

Institution: Cardiff University		
Unit of Assessment: Business and Management Studies (17)		
Title of case study: Strengthening uptake of the Living Wage across the UK		
Period when the underpinning research was undertaken: 2015 – 2020		
Details of staff conducting the underpinning research from the submitting unit:		
Name(s):	Role(s) (e.g. job title):	Period(s) employed by submitting HEI:
David Nash Edmund Heery Deborah Hann	Senior Lecturer Professor Senior Lecturer	01/10/2003 – present 31/12/1995 – 31/12/2020 01/01/2011 – present
Period when the claimed impact occurred: 01/01/2015 – 31/12/2020		
Is this case study continued from a case study submitted in 2014? No		
1. Summary of the impact (indicative maximum 100 words) <p>More than 5 million workers across the UK are in low-paid work and rates of in-work poverty are increasing. The campaign for the Living Wage, a voluntary wage standard intended to provide low-paid workers with a decent standard of living, is a civil society response to these problems. Cardiff Business School research informed the strategies and campaigns of organisations that promote the Living Wage across the UK. By providing employers with tangible evidence of the benefits of signing up to the standard, the research played an integral role in increasing accreditation. It also provided an evidence base for public policy in Wales, leading to significant growth in accreditation and delivery of Welsh Government's commitment to promoting the Living Wage.</p>		
2. Underpinning research (indicative maximum 500 words) <p>The Living Wage is a voluntary labour standard based on actual UK living costs. A full-time worker paid the £9.50 Living Wage will receive more than £2,000 in additional wages over a year compared to the current Government minimum wage – equivalent to nine months of a typical family's food and drink bill. The Living Wage was launched by Citizens UK, which set up the charitable Living Wage Foundation to promote the standard and accredit employers. Despite the importance of this response to tackling the issue of in-work poverty across the UK, approximately 5.2 million workers still earn less than a living wage.</p> <p>Heery and colleagues began research on uptake of the Living Wage in 2015, employing a mixed-method design, comprising three main elements [3.1, 3.2]:</p> <ol style="list-style-type: none"> 1. the creation of a database of all accredited Living Wage Employers, containing detailed information on their location and characteristics, the number and types of workers that have benefited, and the monetary value of this benefit; 2. a 2016 survey of all accredited Living Wage Employers (834 responses - 30%); 3. an interview and observation programme that provided qualitative data on the Living Wage campaign and the response of employers and trade unions (interviews with more than 90 campaigners, employer and trade union representatives, supplemented by reports on dozens of campaign meetings and public events). <p>The significance and value of this research lies in its breadth of coverage. Other research into the Living Wage in the UK concentrates on particular sectors or subsets of employers. Cardiff's database is the only one revealing a comprehensive picture across the whole of the UK and the team has conducted the only survey of all accredited employers. Forging a long-term cooperative relationship with the Living Wage Foundation also gave the researchers access to data to develop quantitative measures of the impact of the Living Wage campaign.</p> <p>This original research data informed reports on the Living Wage [3.1, 3.2], and through subsequent additions, underpinned peer-reviewed papers and book contributions providing</p>		

further insights into the extent of accreditation across the UK. Key research findings [3.2, 3.4, 3.5, 3.6] include:

2.1 Diffusion of the Living Wage

- Accredited employers were found disproportionately in the not-for-profit sector and in relatively well-paying industries, such as finance, professional services, and IT.
- Low-paying industries and areas had relatively few Living Wage Employers.
- Scottish and Welsh Governments used a range of soft policy instruments, including economic incentives, to promote the Living Wage in the absence of hard power to legislate (employment law is not a devolved matter). As a result:
 - Scotland has the highest accreditation rates and impact in the UK;
 - Wales has a relatively high rate of accreditation, ahead of all English regions bar London.

2.2 The impact of the Living Wage on business

- Employers benefited from enhanced corporate reputation, reduction of reputational risk, improved staff retention (52%), and improved workplace relations between staff and managers (59%);
- 20% reported that being Living Wage employers helped secure contracts with private sector clients and 25% with the public sector.

2.3 The impact of the Living Wage on employees

- An estimated minimum of 212,359 workers (disproportionately part-time, employed by contractors and working within female-dominated occupations) have secured a pay increase;
- The total value of the Living Wage for workers in the period since 2011 is estimated as £1.26B.

The Cardiff team's findings provided a substantial evidence base which organisations could use to inform their accreditation strategies and campaigns.

3. References to the research (indicative maximum of six references)

[3.1] Heery, E., Hann, D. and Nash, D. (2018) 'Trade Unions and the real Living Wage: survey evidence from the UK', *Industrial Relations Journal*, 49 (4), 3190-335. <https://doi.org/10.1111/irj.12224>.

[3.2] Heery, E. et al. (2017) The Living Wage campaign in the UK, *Employee Relations*, 39 (6), 800-814. <https://www.emeraldinsight.com/doi/full/10.1108/ER-04-2017-0083>

[3.3] Heery, E. et al. (2020) 'Political devolution and employment relations in Great Britain: the case of the Living Wage', *Industrial Relations Journal*, 51 (5) 391-409. <https://doi.org/10.1111/irj.12306>

[3.4] Heery, E. et al. (2017) *The Living Wage – Employer Experience*, Cardiff University

[3.5] Heery, E. et al. *The Living Wage in Wales* (2016), Cardiff University

Both [3.4] and [3.5] available from HEI on request.

[3.6] Heery, E. et al. (2018) *Employers and the Real Living Wage: Responding to Civil Regulation*, Chartered Institute of Personnel and Development Research Paper, PDF

4. Details of the impact (indicative maximum 750 words)

The Cardiff team's research on Living Wage accreditation provided an extensive picture of adoption to date, demonstrated the tangible benefits for employers, and strengthened the business cases for paying a Living Wage. This evidence base: i) shaped the campaigning

work of Living Wage advocate organisations across the UK and ii) informed advocacy and campaigns for the Living Wage in Wales.

4.1 Shaping campaigns and strategies of UK-wide Living Wage advocate organisations

Campaigners, civil society organisations, and charities used the research data showing direct benefits to employers [3.4] to promote and win support for the Living Wage.

a. Living Wage Foundation (LWF)

The Cardiff team collaborates closely with the LWF, which uses the research to inform UK-wide campaigns, strategic direction and policy development. The survey findings occupy a central place in the communications strategy of the LWF. Katherine Chapman, Director of the LWF, confirmed that *“this evidence has proved essential in persuading business to adopt the Living Wage measure, and to improve employment terms for all their staff, including their third party contracted workforce, to whom low pay is often outsourced”* [5.1]. Cardiff’s research findings are cited throughout LWF campaigns to demonstrate the positive impact of the Living Wage on groups including employers, local authorities, and employees on low incomes, and to promote its uptake (for example, in the charity sector) [5.2]. Chapman confirmed that *“since incorporating the evidence of the business case into our general employer recruitment in April 2017, we have accredited more than 3,800 organisations, providing an increase in pay to nearly 80,000 workers employed by those businesses”* [5.1]. In the last year alone, uptake of the real Living Wage has resulted in £257m in extra wages going to low-paid workers.

Chapman also stated that: *“The intelligence that we continue to gather from Cardiff Business School has aided the Foundation in reflecting upon and creating our strategies and business planning”*, including impact data and providing insight into improving retention of accredited employers [5.1]. The finding that low-paid sectors (typically social care, retail and hospitality) have relatively few Living Wage employers [3.2] encouraged the LWF to target recruitment activity at these sectors as this *“additional breakdown of data that Cardiff Business School shared with us on an industry-specific level has enabled us to target the lowest-paid industries in the UK in a positive and constructive way”* [5.1]. For example, the LWF launched a Living Wage for Key Workers initiative in March 2020 to boost Living Wage coverage in social care. From March – December 2020, 87 social care employers became accredited and reported that 4,306 employees received pay increases [5.3]. This is a 14.5% increase in employer accreditation and a 92% increase in employees benefitting compared to March-December 2019 (76 social care employers accredited and 2,242 employees directly benefitted) [5.3].

b. LWF – ‘Living Hours’ scheme

The 2016 survey also gauged employer support for other aspects of good employment practice. Chapman confirmed: *“Through Cardiff’s Employer Experience research, we knew that there was strong appetite in the Living Wage network to do more with the Foundation, and to establish practical new measures to further improve the lives of low paid workers”* [5.1]. One example of how the LWF acted on this knowledge was launching the ‘Living Hours’ scheme in 2019 to tackle insecure and precarious work practices – a key driver of the UK’s increasing level of in-work poverty. A Living Hours pilot with British insurer Aviva [5.2] focused on extending notice periods for shifts to enable employees to plan their lives, manage family responsibilities, and receive a steadier income. Following this pilot, Aviva determined that Living Hours played *“a crucial role in providing people with financial security, clarity and certainty”* [5.2]. Aviva and global investment organisation Standard Life Aberdeen became the first accredited Living Hours Employers in October 2020, committing to providing employees with a guaranteed minimum of 16 hours per week, at least four weeks’ notice for each shift, and guaranteed full pay for cancelled shifts.

c. ShareAction

ShareAction, a responsible investment charity, which partners with the LWF and targets the FTSE100, also benefitted from using Cardiff’s evidence to make a persuasive case to employers. The charity began using the research in its campaign materials in 2017, during which time it has been in contact with 95% of FTSE100 companies encouraging them to adopt the real Living Wage. Research findings have been incorporated into its published Investor

Briefing, referenced in 64 investor letters to FTSE350 companies, and underpinned 64 questions asked at shareholder meetings [5.4].

Mara Lilley, ShareAction's Campaigns Manager, noted that *"drawing on findings of this kind is essential in persuading business executives that they should adopt higher labour standards"* and that *"aside from Cardiff Business School's research, there is very little research to evidence the business case on this important topic"* [5.4a]. Since 2017, 13 FTSE100 companies have become accredited Living Wage employers, including Barratt Developments, Reckitt Benckiser, and Severn Trent Water [5.4a, 5.4b]. An estimated 7,529 employees across the 13 FTSE100 companies accredited since 2017 have benefitted (an estimated £13.1m in extra wages). In the same period, other leading businesses adopted the standard without seeking accreditation. ShareAction confirmed that *"the ability to use the Cardiff research to demonstrate that there is an empirical basis for the business case for the Living Wage has been integral to these successful outcomes"* [5.4a].

4.2 Living Wage campaign and advocacy in Wales

Widespread adoption of the Living Wage standard is of particular importance for Wales, where more than one in five workers earns less than the Living Wage. The Cardiff team's work [3.2, 3.5] revealing relatively few Living Wage employers in Wales compared to Scotland persuaded *"the LWF that they needed an on-the-ground body to accredit employers in Wales"* [5.5]. This led to the recruitment of sustainable development charity Cynnal Cymru as a partner of LWF to promote and accredit the Living Wage in Wales. Sarah Hopkins, the charity's Director, confirmed that, since Cynnal Cymru's appointment in 2017, *"there has been a dramatic increase in the number of accredited employers; from 70 employers in 2017 to 240 today with an uplift to thousands of employee wages"* [5.5].

Cynnal Cymru has made *"extensive use of the group's research on the business benefits of the Living Wage"* as it is *"often used successfully by middle management teams reporting to senior management or boards of directors to persuade them to accredit"* [5.5]. The Cardiff team's dataset of Living Wage employers also helps the charity decide where to focus activity. This is beneficial as *"our resources are limited and it is important to have research evidence that shows where there are gaps in accreditation in Wales"* [5.5].

The Deputy Director of Citizens UK (which launched the Living Wage campaign) confirmed that the research team's 2017 report [3.3] led to the creation of a dedicated team supporting the strategic direction of the campaign in Wales: *"In response to the report, and with a desire to increase the number of accredited employers in Wales...Citizens Cymru Wales created the Living Wage for Wales Leadership Team, bringing together campaigners, employers, politicians, trade unionists and others to focus on the task of co-ordinating their efforts to promote the Living Wage in Wales"* [5.6]. Membership of the Team includes representatives from Cynnal Cymru, Citizens UK, Welsh Government, Cardiff Council, and a range of employers. The combined campaigning activity achieved *"considerable success"* in persuading organisations to adopt the Living Wage, including the Children's Commissioner for Wales, Safer Wales, South Wales Police and Crime Commissioner, Sport Wales, Transport for Wales, and the Welsh Revenue Authority [5.6].

a. Providing an evidence base for public policy in Wales

The Deputy Director of Citizens UK confirmed that the research substantially supported the development of public policy in Wales, stating that *"as a result of this research [3.5], participants from Cardiff Council and Welsh Government developed policies to extend the Living Wage into their procurement processes and to adapt other forms of financial leverage to promote the Living Wage"* [5.6]. For example, Cardiff Council now pays the accreditation costs for SMEs based in the city (85 SMEs were accredited between June 2016 and January 2020) [5.6].

The 2017 report [3.3] was cited in a motion (raised by Labour Assembly Member Jane Hutt) and subsequent debate in the National Assembly for Wales on 12 December 2018 [5.7]. Hutt drew on Cardiff's report findings in her calls for measures to support more employers to adopt the Living Wage, including calling on the Fair Work Commission to take action to promote the

Living Wage in Wales. Cross-party Assembly Members also cited the research findings extensively in their support for the successful motion [5.7].

b. Fair Work Commission

Huw Morris, Welsh Government's Director of Skills, Higher Education and Lifelong Learning, confirmed that *"the research was one of the factors that led the Welsh Government to establish a Fair Work Commission in 2018"* [5.8] to recommend ways to address Welsh labour market problems, including low pay. Heery was appointed to the Commission where his *"involvement was welcomed particularly because of his expertise on the Living Wage"* [5.8].

Heery drew on Cardiff's underpinning research – particularly those findings on limited take-up of the Living Wage in Wales and the positive impact for employers [3.2, 3.5] – to provide an evidence basis for the Commission's work. The Commission made a series of recommendations regarding the Living Wage, including that the Welsh Government should actively promote the standard. These recommendations, underpinned by Cardiff research, were fully accepted by Welsh Government in 2019. A Directorate of Social Partnership and Fair Work has been established within the Office of the First Minister to implement the recommendations [5.8].

Welsh Government also strengthened its commitment to the Living Wage, adopting the position that all organisations in the Welsh public sector and in receipt of public funding should pay employees a Living Wage. All organisations receiving public funding must now sign up to a *Code of Practice: Ethical Employment in Supply Chains*, which requires them to demonstrate how and what consideration has been given to paying the Living Wage [5.9].

c. Increasing accreditation of Welsh universities

The research informed policy requiring Welsh universities to adopt the Living Wage. Information the Cardiff team provided on the gap between take-up of the Living Wage in Welsh universities, compared to take-up in England and Scotland, *"led to government action to improve the situation in Wales"* [5.8] and, as a result, *"Welsh higher education now has the highest level of Living Wage adoption of all UK higher education sectors"* [5.8]. All Welsh universities have since become accredited, as have the Higher Education Funding Council for Wales (HEFCW) and two students' unions, ensuring that nobody employed on their campuses earns less than £9.50 per hour.

In summary, Cardiff research has been *"invaluable in providing the 'business case' for [Living Wage] accreditation"* across the UK [5.1]; shaping the campaigns and strategies of key organisations promoting the standard across the UK; and underpinning public policy in Wales. This led to increased accreditations, new initiatives, and strengthened commitments, all of which either directly or indirectly impact on tens of thousands of low-paid, precarious workers.

5. Sources to corroborate the impact (indicative maximum of 10 references)

- [5.1] Testimonial from Katherine Chapman, director of the Living Wage Foundation
- [5.2] Living Wage Foundation website. Including living hours final report, living wage funders and case studies
- [5.3] From an analysis of the dataset of all Living Wage employers maintained by the Cardiff team on behalf of the LWF. Figures available from HEI on request
- [5.4] **a.** Testimonial from Mara Lilley, Campaigns Manager, ShareAction **b.** Example of Living Wage Foundation online database showing employers who are Living Wage accredited
- [5.5] Testimonial from Sarah Hopkins, Cyfarwyddwr-Director, Cynnal Cymru-Sustain Wales
- [5.6] Testimonial from Deputy Director of Citizens Cymru-Wales
- [5.7] Senedd Motion and debate, National Assembly for Wales, 12 December 2018
- [5.8] Testimonial from Welsh Government (Skills, Higher Education and Lifelong Learning)
- [5.9] Mark Drakeford MS, First Minister of Wales, Written Statement: Living Wage Week