

Leeds University Business School – Research and Innovation Podcast

Episode 23: The benefits of being a Living Wage Employer

Speakers: Calum Carson and Dan Howard

Calum: Hello, and welcome to the Leeds University Business School's Research and Innovation Podcast. I'm Dr Calum Carson, an academic researcher here at the department, and today I'm joined by Dan Howard, programme manager at the Living Wage Foundation. We'll both be talking about the UK Living Wage Campaign, both in terms of what the campaign is and what its aims and objectives are, and my own PhD research on the campaign and its impact across Britain over the past two decades. So, Dan, I think a good introduction to start with would be for you to give us a brief indication of what the UK living wage is and what the Living Wage Foundation does.

Dan: Hi, Calum, yes, thanks for having me. So, the real living wage is the only rate that is calculated based on what it costs to live, and the rate is currently £10.85 in London and £9.50 in the rest of the UK. So, the rate is calculated based on a basket of goods that every family needs to get by, and then that, sort of, basket of goods is taken by the Resolution Foundation and turned into an hourly rate of pay that employers can pay all of their workers to make sure that they have enough to meet their everyday needs.

Calum: That's great, thank you. For my own part, the majority of my academic research to date has been centred around the UK Living Wage Campaign which I worked on from 2016 to 2020, and this has focussed on four particular aspects of the movement. Basically why individual employers decide to voluntarily adopt the living wage, how they experienced the implementation process of becoming officially accredited employers with the campaign, how workers being paid the living wage rates of pay feel about it, and about the fact that their employer is doing it voluntarily, and how the campaign itself has developed since it first began back in 2001. And what I found through interviewing individual employers across the UK as to why they decided to adopt the living wage was that organisations tend to do it for a mixture of ethical and strategic reasons. A lot of time they do so because they think it's the right thing to do, and then later on they find out there are organisational impacts, like getting a higher quality of candidate at the interview stage and workers staying longer in their roles because they feel more

respected by their employer, or the organisation enhances its public reputation by being seen as somebody that treats their workforce well. And, Dan, I know you got to a lot of meetings with prospective living wage employers about why they decided to become accredited, so if you could talk a bit about that?

Dan:

Yes, definitely. I think all those things you said, Calum, are right. I think most often employers do come to us and want to accredit as living wage employers because they see it as the right thing to do. And I think it's interesting that, you know, during the pandemic we've actually seen more and more employers coming to us because they've seen this as a time when they feel that this is something they should be doing to protect their workers from in work poverty. And, like you said, you know, they come to us because it's the right thing to do, but then they do see those business benefits. So, all those things you mentioned, you know, increased staff motivation, increased loyalty, better... yes, better candidates at interviews. And I think the point that is becoming increasingly important is this, sort of, appearing as an ethical business to consumers.

I think we're seeing more and more that consumers are concerned about where they spend their money and where that's going to. And we've seen a lot of, yes, employers coming to us because that's something they are concerned about, and maybe they have seen their competitor has become a living wage employer and they want to make sure they're not being left behind and not being seen as someone that isn't paying the real living wage. And I think that that's going to be an issue that carries on becoming more and more important. We're seeing lots of these, sort of, apps that you can get now where you can track your spending and the living wage is a part of that, and people can see how much money they are spending at living wage employers. So, yes, all those things you've said are completely right.

Calum:

It's been heartening to see that accreditations are still going up, even through the pandemic. I remember, it was in the second year of my project, the National Living Wage came in, and the government's kind of enhanced rate, and there was a lot of worry around the country and in the foundation about whether this was the end for the campaign, but all you saw was accreditation shooting up even more.

Dan:

Yes, yes, exactly. I think it was testament to the success of the Living Wage Campaign that the government rebranded the

minimum wage as the National Living Wage. And obviously that was a huge success for lots of low paid workers, they have seen their earnings rise a result of the National Living Wage. So, I think you can see that as one of the successes of the campaign for a living wage. But yes, like you said, we've actually seen accreditations continue to go up, continue to rise, and I think it's important to make that distinction between the National Living Wage and the real living wage because the government's National Living Wage isn't based on the cost of living, only the real living wage is based on that. And I think, you know, we always have to make that point of differentiating between the two now, which I think is a slight complication that that has brought in.

But yes, other than that, I think we've seen the campaign continue to grow and gain strength, and, yes, obviously the government's ambition to increase the National Living Wage might mean that the gap between the National Living Wage and the real living wage narrows, but we'll carry on doing the work that we're doing until it gets to the point where the National Living Wage actually does meet the cost of living.

Calum:

It's been amazing to see the campaign go from strength to strength through the project rather than tailing off at some point. One of the main insights that I found through my research is through talking to workers being paid the living wage and how it wasn't just a higher rate of pay that was important to them, but also things like a guaranteed number of hours of work a week, or the existence of an employer that is flexible when out of work issues arise, things like that that are more widely discussed under the banner of decent work, and it's been interesting at the same time as I was finding this out, that the foundation itself was going through its own period of thinking, should we embrace this decent work agenda more fully? And that's led to the introduction of the living hours campaign that the foundation are now leading on as well, which I was wondering if you could give a brief introduction to?

Dan:

Yes, definitely. So, I mean, like you said, wages are only one part of the problem to solving in work poverty. I think that's something we've always been aware of, even back in 2001 when the original Living Wage Campaign started, when there was listening being done with low paid workers, it wasn't just wages that were the issue for those workers, it was also, you know, number of hours, security of hours, but the living wage was

chosen as a campaign focus because it was easy to understand and it was seen as something that was winnable.

But yes, over the past few years, as we've seen precarious work increase on the public agenda and people becoming more and more aware of it, we started to do a, sort of, consultation with workers, with trade unions, but also with living wage employers as well, and really harnessing that... the network we have of employers that want to do the right thing, to see what good would look like on working hours and security of hours. And that culminated in, yes, our living hours programme which launched in June 2019, and we actually announced our first accredited living hours employers in October last year who were Aviva and Standard Life Aberdeen. And yes, living hours, very briefly calls on employers to offer a guaranteed minimum of 16 hours a week to every worker unless they request fewer, a contract that reflects the hours that they work, and four weeks' notice period of all shifts as well.

Calum: It's a really interesting development, and I think that you can see that this has already gone beyond the campaign, you know, there are now decent work accreditation charters around the country, asking employers to not only pay the living wage but also guarantee workers regular hours. You can see this Manchester, for example, with their good employment charter that's run by the council, or in the capital where the Mayor of London has the good work standard, where he is encouraging employers to voluntarily sign up to it to, you know, do things like living hours and pay the living wage. So, it definitely feels like the living wage campaign has really launched into this area more fully now after starting with just a focus on hourly rates of pay and that there is now a real focus on the wider roots of the issues on low paid work as precarious and insecure forms of work have become more widespread since they began in 2001.

Dan: Yes, and I think it's a really exciting space for us to be in. And I think, as I mentioned there, you know, we've got this network of over 7000 accredited living wage employers, and it's really about working with them to see, you know, what more they can do for their lower paid staff and they, yes, offer a unique opportunity to work with them to find out, you know, what is going to be a good standard that going to deliver for low paid workers, but, you know, what we are concerned with as well is making sure that these standards are operational and can be put in place. I think we need to work in the world as it is. So, it's really about trying to

strike that balance between, yes, delivering for low paid workers but also working for businesses as well.

Calum: Absolutely. And I think we would both encourage the listeners of this podcast to go to the website, which is livingwage.org.uk and take a look at what organisations are already doing and who are already paying it so they can support them with their own custom. Or indeed if they are in a position in their own workplace to suggest it or bring it in themselves, to have a look at the resources around that too, and how they can become officially accredited living wage employers with the campaign.

Dan: Definitely, yes. I mean all that information is there on our website, you can see all of the living wage employers, all the information about the living wage and all the different work that we do. So, yes, please do go and have a look at the website.

Calum: That's great, and it's just livingwage.org.uk. Thank you for joining us today, Dan.

Dan: Thank you for having me.

Calum: And I hope you've all enjoyed this, and thanks for listening. I hope you've enjoyed the show.