The Effects of Major Corporations Paying Low Wages

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Major corporations today are making millions of dollars in profits at the expense of their lowly paid employees. In the recession that hit the country a few years back, it became evident that the most affected were lowly paid employees. As corporations continue to reap more profits, employees continue to struggle as the cost of living and inflation skyrockets. This essay seeks to bring out the glaring issues that surround low wages among employees in major corporations.

In their bid to reduce the cost of production, many corporations opt to pay employees low wages or outsource jobs to individuals willing to work for minimum pay. The free labor market is the main reason corporations are underpaying their valuable employees (Stevans & Sessions, 2006). The issue of wages, therefore, affects the law of demand and supply where employees' productivity determines how much the employer can pay them. It is evident that minimum wages directly affect employment turnover as many employees get recycled since they cannot maintain one permanent job for significant periods of time (Neumark & Wascher, 2011). Part-time employees are mostly affected in this situation, where they are disrespected and mistreated by their employees.

Paying low wages to workers exposes them to a hard life, principally because of lack of job security. Anytime their lives are disrupted, they undergo immense mental stress especially because they get no sick days off or paid sick leaves. Employers in such situations are harsh and tough on them. Even the few who get paid sick leaves become victimized, which denies them their basic rights. In this era of health care insurance, low paid workers get locked out of premium health care coverage (Shulman, 2005). Even the few workers with paid sick leave usually fear retaliation from their employers which prevents them from taking it. Whenever an employee reports to work after sickness, they are likely to find themselves having been replaced without prior notice.

When corporations pay low wages to their employees, it leads to serious social problems where families are broken and raising kids becomes a problem. In a capitalist world like America, many families have been forced to shelter in the street because they cannot afford decent homes. Makeshift homes become a norm, as the cost of living increase keeps on skyrocketing (Shulman, 2005). Social inequality between poor and the rich is a fundamental fact in our current society. The rich continue to become rich as they exploit the weaknesses of the underprivileged in the society. It is widely known that many teenagers resort to the streets and engage in crimes because their families cannot afford to school them. Consequently, school attendance becomes significantly low in a society where individuals depend on meager wages to sustain their families. Low pay also lead to social problems like drug use and abuse by parents and their children. The result is a defunct society that is characterized by early deaths, the spread of deadly disease and drug addiction because of psychological pressure (Stevans & Sessions, 2006).

In conclusion, low wages significantly reduce competition among employees with fewer sets of skills. In a competitive environment where survival is primary, the quality of work output is seriously compromised by employees willing to be underpaid. Other companies for instance Wal-Mart in a bid to push their competitors out of business, increase their low wages to employees. While corporations are against raising the minimum wages, there is need to prioritize employees as they play a major role in business development. Major corporations continue to reap mega-profits as their employees struggle to make ends meet. This situation needs to be checked so as to bring out the synergy between employers and their employees.

References

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