalties in the form of social disgrace and vilification, perhaps precisely *because* no monetary penalties have been issued.)[192] Many current 'penalties' are simply the withholding of a potential reward. This is particularly evident for CEOs and upper management. Some advocate that long-term share grants tied to **EPS** are an adequate penalty since they fluctuate with the profits of a company. However, this does not sufficiently address the difference in positional power within the company—yes, the CEO should be penalised along with the rest of the company for company-wide failures, but she should also be penalised more specifically for any failings of her high positional power within the company.[193] This will vary across different companies, but one idea is that companies could have call options on the CEO share grants so that there is more parity. Another method sometimes viewed as a 'penalty' is the **clawback** method, but this merely takes back certain funds that were rewards; it still pays the manager what is adequate, rather than something less than adequate as a penalty.

Many current 'penalties' for CEOs and upper management are simply the withholding of a potential reward.

## Dignity today

A culture of dignity (or lack thereof) has serious organisational consequences for business today, but most stakeholders 'do not have a working knowledge of dignity.'[194] The biblical theme of dignity affirms aspects of Agency Theory in that it encourages dynamic engagement between people in various levels of positional power, but it also insists on the deeper task of enabling genuine agency at all levels of power.[195] The biblical view of stratified agency has many implications for analysing remuneration in this age of complex corporations and growing globalisation. It means that companies can be held responsible as agents themselves rather than the directors and managers simply being 'fiduciary' agents of the shareholders.[196] This holds true for various groups within the hierarchy of large companies, so that (in effect) there are companies within companies within companies that all have their own agency. The dignity involving recognition of all stakeholders' agency (both individuals *and* groups) is fundamental to arriving at a dignified solution for each company. This requires a keen awareness of the distinction between position and person as discussed above.

Perhaps the most significant way to promote dignity in work today is to enable the agency of the other, whether by increasing discretionary options, limiting obstacles to creativity or acknowledging the unique needs of particular groups and individuals. Although it is simplistic to say that enabling agency is primarily concerned with non-monetary metrics and methods, it is essential to analyse the way agency is tied to positional power. Advancement in positional power is often accompanied by increased monetary compensation, but the opposite is rarely true; simply increasing wages or salary does not increase the dignity of a position. A company's culture of enabling agency can be assessed along three interrelated vantage points: *intended reality*, *experienced reality* and *perceived reality*.

*Intended reality* concerns the worth and agency that should be given by a company as outlined in written policy. The companies that best enable agency explicitly encourage cohesion and conversation between employees and other stakeholders. Giving stakeholders the means and abilities to organise themselves shows that companies genuinely seek their employees' voices, rather than having a superficial or begrudging commitment to listen. How to treat employees with dignity is complicated by the various opinions about what that constitutes. Monetary remuneration has the advantage of providing relatively straightforward ways of reconciling different opinions, but this is incomplete on its own. In order to foster a culture of dignity, companies should clearly state the intentions behind employee policies and expectations. Perhaps a policy could read as follows: 'Because we care about the dignity and agency of all employees, we sincerely and actively seek feedback and criticism from any position. In order not to impinge on personal time, we allot one hour every first Friday of the month for teams to discuss this together and additional time to allow managers to pass these comments on to senior management.' Furthermore, 'perks' should be primarily used to show appreciation for an employee who accepts burdensome work demands, rather than a way to keep senior staff happy: 'The company appreciates you flying on our behalf and knows that it is tiring, so everyone flies business class and receives complimentary transport to/from the airport.'

Giving stakeholders the means to organise themselves shows that companies genuinely seek their employees' voices.

Unfortunately, the official intentions of a company are frequently obstructed or diluted by complexity and bureaucracy. *Experienced reality* deals with what worth and dignity is actually extended to employees. Many employees never have time to read about company 'vision', 'atmosphere' or 'ethos' because they are under pressure to meet targets or deadlines. A critical factor here is the discretionary choices afforded to employees. For example, criticising management will not be a reasonable choice for many employees unless they can do so with solidarity and anonymity. Similarly, promotions or job restructuring for employees are intended as dignifying moves but sometimes end up reducing the discretion that an employee has to perform their work. Tragically, some employees don't even have the discretion to choose when to use the toilet or when to eat. When senior employees are given more discretion in terms of positional responsibilities (flexible hours, flexible bonus schemes, etc.), it implies that junior employees are not trustworthy enough to make decisions about their own tasks. Some companies offer perks that appear flexible on paper—such as a company fitness centre—but prove impractical for many employees due to personal commitments, impractical opening hours or unaccommodating management. Days off from work will be far less fulfilling if they cannot be shared with family and friends, which probably means that companies should try to guarantee that all staff can rest on at least one weekend day per week.[197] Employee share grants can also undercut dignity in their experienced reality. They are an excellent way to make workers feel like a part of the bigger picture, but may confuse and frustrate employees unless accompanied by clear explanations about how these can best benefit them.

Tragically, some employees don't even have the discretion to choose when to use the toilet or when to eat.

Finally, there is the *perceived reality*, which relates to the sense of worth and dignity that is *received* by employees. If company directors believe they are extending respect and dignity but employees are not receiving it, they have missed the essence of respect and dignity, which necessitates sufficient interaction to understand how best to dignify someone in their particular role. In common parlance, this is the language of 'employee satisfaction'. Employees want to be proud of both the work they do in their position and also of the company in general. Although these cannot be separated entirely, they more or less relate to *internal factors* and *external factors* respectively.

*Internally*, employee satisfaction is a complex phenomenon; Fortune magazine measures over 50 unique factors in their assessment.[198] And although it is shown that improving employee satisfaction can increase stock price by 2–3% per year in the long term (about four years),[199] efforts aimed at dignifying employees will be unsuccessful if they function only as means to the end of generating more profit. Expected and actual pay has always been lower in the charity sector, but people feel an inherent dignity in their work and are sometimes given additional dignity by society's view of the role. This lower expectation is often exploited by both donors and charity directors, and even perpetuated by the employees themselves. This comes from the presumption that non-financial reward is enough, without adequately close relationships to see the consequences of low pay.

*Externally*, employee satisfaction is linked to the perception of the company within society at large. Evidence from the Journal of Marketing Research in 2014 showed that CEOs were willing to take an average of a 12% reduction in pay in order to join a company with a strong and attractive brand or reputation (especially true for younger CEOs).[200] In a globalised world increasingly concerned with sustainability and social responsibility, employees who perceive their work as unhelpful or detrimental to society may feel undignified in their roles, even if they are being enabled as legitimate agencies within their company. The biblical dynamics of honour and shame are not as foreign today as some may think,[201] and the philanthropic activity of many wealthy people may be (in part) an attempt to satisfy a desire for social respect and dignity that their wealth and work have not granted them.[202] Perhaps cultural vilification of wealthy CEOs has even, ironically, had the unintended consequence of boosting executive pay to fill the desire for respect which is one form of non-monetary compensation. Remuneration committees should think more about *why* CEOs do the work they do and how they perceive their pay packages. Narrowly prioritizing monetary compensation may attract CEOs who are ultimately only interested in narrow—perhaps even superficial—monetary gains for themselves.[203] Furthermore, there will be some need for external institutions to act on behalf of workers in dishonourable situations of liquidation of corporations such as Enron, where large numbers of employees were left unpaid for the last three months of their employment.[204] At other times, an important step can be

Remuneration committees should think more about *why* CEOs do the work they do and how they perceive their pay packages.

made by executives, for example, by declining bonuses in recognition of misguided or dishonourable behaviour—as was the case in the aftermath of the ING Bank scandal in the Netherlands.[205]

In line with the biblical ideas surveyed above, companies are at some level responsible for facilitating agency of society in general, and some of the most serious threats confronting the Western world can only be tackled by large companies. This type of behaviour dignifies those in positions of positional power, but even most other workers can absorb risk in a way that dignifies their occupation (e.g. firefighters, soldiers, etc.). When work is dignified within companies it can eventually help safeguard the agency of society in general.

## Justice today

At the most basic level, the biblical theme of justice reflects aspects of Equity Theory in that it seeks to work for fairness in pay across companies and society. However, it radically confronts the upward ratchet effect by exhorting equality with others through a focus on those in disadvantaged positions.

One implication for justice in remuneration today is to realise that many people are no longer employed by companies that can be held accountable to 'support the bottom'. Instead, the landscape of employment in the growing 'gig-economy' features workers on zero-hour contracts and freelancers who often set their own agendas. This is an important and unavoidable reality that prompts us to consider what justice means in this context. In biblical times, the idea of the 'consumer' having power was not nearly as strong, but today more responsibility should fall to consumers to ensure fair pay of workers. Due to the highly fragmented nature of western societies,[206] the relationships among and between various consumers and workers are convoluted and complex. However, advances in communications and information technologies also provide unprecedented means for dispersed interest groups to act together and build solidarity. Despite social media's role in disseminating fake news and creating echo chambers, it played a key role in the recent and impressive hike of Amazon's

> Many people are no longer employed by companies that can be held accountable to 'support the bottom'.

minimum wage[207] by levying popular pressure from consumers who were unhappy with the way employees were being treated. Although this example is atypical, it is not unreasonable to envisage how similar changes could be achieved in other areas. Perhaps just as unions once formed to protect the basic rights of workers within organisations, real justice in the 'gig economy'[208] will require new unions of freelance workers who band together to prevent exploitation. There will always be some level of disparity in a market economy (just as there was in ancient Israel), but this reality should not be used to shield the disparity from criticisms of injustice. What applies to consumers in this regard also applies to the way companies treat their suppliers and all other stakeholders.

> There will always be some disparity in a market economy, but the disparity should not be shielded from criticisms of injustice.

For companies themselves, the biblical theme of justice indirectly supports increased cohesion between various stakeholders, especially between upper management (including CEOs), employees and shareholders. Within the concept of Relational Proximity,[209] social cohesion can be seen in the way that parties enable influence between themselves ('Parity'), recognise and encourage broad shared interest ('Commonality' and 'Multiplexity'), communicate directly ('Directness') and embrace the long-term view ('Continuity'). Increased cohesion not only enables better listening which makes procedural justice easier, but also generates legitimate shame when distributive justice is failing. Although it is natural to compare oneself with those in an immediate group, this tendency is all too easily skewed by narrow comparison with only fellow poor or fellow rich, making people unaware of distributive injustice.[210] Attempts to increase cohesion have had some support in the corporate world (e.g. 'aligning interests' of shareholders and CEOs), but generally have not been very 'successful' because the interests of the lowest-paid workers are still neglected. Therefore, the most pertinent area for increased cohesion is between shareholders and employees themselves, which is often a dysfunctional relationship because shareholders tend to be structured organisations whereas employees are atomised individuals.

Some argue that the practice of placing employees on boards (as in Germany) is the ideal solution. Others prefer the John Lewis approach, which makes every employee a shareholder.[211] Both ideas have merit, but neither will be a perfect solution for the increasingly large international companies of our world. (It is already hard enough to get individual shareholders to attend AGMs because most shares are held by proxies, and even harder to coax employees to come along and have a constructive dialogue). The issue is accentuated by multi-layered corporate structures, multi-national companies and transient share ownership. It is quite possible that even if shareholders became aware of the *real employee conditions* in the companies whose shares they hold, some would still ignore the situation through selfishness and greed.[212] Thus, public mediators of shareholders and employees (i.e. governments) must be engaged in a modern attempt to ensure just and fair remuneration. Although the UK government has a national living wage, this still trails behind the amount needed for basic living expenses. These are calculated by various organisations, including the Living Wage Foundation, which updates their Real Living Wage every year in order to mark how much workers need to be paid in order to do more than scrape by.[213] The Bible does not differentiate between families and individuals, but mostly assumes that workers will have family members they need to support (whether elderly parents, children, siblings or otherwise). Although legislating this concept would be difficult, it seems relevant to review not just the *age* of an employee but also their family situation and how many people are financially dependent upon them.[214] Perhaps some sort of universal basic income could help address this issue, which would provide all adults enough money to live on as individuals while incentivising those with dependents to seek paid work for additional income to support them. However, UBI may end up creating more problems than it solves.

The Bible mostly assumes that workers will have family they need to support, including elderly parents and children.

Regarding CEOs, there is a dire need to assert that the 'market' for determining their pay is frequently dysfunctional and unjust. Therefore remuneration committees should be challenged to *build transparent pay packages from the ground up* (rather than just copying what others do).[215] This will involve asking difficult questions. For instance, if benchmarking is used for upper management, why is it not used for other positions? If job evaluation is used, why have certain elements been weighted more heavily than others and why is failure so often rewarded? These questions drive to the heart of why companies remunerate all their employees the way they do. In the aim of justice, all remuneration committees should include a clause indicating the responsibilities the company has to all stakeholders, including the lowest-paid employees, pensioners, contractors and suppliers who work for or in the company (remembering that the Bible insists on justice for those who were not permanent servants in the household). This would require an outline of the process for determining fairness and a description of the effect of that process. Due to the temporal issues relating to justice, remcos should also report on how previous decisions have played into the current state of distributive justice (thereby including previous stakeholders).

These small steps and others like them are unlikely to solve the complicated problems of modern remuneration on their own, but they can work towards making a difference. If a focus on the lowest-paid stakeholders becomes a specific obligation for the remco and company at large, it would be much easier to establish some measure of employee pay versus a living wage amount as a target for pay. For example, all remuneration figures in a company report could be presented as the number of people it could support on a living wage: 'The CEO's wage could support 215 people on Living Wage.' The ethical intensity of such statements would likely have better effect than simple ratios or absolute numbers.

**Summary**: Drawing from the biblical principle of reward, modern policies should compensate work behaviours that seek the longest-term benefits and the best for the entire company or group whilst penalising behaviours that work against these goals. These policies should implement both non-monetary and group rewards.

The principle of dignity is best implemented by intentionally enabling the agency of all workers and maintaining an efficient feedback loop with staff, so that their experiences and perspectives can be honoured and continually improved upon.

Finally, because the Bible is more concerned with supporting low-income workers than with constraining high-income workers, a concerted and multi-pronged effort is needed from governments, companies, NGOs and shareholders to ensure justice for employees—especially since most decisions are currently made by the elite in positions of power. This effort will involve giving staff increased say in remuneration decisions, informing workers in detail about the current injustices of remuneration, and struggling on behalf of those who do not have the means or time to become adequately informed themselves.

# Conclusions

Based on the material covered in this report, it seems that the main problems of remuneration are not derived from a inadequate thinking but from taking too narrow an approach. Although it may be true that societies in biblical times were more cohesive than today's western societies, the intrinsic human need for and dependence on social cohesion has not changed. Consequently, companies should take into account the various human relationships that are impacted by every type of remuneration.

However, the weight of responsibility cannot fall solely upon companies, because all stakeholders are involved in shaping cultural attitudes towards remuneration. As long as culture approves of 'winning' in the economic lottery and glamorises individualistic, wealthy lifestyles that are insulated from the daily worries of normal citizens, it will seem contradictory to limit rewards that are permitted by 'market forces'—especially when claims of 'hard work' and perseverance are involved. Many may feel revulsion about a CEO who takes home a £75 million bonus,[216] but what do they think about a lottery winner or celebrity who makes a similar amount by posting pictures on social media or appearing in a TV advert?[217] If culture glamorises wealth in general, how can it criticise people who achieve that dream as individuals?

Even more insidious than its obsession with wealth, our culture tends to diminish the worth of proficient, ordinary work that is characteristic of most people in society. Everyone has a role to play in recovering a healthy understanding of work and the way it should be compensated. Practically, this means that our *standard of justice should involve comparison to the weakest members of our group* (no matter where we fall in that group's hierarchy); that we *acknowledge and encourage the agency of every worker* (no matter what kind of job we or they may have); and that we *reward truly exceptional individuals and groups by respecting them and aiding their development.*

Everyone has a role to play in recovering a healthy understanding of work and the way it should be compensated.

The solutions to the problems of modern remuneration are not found so much in limitations or 'reining in' the snowballing numbers. Rather, they will involve the *enhancement* of performance and even higher expectations for the most successful companies in society. Whether viewed through the lens of justice, dignity or reward, the words of C.S. Lewis point towards the posture needed for establishing the best remuneration possible: 'Come further up, come further in!'[218]

# Glossary

**Agency Theory:** The belief that reconciling the desires of disparate decision-making actors is the best way to secure ethical remuneration.

**AGM:** Annual General Meeting.

**Benchmarking:** The method of examining similar companies' policies for comparison in order to make decisions.

**CEO:** Chief Executive Officer.

**Clawback:** A mechanism usually outlined in a contractual clause by which money can be retracted after having already been paid in response to certain conditions. It is often grouped with Malus in company policies.

**Employee Share Ownership Structure (ESOS):** Shares of a company are held in a trust or similar company, on behalf of the current employees. The employees usually only have the benefit of any dividends paid on those shares and do not have other ownership rights and do not have a mechanism to benefit from any capital gains. Employees usually receive shares in the trust through a share grant.

**EPS:** Earnings per share

**Equity Theory:** The belief that enforcing equal pay with regard to the tasks performed is the best way to secure ethical remuneration.

**ESG:** Environmental, social and corporate governance.

**Expectancy Theory:** The belief that providing predictable and anticipated payment is the best way to secure ethical remuneration.

**FRC:** Financial Reporting Council (UK).

**Fringe Benefits:** Includes a range of features, such as insurance and holiday, but as the name implies usually comprise a relatively small portion of the overall remuneration. Nonetheless, fringe benefits can have a serious impact on employee satisfaction even if their overall monetary value is small.

**FSA:** Financial Services Authority. Dissolved in 2013. Became Financial Conduct Authority and the Prudential Regulation Authority.

**FTSE:** Financial Times Stock Exchange. An index which lists the top companies on the London Stock Exchange by capitalization.

**GAAP (UK):** Generally Accepted Accounting Practice.

**GFC:** Global Financial Crisis.

**Golden Parachute:** A large payment guaranteed to a senior executive if they should be dismissed as a result of a merger or takeover.

**Incentives:** Compensation contingent upon specific achievements. They can take a number of forms, the most common examples of which are commission and bonuses.

**IPO:** Initial Public Offering.

**Job evaluation:** The process of evaluating the various aspects and tasks of a position that an employee is supposed to perform and uphold.

**Job scope inflation:** A term describing a process in which employees end up with more tasks to perform without an increase in remuneration. Often involved with the process of 're-banding' jobs to ensure they are aligned with pay and experience.

**Malus:** A mechanism for preventing payment due to misconduct as per contractually outlined. Latin for 'bad'. It is often grouped with Clawback in company policies.

**Market capitalisation:** The worth of all the shares of a company.

**Non-monetary compensation:** Benefits which the employer deliberately intends for the employees to receive, but which cannot be measured with financial metrics. These include challenge, intellectual stimulus, comfort, individual satisfaction, personal growth, relationships, reputation, etc.

**MSV:** Maximising Shareholder Value

**Partnership:** A company that is owned jointly by partners who can be legally held liable without limit for any debts the company may incur.

**Perquisites and allowances:** Better known as 'perks', these can include everything from a company car to club memberships as well as allowances nominally to cover out-of-pocket expenses. Some organisations, such as partnerships like John Lewis, position share holdings or call options as a perk for all staff rather than an incentive.

**PLC:** Public Limited Company. Shareholders are only liable for shares they own.

**R&D:** Research and Development.

**Ratchet Effect:** The phenomenon of increasing pay that is influenced by other pay levels and has 'no corresponding improvement in corporate or individual performance'.[219]

**SEC:** Securities and Exchange Commission (US).

**Share Grant:** The transfer of shares to an employee or executive without payment for those shares. Such grants may be vested, held in an ESOS or transfer for the full discretionary ownership of the employee or executive.

**Share Option:** This term can include both 'puts' and 'calls', but usually refers to call options granted to employees or executives (rather than call options purchased by them). A call option is the right at some time in the future (either specified or unspecified) to buy shares at a particular price. The employee or executives can choose whether or not to exercise the option to buy. They usually only do so, if the current share price is higher than the option's price.

**SME:** Small and Medium-sized Enterprises.

**TSR:** Total Shareholder Return.

**Vesting:** The allocation of share grant, money or other remuneration to an individual or group with a restriction that they do not have ownership rights over the remuneration for a period of time or until a specific event. If any and all of the restrictive conditions are not met, then the allocation is withdrawn. If all the conditions are met, then the beneficiary receives full ownership over the remuneration.

**Wages and salary:** These types of remuneration may be given out in a number of ways and linked to different units of time, but wages are most often associated with work measured by the hour while salary is linked with a much longer period of time—usually one year.

# Endnotes

1 For a sweeping and authoritative assessment see Thomas Piketty, *Capital in the Twenty-First Century*, trans. Arthur Goldhammer (Cambridge, MA: The Belknap Press of Harvard University Press, 2014).

2 CIPD and High Pay Centre. The ratio is about 120:1 if the median FTSE-100 CEO is used. This ratio has been dropping steadily in the past few years. See http://highpaycentre.org/blog/reality-bites-average-ftse100-ceo-pay-package-down-17-on-previous-year.

3 312:1 for the average CEO to their average workers (Economic Policy Institute); 361 for the average American CEO and worker in general (AFL-CIO).

4 These figures can vary significantly depending on whether one calculates median or mean pay, and whether pay is considered within a specific company or across a broader spectrum. Some ratios have been calculated at over 1000:1, see: https://www.theguardian.com/business/2018/mar/18/america-ceo-worker-pay-gap-new-data-what-can-we-do, whilst others are less than 50:1. Such figures rarely account for pre- and post-taxation. In the UK, inequality has fallen within after-tax household real incomes, but this report does not specifically consider the ways in which taxation influences remuneration.

5 Nicholas V. Leone III, 'Timeless Economic and Investment Principles', *Institute for Faith, Work & Economics,* 29 June 2018, https://tifwe.org/resource/the-parable-of-the-talents/; see also Kurt Jaros, 'CEOs & Fair Wage to Workers', *Values & Capitalism*, 26 May 2015, http://www.valuesandcapitalism.com/ceos-fair-wage-to-workers-a-christian-perspective-part-ii/.

6 Walter Brueggemann, *A Study of the Theology of Compensation* (Presbyterian Church USA, 1983); *Neither Poverty nor Riches* (Presbyterian Church USA, 2010).

7 Richard Higginson and David Clough, *The Ethics of Executive Pay: A Christian Viewpoint* (Cambridge: Grove Books, 2010); Richard Higginson and David Clough, *The Ethics of Executive Remuneration: A Guide for Christian Investors* (Church Investors Group, 2010).

8 Effective metrics for assessing human relationships have been developed over the past several decades under the name of Relational Analytics, and some mention of these is made towards the end of this report. See https://www.relational-analytics.com/ and http://www.jubilee-centre.org/introducing-the-relational-proximity-framework/.

9 Remuneration issues also impinge on shareholder rewards (capital gains and dividends), inter-corporate structures and how prices are set between companies (i.e. with suppliers and financiers). This is particularly relevant where companies are outsourcing work, charging for IP or lending within a group. This paper will not concentrate on the consequences of such strategies but when possible, references will be made to the role of financiers and suppliers, especially as it relates to the *reputation* of companies with which they work.

10 *Global* pay inequality has fallen in the past 30 years as China and India have opened up, but risen within higher-income countries.

11 Alex Edmans, Xavier Gabaix, Dirk Jenter, *Executive Compensation: A Survey of Theory and Evidence* (European Corporate Governance Institute, 2017). Especially p. 128 ff.

12 For further reading on human work see Darrell Cosden, *A Theology of Work: Work and the New Creation* (Eugene, Or.: Wipf & Stock Publishers, 2006); Miroslav Volf, W*ork in the Spirit: Toward a Theology of Work* (Oxford: Oxford University Press, 1991); Calum Samuelson, 'The Enduring Power of Vocation: From the Reformation to 2017' (Cambridge: Jubilee Centre, 2017).

13 These are known as 'soft benefits'. Soft benefits are often promoted in in-house magazines to *retain* employees and sometimes even highlighted in order to *attract* new employees. This raises important questions about the relationship between formal remuneration and other less formal benefits, which is explored further below.

14 Interestingly, although share options typically function as incentives for senior executives, they are

regarded as a *perk* for junior staff. This distinction points to some questionable motivations for senior executives and the asymmetrical efforts to try to include employees.

15 People like Jeff Bezos of Amazon receive a salary of just $1 for this very reason.

16 See Alex Edmans, Xavier Gabaix, Dirk Jenter, *Executive Compensation: A Survey of Theory and Evidence* (2017), p. 144.

17 Additionally, there is a distributional issue between current and past workers regarding how quickly pension shortfalls should be made up.

18 Incentive structures (especially within financial institutions) played a significant role in the Global Financial Crisis. Cf. *Reforming Remuneration Practices in Financial Services* (2009), Principle 6, p. 33.

19 See FRC, *UK Corporate Governance Code* (2018) https://www.frc.org.uk/getattachment/88bd8c45-50ea-4841-95b0-d2f4f48069a2/2018-UK-Corporate-Governance-Code-FINAL.PDF.

20 See FRC, *UK Corporate Governance Code* (2016) § D.2.1.

21 See Pozen and Kothari, 'Decoding CEO Pay', *Harvard Business Review* (2017).

22 There are some signs that this is beginning to change. See https://www.bloomberg.com/news/articles/2018-09-24/world-s-largest-wealth-fund-says-companies-pay-ceos-all-wrong.

23 A recurring problem with share options is that the terms have been poorly written. By not adequately distinguishing specific company performance from the sector or wider market, CEOs have been incentivised to boost share price through share buybacks and accounting ruses to raise **EPS**.

24 William Lazonick, 'Profits without Prosperity', *HBR* (2014).

25 The difference between these two perspectives, though subtle, is crucial. One fundamental characterises distrust while the other characterises confidence.

26 Credit is usually given to Victor Vroom of the Yale School of Management. See Victor H. Vroom, *Work and Motivation* (New York: Wiley, 1964).

27 Credit is usually given to J. Stacy Adams. See J. S. Adams, 'Toward an understanding of inequity', *Journal of Abnormal Psychology*, 67 (1963), 422-436.

28 A perfect example is the recent case of Persimmon CEO Jeffrey Fairbairn, who originally received a £100 million bonus because of changes in the housing market that were largely funded by UK taxpayers.

29 The rationale is that experienced management need to be retained after quarters of low performance in order to provide stability and help get the company back on an even keel.

30 The UK Corporate Governance Code specifically warns against this affect. See FRC, *UK Corporate Governance Code* (2016) § D.1.

31 See Mark Reiff (Safra Center for Ethics at Harvard), https://aeon.co/ideas/setting-a-maximum-wage-for-ceos-would-be-good-for-everyone.

32 After the GFC, a large portion of opinions were specifically connected to the role that executive remuneration played in that process. Most major groups, such as the FSA and FRC (and others such as the Walker Review of Corporate Governance) released detailed reports about these events and offered guidance for how executive remuneration policies should be adjusted. But despite various adjustments and provisions made after the GFC, actual pay of executives has continued to increase across the board. Thus, whereas eight years ago it was crucial to tie views on remuneration to the GFC, approaches today seldom take this route.

33 It is noteworthy, however, that there are recognised downsides to this practice (e.g. envy) and that stricter regulations have been in effect since 2014. For more details see https://www.bbc.com/news/magazine-40669239.

34 For example, the Dodd-Frank Act implemented many measures to increase transparency in the US in 2010, but has been very slow to take much real effect. In 2015, the SEC began requiring listed companies to report pay ratios in the US (this will begin in the UK in 2019), but there has yet to be any indication

that it has actually addressed the underlying problems.

35 The key study in this regard is Kate Pickett and Richard Wilkinson, *The Spirit Level: Why Equality Is Better for Everyone* (London: Penguin, 2010).

36 If a company were to redistribute £4.5 million (the *entire* salary of the average FTSE-100 CEO) to 50,000 employees (a rough average for FTSE-100 companies) it would yield only £90 per employee for the *whole year*.

37 The goal is overall 'pie enlargement'; Alex Edmans of London Business School.

38 The Labour Party has spoken about implementing a ratio of 20:1.

39 Higginson and Clough suggest that the ratio should be set to the bottom 10% of employees within a company. See Richard Higginson and David Clough, *The Ethics of Executive Remuneration* (2010).

40 Gabaix and Landier, 'Why has CEO Pay Increased so Much?' (2007). Updated in 2015.

41 https://www.theguardian.com/money/2017/may/07/employeee-benefits-cheap-housing-accommodation. Unfortunately, unlike the efforts of Cadbury and Rowntree, most current programs involve renting rather than ownership.

42 For examples, see http://knowledge.wharton.upenn.edu/article/how-employees-value-often-incorrectly-their-stock-options/; https://foster.uw.edu/research-brief/managers-tend-to-overvalue-stock-options-vs-restricted-stock/.

43 *Reforming Remuneration Practices in Financial Services* (2009), Principle 6, p. 33.

44 One of the most notable proponents is Dan Pink. See Daniel H. Pink, *Drive: The Surprising Truth About What Motivates Us* (New York: Riverhead Books, 2009).

45 Cf. Radhakrishnan Gopalan, John Horn, and Todd Milbourn, 'Comp Targets That Work', *HBR* (2017).

46 Cf. https://www.youtube.com/watch?v=Z5KZhm19EO0.

47 See https://www.washingtonpost.com/news/on-leadership/wp/2018/01/23/elon-musks-new-pay-package-could-theoretically-be-worth-55-8-billion-but-none-of-its-guaranteed/?noredirect=on&utm_term=.1297923cd13a.

48 See Radhakrishnan Gopalan, John Horn, and Todd Milbourn, 'Comp Targets That Work', *HBR* (2017).

49 See https://corpgov.law.harvard.edu/2018/02/12/ceo-tenure-rates/.

50 FRC, *UK Corporate Governance Code* (2018), § 5.36.

51 See FRC, *UK Corporate Governance Code* (2016) § D.2.1.

52 This could be done through tougher competition policy and/or adjusting regulations so that mergers are only permitted when positive benefit to society can be demonstrated.

53 Luke 10:7; 1 Tim 5:18.

54 Lev 19:13: Deut 24:14.

55 Col 4:1.

56 Deut 25:4.

57 See Luke 12:42; Luke 10:7.

58 It is important to note, however, the surprising number of workers in high-income countries who cannot wait even one month for their first salary payment. Indeed, almost 10 million households in the UK have no savings whatsoever: https://themoneycharity.org.uk/money-stats-almost-10m-with-no-savings/.

59 For an insightful examination of these issues see Philip Goodchild, *Theology of Money*, (London: SCM Press, 2007).

60 Isaiah 42:6, 49:6.

61 The parable of the prodigal son and parable of the Pharisee and tax collector are just two illustrations of this message. Another way to view the shift in the NT is Jesus' discussion of salt and light. The Israelites were already called to act as a light to the nations, apparently as a 'separated' community (cf. Lev. 20:26; Deut. 7:6) from a distance. Regardless of how one wishes to understand the role of salt in the ancient world, it had to make contact in order to be effective. Thus, we could say that a shift takes place from a kind of 'modeled ethics' in the OT to 'ethics in action' in the NT.

62 All three synoptic Gospels quote Isaiah 6:9–10 in order to explain the purpose of parables—although with different emphases. Mark seems to suggest that parables are designed to *inhibit* forgiveness, whereas Matthew and Luke see parables more as a *filter* through which the sincere must pass in order to access understanding of forgiveness.

63 Matt. 7:24–27. It is worth noting that the loving behaviours commanded by God cannot fully be put into action independent from the help of God. The manner by which these *principles* are implemented as *policies* is dealt with below.

64 The same words (*eved* in the OT and *doulos* in the New Testament) are often translated as both slave and servant. The worst examples of translation involve translating these words differently in the same verse of scripture such as Lev 25:42, which significantly undermines the intended parallelism. Because of this—and the fact that ancient servanthood/slavery was quite different from more modern forms of slavery—this report only uses the term 'servant'.

65 There are, of course, significant differences between Old Testament and New Testament social realities, and there are also differences within the Old Testament itself. Although clearly much more agrarian than today and other periods of history, the Old Testament involved much more than a simple subsistence economy; hierarchies of classes indicated that some people had moved far beyond mere subsistence.

66 An insightful example is the way that King Solomon interacts with King Hiram in 1 Kings 5:6. 'I will give you whatever wages you set for your servants…'.

67 Lev. 25:25, 35–42.

68 The most notable passages are Eph 5:22–6:9 and Col 3:18–4:1. Others can be found in 1 Timothy, Titus and 1 Peter. These are also known as the '*haustafel*', coming from the German words for 'house' and 'table'.

69 Eph. 6:9.

70 Eph. 6:6.

71 Literally, 'house of my father'.

72 E.g. 1 Cor 1:2; 2 Cor 1:1; 1 Thess 1:1; etc.

73 Acts 6:1–7.

74 1 Tim 3:12.

75 Gal 6:10; Eph 2:19, 1 Tim 5:8.

76 John 20:22; 1 Cor. 3:16; Gal 4:6; Eph 3:17. Although it is not always communicated in English translations, all of these verses use plural pronouns to describe the Spirit's indwelling ('you all').

77 Themes such as power, generosity, discretion, privacy and honesty are also worth consideration.

78 *Mishpat* and *tsedaqah* in Hebrew; *dikaiosune* and *krisis* in Greek.

79 For a slightly different perspective focusing on *relational* justice see Jonathan Burnside, Nicola Baker eds., *Relational Justice: Repairing the Breach* (Winchester: Waterside Press, 1994).

80 Guy Brandon, *Immigration and Justice: How local churches can change the debate on immigration in Britain*, Long Distance Christian (Cambridge: Jubilee Centre, 2015), p. 14. See also the preceding discussion beginning on page 13. http://www.jubilee-centre.org/wp-content/uploads/2015/03/Immigration-and-

Justice-Online.pdf.

81 This is especially true for Latin American Liberation Theologians.

82 Even in Mt 20 where all workers are paid equally, the point of the parable is that employers can be generous not that they should pay equally. Cf. See Christopher Wright, *Old Testament Ethics for the People of God* (Nottingham: IVP, 2010), p. 157.

83 Higginson, p. 16. This is especially true in the Jubilee material.

84 Proverbs 30:9 expresses this dual danger famously: 'Keep falsehood and lies far from me; give me neither poverty nor riches, but give me only my daily bread. Otherwise, I may have too much and disown you and say, 'Who is the Lord?' Or I may become poor and steal, and so dishonour the name of my God.'

85 See Deut 6:10–13.

86 Ex. 23:11.

87 Deut. 24:19–21.

88 Lev. 25:8–55. See section on Biblical goals for a welfare system, pp. 178-181 in Michael Schluter and John Ashcroft (eds.), *Jubilee Manifesto* (Leicester: Inter-Varsity Press, 2005).

89 Jer. 22:13.

90 James 5:1,4.

91 Lev. 25:25, 35–42.

92 Deut. 25:55.

93 Deut. 24:14–15.

94 Genesis 29:14–30.

95 Rachel is actually given to Jacob after a week of marriage to Leah (Gen. 29:28), but the point remains that the cost of this 'transaction' was still seven years of labour.

96 This is highlighted in places such as Luke 16:1–15, where the 'shrewd manager' is seen negotiating with the debtors of his master. Kenneth E. Bailey, *Jesus Through Middle Eastern Eyes: Cultural Studies in the Gospels* (London: SPCK, 2008), p. 332ff.

97 Poverty as the result of laziness or foolishness is decried throughout the book of Proverbs. Cf. Wright, *Old Testament Ethics*, p. 169.

98 Especially the NT domestic codes.

99 The word 'honour' is more biblical, but does not carry quite the same emphasis.

100 These concepts are closely related to those of hospitality and exclusion also.

101 Ex. 22:26–27; Lev 25:53.

102 Deut. 22:28–29 would have applied to all virgins, even if they were servants. Cf. Ex. 22:16–17.

103 Ex. 23:12; Deut 5:14–15.

104 Gen 41:53–57.

105 Luke 12:42. Note that in this story the manager (*oikonomos*) himself is not wealthy. He is working on behalf of his wealthy master in order to ensure that his servants are cared for. In this parable, the care of people is the main criterion of the manager's 'faithfulness'—by eating, drinking and getting drunk himself the manager would be neglecting the servants' ability to eat and drink when they are hungry and thirsty.

106 See Ruth 2:2–7. Cf. Deut 24:19–21.

107 The narrative of the book of Ruth wonderfully portrays this multi-tiered dignity.

108 Matt. 20:1–16.

109 Bailey, *Jesus Through Middle Eastern Eyes*, p. 358.

110 Prov. 22:1.

111 Job 29:7; Prov. 31:23; Cf. Ruth 4:1 and Lam 5:14.

112 See Ruth 2:14–16; 3:2. This was not just a positive affirmation of workers' dignity, but also a negative measure insofar as it served to protect female workers from molestation.

113 Bailey describes the introduction of the manager as one of three 'big surprises' in the parable. See Bailey, *Jesus Through Middle Eastern Eyes*, p. 360ff.

114 Col. 3:22–23. Everyone mentioned in these codes (*haustafel*) was economically active in some way within the household. Thus, the *haustafel* are relevant to all worker relations, not just the master/servant relationship.

115 1 Thess 4:11.

116 Ecc. 5:18–20.

117 Ex. 35 ff.

118 See Prov. 5:3–14, 6:24–26, 23:27–28. Cf. J. P. Burnside, 'Strange Flesh: Sex, Semiotics and the Construction of Deviancy in Biblical Law', *Journal for the Study of the Old Testament*, 30/4 (2006), 387–420.

119 This reality forms the cultural context for Jesus' discussion about divorce in Matt. 5:31–32. In a patriarchal society, it was very difficult for previously-married women to survive without a husband (especially if they had children).

120 The parable of the shrewd steward (Luke 16:1–9) is an interesting study in this regard. Westerners emphasise his dishonesty and so refer to him as the 'unjust steward'. Easterners, however, recognise that he created honour for both his master and debtors and therefore received honour in return. See Bailey, *Jesus Through Middle Eastern Eyes*, p. 332ff.

121 1 Tim 5:8.

122 See Lev 25:35. The verse does not specify exactly what 'falling into difficulty' means.

123 Luke 2:8–20, but especially the often-neglected verses 17 and 18.

124 Matt. 4:18–22; Mark 1:16–20.

125 Matt. 28:9–10; Luke 24:10–11; John 20:14–18.

126 Jesus impeccably labels these people as 'whitewashed tombs'. See Matt 23:27.

127 E.g. tithing on herbs. See Matt. 23:23 and Luke 11:42.

128 This range of meaning is covered by the generic Greek word *misthos*, as seen in verses such as Matt. 5:46, 6:2, 10:41; Luke 10:7; John 4:36; Acts 1:18; Rom 4:4; 1 Cor. 3:14; James 5:4; 2 Pet. 2:13; Rev. 22:12.

129 St Paul uses this word (*brabeion*) twice: 1 Cor 9:24 and Phil 3:14.

130 I.e. the Pearl of Great Price. See Matt. 13:44–45.

131 Matt 6:20–21, 13:44, 19:21; Prov 15:6.

132 The Greek word is *kleronomia*. This concept is central throughout Scripture, beginning in Ex 4:22 where Israel is described as God's 'firstborn son'. It is on this basis that the Promised Land is given to the Israelites. It is promised, yes, but it is an inherited gift based upon their ongoing relationship as heirs to their father, God. See Christopher Wright, *Old Testament Ethics*, p. 84ff.

133 In this case, the well-known story of the prodigal son asking for his inheritance prematurely is precisely the exception that proves the rule. Inheritance was ideally to be distributed 'in the hour of death' (Sir 33:20–24), but certainly not before the older siblings. Today, most financial rewards can be easily

separated from the giver; in the Bible, the reward requires recipients to enter into the joy of their master in heaven where the reward was kept.

134 This is precisely the tension in which the elder son finds himself in the story of the prodigal son. See Luke 15:28–30.

135 The OT eternal focus is partly truncated due to conceptions about the afterlife of individuals. This begins to change in the Second Temple period in interaction with Hellenistic culture (2 Macc. 7:9, 29), so that Jewish beliefs about the afterlife have become more diverse in Jesus' day (Mark 12:18; Acts 23:8).

136 Matt. 6:19–21.

137 Matt. 25:19; Luke 12:45; Luke 20:9.

138 Luke 19:14. The fact that the master's citizens 'hated him' meant that faithful service from his servants was at the very least accompanied by difficulties and at the most physical danger if the citizens decided to express their displeasure towards the master's household. For a detailed exposition of this passage see Bailey, *Jesus Through Middle Eastern Eyes*, p. 401.

139 2 Sam 23:13–17.

140 In this sense, there was a basic symmetry between good luck and bad luck. Good luck was not rewarded just as bad luck was not punished. See Lev. 25:25.

141 Luke 12:13–21.

142 Bailey unpacks just how tragic a scene this is for a Middle Eastern context where every decision is always made through conversation with friends and family. Bailey, *Jesus Through Middle Eastern Eyes*, p. 303.

143 Although the term 'corporate' has become closely associated with business, it is actually quite appropriate considering that it connotes a unified *body* (corpus), one of the central metaphors of the New Testament (1 Cor. 12:12–14; Eph. 4:1–16).

144 Ex 16:31; 40:38, Levi 17:3, 8, 10; 22:18, Num 20:29, Josh 21:45 and Ruth 4:11.

145 Isaiah 42:6, 49:6.

146 Eph 2:19.

147 1 Cor 3:9. Luke 6:35 also connects reward with being 'children of the Most High' and Matthew 6:4 emphasises that rewards come from our heavenly Father.

148 Consider David fighting Goliath on behalf of everyone else and the good manager in Luke 12 who did *not* beat the other servants but instead treated them well.

149 Prov. 18:1.

150 Regardless of the country, one can almost always find a wealthy person who has insulated themselves from commoners by means of high walls, gates, driveways, gardens, etc.

151 Deut 15:7–15.

152 Cf. Psalm 37:21, 26; Prov. 14:21, 31.

153 Luke 12:13–21 initially appears to contradict this statement since we encounter brothers arguing about inheritance. However, the parable Jesus tells in response to the request in verse 13 emphasises the supreme value of relationships with people over wealth. Family and household relationships were not always easy, but even in this passage we find the two brothers in a relationship—even if strained.

154 Matt. 25:21.

155 Luke 19:17.

156 Cf. Bailey, *Jesus Through Middle Eastern Eyes*, p. 403.

157 Luke 12:48.

158 This relates to the Eastern Orthodox teaching on *theosis* or 'deification'.

159 See Eph. 2:19.

160 Matt. 5:12; 1 Pet. 1:4; Col. 3:24.

161 The story of the workers in the vineyard gives just a little insight into how aware and sensitive other workers might have been about rewards given to others.

162 1 Cor. 9:9–10.

163 Matthew 6:6, 16–18; Luke 6:35; Col. 3:24.

164 Matt 25:15 suggests that the master already had an understanding about his servants' previous behaviour since he distributed the talents 'according to ability'.

165 One of the best examples is the parable of the shrewd manager in Luke 16:1–9.

166 Abraham, Job, David and Solomon all fit this mould. Additionally, several wealthy people assisted in ministry of Jesus and the Church.

167 Accumulated power has a tendency to accumulate wealth (probably as a result of procedural injustice) but that is not condoned and even warned against. See 1 Samuel 8:1–18.

168 We might say that the view of wealth is 'fulfilled' in the New Testament as it becomes clear that earthly aspirations for land, temple and king are all satisfied by the new things accomplished by Jesus. See Walter Brueggemann, *Land*. Cf. Peter Walker, *Centre Stage: Jerusalem or Jesus?* (1996).

169 Deut. 17:14ff, Ahab and Jezebel, Zacchaeus, the rich man from Luke 16 and Ananias and Sapphira are all apt examples.

170 Isaiah 5:8.

171 Matt. 6:24; Luke 16:13.

172 Deut. 17:16–17; Cf. Psalm 20:7.

173 Luke 16:9. See also: Lev 25:23–24; Deut 8:17–18. See also Prov. 23:4; 1 Tim 3:3, 6:9–10; Lk 12:15; 2 Cor. 9:8.

174 Eccl. 5:10.

175 Commenting too much about the percentages can be problematic, especially since parables sought to communicate one big idea more than several. Nevertheless, it is quite clear that an increase of 100% is exceptional in almost any setting [or 1000% in Luke], whereas an increase of 0% clearly falls below satisfactory level. Because these are parables, it would not be surprising if Jesus purposefully picks extreme examples.

176 The *lex talionis* is often misunderstood. It was actually meant to serve as a *limit* to punishments.

177 Luke 17:7–10.

178 See Matt 25:15 and note #140 above.

179 The 'gig economy' refers to the increasing prevalence of people completing discrete projects for a set amount of pay. Zero-hour contracts, though related, are paid by hourly wages. See https://www.wired.co.uk/article/what-is-the-gig-economy-meaning-definition-why-is-it-called-gig-economy.

180 Higginson and Clough, *The Ethics of Executive Remuneration*, p. 8. See also Robert C. Solomon, *Ethics and Excellence: Cooperation and Integrity in Business* (Oxford: OUP, 1992) p. 45. [as cited by Higginson and Clough].

181 The major exception to this, of course, is a particular conception of the entrepreneur as a starkly independent agent.

182 NB: The view of this author is that there is no such thing as static 'competency'. Someone is either gradually drifting away from competence or reaching towards excellence. But this raises all sorts of

management questions beyond the remit of this paper.

183 Persons who excel at some type of specialised work often eventually enlist or rely on others to help them concentrate on that specific work through the division of labour.

184 https://hbr.org/2018/11/the-best-performing-ceos-in-the-world-2018.

185 It may be better to attract CEOs who are personally willing to take high risks but who have a track record of positional and company risk aversion by *not* offering a 'golden parachute'. How such qualities can be determined is another matter.

186 This would also need to grapple with the fair distribution of profits to shareholders.

187 Remember that the master in Matt. 25:15 had an understanding of his servants' abilities.

188 One implication in this regard is that would be ill-conceived to ever pit employees against each other within the same company, since the motivations and rewards will inevitably exclude others. This is not to say that competition within a company is unhealthy, but rather that *antagonism* within the same company is ultimately counterproductive. For more on competition vs antagonism see Calum Samuelson, *Redeeming Sport?*, p. 2018.

189 https://www.theguardian.com/business/2018/nov/17/four-day-week-productivity-mcdonnell-labour-tuc?CMP=fb_gu&fbclid=IwAR19dGyes2LDPnw6XevcrWUiXcE_8mEobECrNuQh5IigrJoKPY_gUdMPqAI.

190 The Jubilee Centre and then Relationships Foundation have been leading the national Keep Sunday Special Campaign since 1985, based on research showing the significant connections between shared family time off and personal and social wellbeing.

191 This relates to the so-called Nash Equilibrium.

192 E.g. Fred Goodwin of RBS and Philip Green of Arcadia and Top Shop.

193 This is besides the fact that EPS can be manipulated through share buybacks and accounting manoeuvres.

194 Donna Hicks, *Leading with Dignity* (New Haven: Yale University Press, 2018), as quoted in Theodore Kinni, 'Leaders Should Focus on Human Dignity at Work', *strategy + business*, 28 November 2018.

195 Dignity and shame are on the rise in current Western cultures after a lull in the 20th century. They are at the core of identity politics, social media, #metoo and MAGA.

196 This idea of directors and managers being 'fiduciary' agents of the shareholders has been challenged as no longer self-evidently true. See, Joseph L. Bower and Lynn S. Paine, 'The Error at the Heart of Corporate Leadership', *HBR* (2017).

197 Relationships Foundation and Keep Time for Children, *All work and no play: how working unsocial hours affects family life* (2006).

198 See the methodology explanation at http://fortune.com/best-companies.

199 100 Best Companies to Work For; annual list published by Fortune magazine that ranks U.S. companies since 1998. See Alex Edmans, 'The Link Between Job Satisfaction and Firm Value, With Implications for Corporate Social Responsibility', *Academy of Management Perspectives*, 26:4 (2012), 1-19; also 'Great Place to Work UK' at https://www.greatplacetowork.co.uk/.

200 Nader T. Tavassoli, Alina Sorescu, and Rajesh Chandy, 'Employee-Based Brand Equity: Why Firms with Strong Brands Pay Their Executives Less', *Journal of Marketing Research*, Vol. LI (December 2014), 676–690.

201 For a fascinating examination of this area see Jon Ronson, *So You've Been Publicly Shamed* (London: Picador, 2015).

202 The most notable examples, Bill Gates and Mark Zuckerberg, have both pledged to give away vast portions of their personal wealth.

203 See Robert M. Bushman et al., 'Bank CEO Materialism: Risk Controls, Culture and Tail Risk', *Journal of Accounting and Economics*, 65:1 (2018), 191-220. Interestingly, an additional repercussion of not focusing on or acknowledging non-monetary factors may be that companies ignore the possibility that a CEO may be focusing more on their own reputation than on shareholder interests.

204 In these situations, both directors and shareholders should be penalised, but in different ways. Any employee payments outstanding should be given priority over all other stakeholders, including the Inland Revenue.

205 https://www.reuters.com/article/us-ing-groep-settlement-money-laundering/dutch-bank-ing-fined-900-million-for-failing-to-spot-money-laundering-idUSKCN1LK0PE.

206 See Calum Samuelson, *The Steering Wheel*.

207 (£10.50 in London and £9.50 outside London).

208 See endnote 179.

209 See http://www.jubilee-centre.org/introducing-the-relational-proximity-framework/.

210 See http://www.reading.ac.uk/web/files/economics/emdp2016124.pdf.

211 The Walker Report on Corporate Governance is especially keen on the advantages of partnerships.

212 It can be equally argued that the lack of rProximity/cohesion within shareholders (over time) and within employees (over time) makes it easy for those with rProximity/cohesion (executives/directors) to make up what the others (stakeholders & employees) want or need.

213 Living Wage Foundation 2018 figures are £8.75 across the UK and £10.20 in London.

214 NB: There are other forms of dependence apart from financial dependence, so a just and dignified employer would consider both financial and non-financial remuneration to help support such dependence.

215 See https://www.thetimes.co.uk/article/reduced-salary-for-bath-university-s-next-vice-chancellor-tmrqgnm8v.

216 https://www.theguardian.com/business/2018/feb/23/persimmon-slashes-bosss-bonus-to-just-75m.

217 Kylie Jenner earned $166.5 million in 2018, largely thanks to her 110 million Instagram followers. See Forbes on world's highest paid entertainers.

218 C.S. Lewis, *The Last Battle* (London: Diamond Books, 1999), p. 355.

219 FRC, *UK Corporate Governance Code* (2016, § D.1).

## About the Jubilee Centre

Jubilee Centre's mission is to articulate a biblical framework for public life – especially the big issues around the economy, politics and society – and equip Christian leaders to be salt and light in a secular, pluralistic world.

How should Christians exercise public leadership? Is there a biblical alternative to capitalism or socialism? How does the gospel address individualism and consumerism? Grappling with these questions has forged the Jubilee Centre's mission for the past 30 years.

The way we do this is through research and publications, including the widely read Cambridge Papers, events and conferences. Often collaborating with likeminded organisations and churches in Britain and abroad, we seek to present radical, biblical responses to some of society's most pressing challenges, in a winsome and practical way.

We invite readers to explore the wide range of resources on our website (and those of our sister organisations), to sign up to receive Cambridge Papers quarterly, and to follow us on social media:

www.jubilee-centre.org

www.relationshipsfoundation.org

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## About Sallux

Sallux is an association that acts as the political foundation for the European Christian Political Movement (ECPM) and provides Pan-European co-operation and the introduction of analysis, ideas and policy options. Sallux wants to build bridges between the opposites and to find common ground as we need a relational approach to life, economy and society. Sallux means "Salt and Light". Sallux wants to spark a salted debate where needed and shed light on the issues we face.

www.sallux.eu