



Isle of Man Chamber of Commerce

Minimum Wage 2027

SUMMARY OF WHAT BUSINESSES TOLD US, WITH
DETAILED ANALYSIS OF THE PULSE CHECK RESULTS

Isle of Man Chamber of Commerce

September 2026

Summary of what businesses told us

Thank you to the 137 businesses that responded to Chamber's minimum wage pulse check.

The findings show that the pressures identified during the 2025 debate have not eased. For many employers, they have intensified and are now affecting decisions about recruitment, staffing, opening hours, training, prices and investment.

Chamber's position is that the statutory minimum wage should not increase in April 2027.

Businesses need a period of stability to absorb the cumulative impact of recent increases, protect jobs and entry-level opportunities, rebuild margins and create the conditions for investment and growth.

The headline findings

What members told us	%	
Wage compression remains an issue	83%	
Concern remains about employing and training young or inexperienced people	79%	
The overall impact is greater than in 2025	69%	
Wider employment costs are significant or very significant	78%	
Employees do not receive the full headline benefit after tax and National Insurance	72%	

What has changed in practice

Members report that increased employment costs have already changed business decisions.

46%

had reduced recruitment or left vacancies unfilled.

40%

had delayed growth or expansion.

39%

had reduced staff numbers.

37%

had reduced employee hours.

27%

had restructured roles.

27%

had invested more in automation or technology.

The main messages from members

- A minimum wage increase affects the wider pay structure because businesses must recognise skills, experience and responsibility.
- Employer National Insurance, pensions, holiday pay and other on-costs mean the real increase is greater than the headline hourly rate.
- Businesses are becoming less willing or able to recruit apprentices, trainees and inexperienced workers.
- Many businesses cannot continue passing higher costs to customers without reducing demand or losing competitiveness.
- The pressure is most visible in hospitality, but it is also reported across construction, care, retail, manufacturing, education, professional services, finance and the charity sector.

In members' own words

"We have had to implement additional wage increases at all levels. This has cost our business in excess of £200,000 extra per year and has not fully resolved the issue."

UPPER-MEDIUM MANUFACTURING AND ENGINEERING BUSINESS

"We have reduced the number of entry-level opportunities we can offer and are more likely to recruit someone who already has experience and can work independently."

MEDIUM HOSPITALITY BUSINESS

"There is a ceiling to what customers are willing or able to pay. We therefore have to absorb part of the increases through reduced margins, while also reviewing staffing hours, recruitment and other expenditure."

MEDIUM HOSPITALITY BUSINESS

What Chamber is asking for

Chamber will ask the Minimum Wage Committee to recommend no increase for April 2027. We will also ask the new administration to consider how Income Tax and National Insurance thresholds could improve take-home pay more directly, and to strengthen support for apprenticeships, traineeships and first-job opportunities.

[Click here to read Chamber's full submission to the Minimum Wage Committee](#)

Detailed analysis

The evidence shows that the pressures identified in Chamber's 2025 consultation have not eased. They have broadened through pay structures, hiring decisions, investment and pricing.

Respondents most consistently describe a cumulative problem: the statutory rate affects more than minimum-wage employees, while tax, National Insurance, pensions, holiday pay and wage differentials amplify the cost.

Executive findings

- **97 of 117 respondents (83%)** say wage compression remains an issue; 62 say the impact has increased.
- **85 of 107 (79%)** remain concerned about employing and training young or inexperienced people.
- **70 of 101 (69%)** say the overall effect is greater than in 2025.
- **77 of 99 (78%)** describe wider employment costs as significant or very significant.
- **71 of 99 (72%)** do not believe employees receive the full benefit once Income Tax and National Insurance are considered.

The most common business responses are higher prices, lower margins, reduced recruitment, delayed growth, fewer staff or hours, and delayed investment.

Respondent profile

Organisation size	%	
1-9 (Micro)	39%	
10-50 (Small)	34%	
101-249 (Upper-medium)	12%	
51-100 (Medium)	7%	
Sole Trader	5%	
250+ (Large)	4%	

The largest sector groups were tourism, hospitality and catering (39), retail and consumer services (16), financial and insurance services (13), construction, property and trades (11), and manufacturing and engineering (8).

Wage compression and pay differentials

SURVEY QUESTION Members previously told us that minimum wage increases were creating pressure to increase pay across the wider workforce, in order to maintain appropriate differentials between roles, skills and levels of responsibility. Is this still an issue for your business?

Response	%	
Yes – and the impact has increased	53%	
Yes – broadly the same	28%	
No	12%	
Not applicable	5%	
Yes – but the impact has reduced	2%	

Members describe a ripple effect through the whole pay structure. Employers are increasing the wages of experienced staff, supervisors and managers to recognise skills and responsibility. Where they cannot preserve differentials, respondents report weaker incentives to progress, retention difficulties and dissatisfaction among skilled staff.

“The last minimum wage increase cost my business around £27k a year. To cover that I require approximately £110k of new business at last year’s margins.”

SMALL BUSINESS, FOOD MANUFACTURING

“We have had to implement additional wage increases at all levels. This has cost our business in excess of £200k extra per year and has not fully resolved the issue.”

UPPER-MEDIUM MANUFACTURING AND ENGINEERING BUSINESS

Recruitment, staffing and growth decisions

SURVEY QUESTION Members previously told us that rising employment costs could affect decisions around recruitment, staffing levels and working hours, as well as encouraging greater use of outsourcing or automation. Have minimum wage increases affected any of the following in your business?

Operational decisions linked to increased employment costs	%	
Reduced recruitment or vacancies unfilled	46%	
Delayed growth or expansion	40%	
Reduced staff numbers	39%	
Reduced employee hours	37%	
Restructured roles	27%	
More automation or technology	27%	
Increased outsourcing	13%	
No significant impact	18%	

Percentage of respondents answering this question.

The results show that the impact is not confined to redundancies: it is also appearing through vacancies left unfilled, constrained hours, restructured jobs and growth that does not proceed.

Young people, apprentices and entry-level work

SURVEY QUESTION *Members were concerned that higher starting wages could make it more difficult to employ and train young people, apprentices, trainees and inexperienced workers. Is this still a concern for your business?*

Response	%	
Yes – and the impact has increased	46%	
Yes – broadly the same	32%	
No	11%	
Not applicable	8%	
Yes – but the impact has reduced	2%	
None of the above	1%	

Open comments repeatedly describe employers choosing experience over potential because training time and supervision now come with a high starting cost. Some have stopped apprenticeships, traineeships, work experience or first-job recruitment altogether. Others have reduced their intake or become more selective. This creates a risk that a policy intended to improve living standards reduces access to the experience needed for future earnings and progression.

“We have reduced the number of entry-level opportunities we can offer and are more likely to recruit someone who already has experience and can work independently.”

MEDIUM HOSPITALITY BUSINESS

“We have stopped recruiting young people and trainees and instead automate or contract out outside the Isle of Man.”

SMALL MANUFACTURING AND ENGINEERING BUSINESS

Prices, margins, investment and viability

SURVEY QUESTION *Members previously told us that higher employment costs could not always be absorbed and would ultimately result in higher prices for customers. How has your business responded to increased employment costs?*

How businesses have responded to increased employment costs	%	
Increased prices	61%	
Absorbed costs through lower margins	50%	
Reduced staffing or hours	35%	
Reduced or delayed investment	33%	
Reduced other expenditure	31%	
Changed ways of working or productivity	18%	
No significant changes	7%	

Percentage of respondents answering this question.

Price increases are the most common response, but half have also absorbed costs through lower margins. Many comments say the capacity to pass on further increases is now narrowing as customers reduce spending or resist higher prices.

SURVEY QUESTION *Compared with 2025, how would you describe the impact of minimum wage policy on your business today?*

Response	%	
Significantly greater	42%	
Somewhat greater	28%	
About the same	19%	
No significant impact	7%	
Positive overall impact	2%	
Less significant	2%	
Not sure	1%	

"We have passed on costs, but it is becoming increasingly difficult to do so."

SMALL HOSPITALITY BUSINESS

"Construction projects are based on a bill of quantities. Any wage increase has to be absorbed because it cannot be passed on to the client."

SMALL CONSTRUCTION BUSINESS

The total cost of employment

SURVEY QUESTION *The headline hourly wage is only part of the cost to an employer. How significant are these wider employment costs for your business now?*

Assessment	%	
Very significant	44%	
Significant	33%	
Manageable	13%	
Minimal	6%	
No impact	2%	
Not applicable	1%	

The open responses identify employer National Insurance, pensions, holiday pay, sick pay, insurance, uniforms, training and supervision, administration, benefits and the cost of maintaining wage differentials. The practical concern is that an increase in the hourly floor multiplies through these costs and across employees already above the minimum.

Employee benefit and the tax interaction

SURVEY QUESTION *Do you think employees are seeing the full benefit of minimum wage increases once Income Tax and National Insurance are taken into account?*

Response	%	
No	72%	
Unsure	22%	
Yes	6%	

Respondents frequently propose changes to personal allowances or National Insurance as a more direct way to improve take-home pay. Chamber should treat this as a policy issue requiring Treasury analysis rather than assume that every suggested tax change is fiscally achievable. The strong message is that wage policy, tax thresholds and employer on-costs should be assessed together.

Themes from open comments

Theme	What members reported
Cumulative pressure	Minimum wage rises coincide with weaker demand and increases in utilities, food, freight, insurance and regulation.
Limited pass-through	Customers are resisting higher prices; some businesses report lower footfall, volume or sales after increases.
Entry-level displacement	Employers increasingly prefer experienced workers, stop traineeships, or replace entry-level work with automation or offshore provision.
Sector exposure	Hospitality is most visible, but similar effects appear in care, construction, education, retail, manufacturing, professional services and finance.
Predictability	Members want modest, staged and signalled changes rather than large adjustments or late policy shifts.

About the pulse check

The survey received 137 responses from Chamber members and the wider business community across 15 sector categories.

Micro businesses, sole traders and businesses with 10–50 employees made up 107 responses (78%).

Tourism, hospitality and catering accounted for 39 responses (28%).

Questions were optional, so the number answering each question ranged from 99 to 117. Percentages use the number who answered the relevant question, not all 137 respondents.

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