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# The Living Wage campaign in the UK

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## Abstract

**Purpose** – This paper presents an account of the UK campaign for the voluntary Living Wage, an example of civil regulation. The purpose of this paper is to identify and characterize the actors involved in the campaign, describe methods used and examine direct and indirect consequences of the campaign.

**Design/methodology/approach** – A mixed-method design is employed, reflecting the broadly framed purpose of the research. The research used semi-structured interviews with campaigners, union representatives and employers, observation of campaign activities and the creation of a database of Living Wage employers.

**Findings** – The campaign originated in the community organizing movement, but has involved a broad range of labor market actors, both “new” and “old.” A continuum of campaigning methods has been used, stretching from community mobilization to appeals to employer self-interest and corporate social responsibility. The campaign has recruited 3,000 employers, led to wage increases for thousands of workers and registered indirect effects by shaping the policies of governments, employers and unions.

**Originality/value** – The research presents a novel account of the UK’s distinctive Living Wage campaign, a notable example of the civil regulation of the labor market.

**Keywords** Trade unions, Civil regulation, Civil society organization, Living Wage, Low pay

**Paper type** Research paper

## 1. Introduction

At a ceremony at the British Library in October 2016, Sadiq Kahn, Mayor of London, announced the new rate for the London Living Wage of £9.75 per hour. Simultaneously, Carwyn Jones, First Minister of Wales, and Nicola Sturgeon, First Minister of Scotland, announced that the out-of-London Living Wage was rising to £8.45 per hour. All three announcements were jointly arranged by Citizens UK and the Living Wage Foundation (LWF), the associated civil society organizations behind the UK Living Wage campaign. The announcements themselves were examples of what has been described as “civil regulation” (Williams *et al.*, 2011), the unilateral formulation of standards and norms of good management practice by civil society organizations that they seek to have adopted by employers. Regulation of this kind has attracted growing attention from researchers as a rising feature of developed economies (Freeman, 2005).

This paper aims to provide an account of the Living Wage campaign. To this end, it considers three issues. First, it identifies and considers the nature of the “new actors,” which have generated the Living Wage campaign, noting their distinguishing characteristics and the types of relationship they have developed amongst themselves as well as with traditional industrial relations actors. Second, it examines campaign methods, drawing a distinction between pressure tactics on the one hand and pro-business methods eliciting positive employer support on the other. Third, the paper presents original data on the outcomes of the Living Wage campaign, including evidence on the growth of the campaign,

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the number of employers that have signed up to the Living Wage standard and the number and types of workers that have received higher wages. This section also considers the indirect outcomes of the campaign, including its influence over government policy and the policies of unions.

The centerpiece of the Living Wage campaign is the Living Wage itself, an hourly rate of pay that is intended to provide full-time workers with a modest but reasonable standard of living. When employers sign up to the Living Wage standard, they undertake to pay the Living Wage to all employees aged 18 and those who work at least two hours per day and for eight consecutive weeks per year. Importantly, employers also undertake to pay the Living Wage to indirect workers, that is, employees of contractors or self-employed workers who work on the employer's premises, again for two hours per day and for at least eight consecutive weeks. The purpose of this provision is to combat the potentially erosive impact of outsourcing on the earnings of low-wage workers, such as cleaners, catering and security staff (Wills, 2008). It is possible for accredited employers to phase in this element of the Living Wage, introducing the higher rate of pay for instance when existing contracts expire.

Another defining feature of the Living Wage is that it is based on a calculation of the income needs of low-wage workers. From 2016, a common methodology was adopted for calculating the London and UK rates by the Resolution Foundation. An important feature of the method used is that it is based on research into the expenditure needs of different types of low-wage households: single and dual earner households, those with and without children and so on. The final rates are therefore aggregated estimates of different sets of worker needs. The rates themselves are meant to provide for a decent, albeit modest standard of living, and are not conceived as minima: they include the costs of leisure activity and personal development as well housing, transport, council tax and childcare. Finally, although the rates are derived from estimates of worker needs, there is some acknowledgment of the constraint of affordability, and the annual increase in the Living Wage is capped at the annual uprating of the consumer price index plus 3 percent (D'Arcy and Finch, 2016).

If employers sign up to the Living Wage standard, they are formally accredited by the LWF and can display the Living Wage logo at their premises and in their publicity. As a condition of accreditation, employers must agree to increase the pay of those who receive the Living Wage on annual basis. Each year, new London and out-of-London rates are announced in Living Wage Week in early November. Employers are then given six months to implement these new rates. Failure to uprate or to apply the Living Wage to all workers who fall within the standard's criteria can result in the withdrawal of accreditation.

In addition to the accreditation of Living Wage Employers, introduced in 2011, the LWF has subsequently developed two additional, supplementary standards. First, there is accreditation available for Living Wage Service Providers, which are contracting businesses undertaking to pay the Living Wage to their head office employees and to include an estimate based on the payment of the Living Wage whenever they bid for work from corporate clients. The purpose of this standard is to ensure that there is a supply of cleaning, catering and other contracting businesses, which are geared to pay the Living Wage if their clients require them to do so. Second, Living Wage Friendly Funders are funding organizations which provide grants to charities where the Living Wage must be paid to employees working on grant-funded activities as a condition of their grants. The charity sector is characterized by a low pay, and the purpose of the Friendly Funder standard is to use grant-funding as a means of tackling this problem. These additional standards are designed to remove constraints in the relationships between organizations which make it difficult for employers to pay the Living Wage.

## 2. Research

Our inquiry into the Living Wage campaign was broad and exploratory, and made use of a range of methods of data collection. The principal methods were as follows.

First, we conducted a series of more than 40 semi-structured interviews with representatives of institutions involved in the Living Wage campaign, including Citizens UK, the LWF, the TUC and several of its member unions and a number of employers' associations. The interview net was deliberately cast widely to identify a range of perspectives upon and experiences of the campaign. The trade union interviews, for instance, included both lay representatives and paid officers and gathered material from a wide variety of unions. Interviews were conducted between March 2015 and November 2016.

Second, we observed campaign activities in both Cardiff and London, coterminous with the interview program, including attendance at meetings of activists, Citizens UK assemblies, delegations to meet politicians, campaign actions, and conferences and seminars organized to promote the Living Wage. These meetings provided an opportunity to discuss the campaign informally with activists, union representatives and employers. In a large proportion of these observed activities, we were participants, reflecting our own involvement in the Living Wage campaign.

Third, we developed a database of all accredited Living Wage employers and Service Providers, drawn partly from the material collected by the LWF and partly from publicly available data taken from Companies House, the websites of the employers themselves and a range of other sources. The database contains a profile of all employers which currently are or have been accredited by the LWF and provides evidence of the types of employers that sign up to a voluntary civil regulation.

This mixed-method research design, bringing together qualitative and quantitative methods, was considered appropriate, given that the aim was to examine the Living Wage campaign in the round. Qualitative data have been used to examine the motives, meanings and methods of the campaign, while our numerical evidence has allowed us to make more definite statements about campaign outcomes than would otherwise be the case. The research has been pragmatic in its orientation, drawing on a range of techniques to develop a broad account of the Living Wage campaign[1].

### 3. Actors

A notable theme in Industrial Relations Research in recent years has been the interest in "new actors," formal institutions other than trade unions, employers and state, which shape the world of work but until recently attracted little attention within the field (Heery and Frege, 2006). A particular focus has been on new institutions of worker representation, including quasi-unions, charities, and campaigning and social movement organizations. Commentary on institutions of this type has often focused on three issues. The first concerns their origins and purpose, with commentators emphasizing their location in the new, identity-based social movements that emerged from the 1960s onwards and their focus on "post-material" interests, such as the recognition and validation of marginalized groups. Winning respect rather than redistributing income is said to be the hallmark of these institutions (Piore and Safford, 2006). The second issue concerns the governance of new actors and their relationship to the working people they aspire to represent. Freeman (2005) has characterized these institutions as "non-worker organizations" because they typically lack a membership base amongst workers or formal systems of democratic leadership and accountability, and tend to be grant-funded rather than generating income from member-subscriptions. The final theme concerns the interrelationship between new actors, in particular, the prevalence of networking and coalition-building amongst organizations of this type (Heckscher and Carré, 2006). It has also been noted that coalition-building can embrace more traditional actors, and union-community coalitions have become a focus of interest amongst scholars researching new forms of worker representation (Tattersall, 2010).

The principal institution behind the Living Wage campaign is Citizens UK, the British arm of the American citizenship movement. Indeed, the campaign itself is an American import, an attempt to reproduce the success of the US Living Wage campaign within the UK

(Wills and Linneker, 2014). The citizenship movement itself dates to the 1930s, and the pioneering work of Saul Aulinsky in Chicago, and emerged as part of the wave of social movement activity that characterized the period of the New Deal, a wave that also encompassed the revitalization of the American labor movement (Walls, 2015). The core objective of Citizens UK is to promote community organizing. Its mission is defined in procedural rather than substantive terms in the first instance therefore: to develop community organization so that poor and marginalized communities have the capacity to pursue whatever substantive goals improve their condition. To this end, the training of community “leaders” in campaigning methods is a central activity of Citizens UK.

The substantive goals pursued by Citizens UK in its campaigning include, in addition to the Living Wage, are: improved job opportunities for inner-city communities; the upgrading of social care in the interests of both care-givers and receivers; support for refugees, including safe-passage to the UK for unaccompanied child refugees; and a Citysafe initiative to help vulnerable youth escape from gang culture. Much of this activity seeks to promote the interest of migrants and of ethnic minorities as, particularly in its early years, the Living Wage campaign was rooted within immigrant communities in East London. The campaign has also sought to recognize and validate the valuable work performed by low-wage workers, making the hidden labor of cleaners, security guards and caterers visible. There is an agenda of respect and recognition in the Living Wage campaign but apart from in this sense, it is not “post-material.” Rather, the campaign is emphatically redistributive, an anti-poverty campaign that is intended to produce significant, tangible and immediate improvements in the material condition of low-wage workers.

Citizens UK is a membership organization, whose membership comprises other organizations on whom it is dependent for subscription income. The majority of its members (51.4 percent) are religious organizations, a characteristic it shares with the citizenship movement in the USA (Walls, 2015). In fact, this figure underestimates the religious character of the membership as many of the educational institutions that are affiliated are faith schools, while affiliated community organizations also often have a religious character. The religious membership itself is ecumenical, drawn from Christian, Islamic and Jewish faiths, and includes representatives of different confessional traditions within each religion. The other main group amongst the membership comprises educational organizations, including primary and secondary schools, colleges, universities, university departments and student unions. Other members include community groups catering to particular ethnic populations, local action groups and trade union branches. With the exception of the trade unions, and organizations like the Workers Educational Association, they are “non-worker organizations,” but many have either democratic constitutions or means of consulting their primary constituency. They rely on a multiplicity of sources of funding. Finally, the membership of Citizens is organized into local chapters, reflecting a commitment to community-level organization and campaigning. There are chapters in all parts of London, in major English cities, smaller towns, such as Milton Keynes, and in Wales, each with their own set of affiliates and a governing board comprised of community leaders.

While Citizens UK is the originator of the Living Wage campaign, it has worked closely with a range of other institutions, and a feature of the campaign has been the extensive network of organizations. At the center of this network is the LWF. LWF was created by Citizens in 2011 to oversee the Living Wage campaign, in large part because the latter’s success was threatening to swamp Citizens’ other activities. Its purpose is to promote the Living Wage and to recruit and accredit employers to the three standards described above. The accreditation fees are a major source of funding for LWF, though it also receives its grant income from charitable foundations for aspects of its work. There are also distinct regional dimensions to the Living Wage campaign in the form of the Poverty Alliance in

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Scotland and Cynnal Cymru in Wales. These organizations have been described as franchisees in that they are contracted to promote the Living Wage within their respective countries, acting jointly with but also in lieu of LWF. The Poverty Alliance is a long-established anti-poverty umbrella organization whose work on the Living Wage is funded by the accreditation fees of Scottish employers and by a grant from the Scottish Government. Cynnal Cymru is a charity, initially set up by the Welsh Government to promote sustainable business within the Welsh economy and only assumed responsibility for promoting the Living Wage in Wales in early 2017.

In 2016, the Living Wage Commission (LWC) was created, initially to oversee the review of the method of calculating the Living Wage. It has since been retained as a body that can review the campaign and oversee future developments in the policy. Neither LWF nor LWC is a formally representative institution, though they have a range of mechanisms for consulting stakeholder groups. Both have advisory boards comprised of leading accredited employers, representatives of anti-poverty charities, church leaders and the TUC. LWC, moreover, commissioned the Resolution Foundation, the research and policy charity focusing on those in the lower half of the income distribution, to undertake an extensive consultation exercise with employers, unions and anti-poverty campaigners prior to revising the Living Wage methodology.

Other organizations have worked with Citizens or with LWF on particular projects or at particular points in time. Bodies like Trust for London, the Rowntree Foundation, Comic Relief and the National Council for Voluntary Organizations have either funded LWF projects or developed joint initiatives with them. Share-Action, the campaigning organization that mobilizes shareholder pressure to secure changes in business policy, has worked with LWF to encourage leading businesses, such as ITV, to become accredited Living Wage employers. Other organizations have acted independently and incorporated the Living Wage into their own, separate campaigns. Oxfam has included the Living Wage as an objective in its UK anti-poverty strategy, while in Wales, the Bevan Foundation, an independent social policy think-tank, has conducted research on the Living Wage and formulated proposals for its spread within the Cardiff Capital Region.

This pattern of joint work with Citizens and LWF, but also of acting independently to promote the Living Wage, can be seen amongst traditional industrial relations actors. Trade unions, as we have seen, are among the affiliates of Citizens UK and the Poverty Alliance and are represented on the advisory board of LWF and on LWC. Individual unions have also joined with Citizens in Living Wage campaigns directed at individual employers (Lopes and Hall, 2015; Wills, 2008). Much union work to promote the Living Wage, however, has taken place independently of Citizens, as unions have adopted the Living Wage standard in collective bargaining and in their own, independent campaigning (Prowse and Fells, 2016a, b).

Employers have also been amongst the organizations that have promoted the Living Wage, again sometimes doing this in partnership with Citizens and LWF and sometimes acting independently. Examples of the latter can be seen in the efforts of employers' organizations to promote the Living Wage. Brighton and Hove Chamber of Commerce has promoted the Living Wage to its member businesses, while chambers in other parts of country have run seminars for members, occasionally in conjunction with regional offices of the TUC. In addition, a number of employers' associations have negotiated industry agreements with trade unions to guarantee the Living Wage for the workers who are employed directly by their members; for example, the employers' organization for further education in Wales, and UCEA, the universities' employer body.

Employer action to promote the Living Wage in partnership with Citizens, and LWF has tended to be the province of individual employers. LWF has a number of "principal partners" who support the organization and promote its work, including KPMG, IKEA,

Aviva, Nationwide, Nestlé, QMUL, GSK, Linklaters and Burberry. Support from these organizations has assumed a number of forms, ranging from providing resources to seeking to recruit fellow-employers to the Living Wage standard. Employers are the subject of civil regulation, therefore they can also be its authors and help diffuse the standards through the business community.

The final actor that has become involved in the campaign is the state, in the form of a number of local authorities and the devolved governments of Scotland and Wales. The UK government has not been an active promoter of the Living Wage, though some parts of central government have signed up to the Living Wage standard. The Scottish Government, the Greater London Authority, 16 London Boroughs, big city authorities in Cardiff, Birmingham, Manchester and Nottingham, and a number of smaller local authorities, such as Cambridge and Milton Keynes have been particularly active supporters of the Living Wage. The actions they have taken include: funding the campaign through directly hiring organizers or making grants to the Poverty Alliance; promoting the Living Wage through procurement activity, which has included the Scottish Government issuing advice to the public sector on the lawfulness of Living Wage procurement and a number of local authorities including the Living Wage in lists of fair employment practice that they seek to have adopted by suppliers; providing a tax-incentive for local employers to pay the Living Wage through a reduction of the business rate; promoting a dialogue over the Living Wage between trade unions and public employers within national social partnership forums; and urging prominent local employers either publicly or privately to pay the Living Wage. As an example of the latter, Boris Johnston, then Mayor of London, wrote to all London-based Premier League clubs and asked them to follow Chelsea's lead in paying the Living Wage. Notwithstanding austerity, therefore, parts of the UK public sector continue to evince a "model employer" commitment, acting as agents for the diffusion of good employment practice.

#### 4. Campaigning

Research on new institutions of worker representation, including the Living Wage campaign, often emphasizes their ability to mobilize worker protest in social justice campaigns (Tapia, 2013). The effectiveness of this protest, coupled with media exposure, in pressuring public authorities and individual employers into concessions is also noted (Bunyan, 2016; Wills and Linneker, 2014). For some commentators on these new actors, success in mobilizing civil society to pressure those who are powerful is a defining feature. There are other currents in the literature on the methods of civil society organizations, however, which point in different directions. One current considers the relationship between civil society organizations and government. An influential distinction made in this regard is between "insider" and "outsider" organizations, the former accepted by government as a trusted and expert partner in the development of public policy, while the latter keep their distance from government and seek to shape policy through campaigning (Grant, 2004). Another line of analysis has focused on the relationship between new actors and employers. Here, research has noted the centrality of direct relations with employers for many civil society organizations and their use of membership schemes and partnership arrangements to try and shape employer behavior (Heery *et al.*, 2012).

Citizens UK has relied upon Living Wage campaigns directed at individual employers to spread the Living Wage standard. Early targets included public services in East London and financial institutions in Canary Wharf though subsequently campaigning activity has spread to encompass all of Citizens' local chapters. The methods used by Citizens in these campaigns varies, depending on circumstances including the degree of employer resistance, but three methods are particularly common. First, has been the use of public "actions" to publicize the campaign and exert pressure on the employer, which include demonstrations,



pickets, and other forms of protest (including, on occasion, occupation), invariably accompanied by the use of social and other media to raise awareness. The participants in these actions typically are activists from Citizens' member organizations, often with support from religious congregations, students and trade unionists. Low-wage workers themselves, likely to benefit from the Living Wage, may play a role but in many cases this is not the case, largely because of the difficulty of mobilizing vulnerable workers employed by contractors. The second method does involve low-wage workers and is the use of worker testimony to make a moral case for the Living Wage. Presentations or video clips of workers testifying to the hardship of living on a low-wage feature repeatedly in Citizens' campaigns, reflecting a broader use of testimony by social justice organizations, which is intended to expose those who are powerful to the consequences of their decisions. Testimony of those who have received the Living Wage is also used, attesting to the positive effect the Living Wage has had on their lives. The third method is to identify points of vulnerability of employers, in order that pressure can be applied. Examples include launching a campaign when public attention is focused on the targeted organization and its reputation is susceptible to pressure or seeking to exert influence through funders, investors or purchasers of the organization's goods or services. Living Wage campaigns often share characteristics with "strategic campaigns" used by the labor movement (Juravich, 2007), in that activist mobilization is accompanied by the identification of additional levers to pressure targeted organizations.

In many respects, Citizens acts toward government as a classic "outsider" organization. It has a policy of not taking funding from government organizations (though some of its partners do so) and its main form of intervention in public policy are "accountability assemblies," at which politicians are urged to offer support for Citizens' program, including the Living Wage, in front of a large audience of activists. Assemblies of this kind are a notable feature of community organizing (Walls, 2015) and have been used by Citizens to win concessions from politicians in London mayoral elections, elections to the Welsh Assembly and Scottish Parliament and the 2015 General Election. They exhibit a number of "outsider" characteristics. While the assemblies are studiously polite – no booing or jeering is allowed – they are held to exert direct pressure on politicians, with community leaders engaging in "pinning," trying to clarify and deepen the commitment given through questioning politicians before the assembly. The dynamic of such meetings involves mobilizing activists to exert pressure on politicians rather than relying on expertise or legitimacy to shape policy formulation, as an insider might do.

In other respects, however, Citizens does follow an insider course. One of the objectives of accountability assemblies is to win a commitment from politicians that, once elected, they will work with Citizens to implement its program. Following the 2016 Welsh Assembly election, for instance, Citizens Cymru delegates met with all of the main party leaders, apart from UKIP, to explore what action could be taken to promote the Living Wage and arranged for a point of contact, a senior civil servant, with whom Citizens could work on policy development. More generally, Citizens seeks to develop cooperative relations with politicians and other policy makers and its organizers and community leaders are often very well networked. Moreover, in the manner of other insider organizations, Citizens uses research and expertise to promote its agenda.

Citizens' relationship with employers also faces in different directions. On occasion, Citizens has deliberately targeted employers resistant to paying the Living Wage and run prolonged campaigns using mobilizing tactics and expressing sharp criticism (Bunyan, 2016). On other occasions, however, Citizens has selected employers likely to be receptive to the Living Wage, with the tenor of these campaigns, at least in their early stages, being constructive and cooperative. The recruitment of the British Library, for instance, began when two Citizens activists from a local church wrote to the chief executive

and requested a meeting to discuss the Living Wage. Moreover, a notable feature of Citizens' campaigning activity is the visible rewarding of employers who do sign up. Rewards can range from activists baking a cake for a small business owner who has become an accredited Living Wage employer to public acknowledgment of the commitment of employers at public assemblies and in the media. It can also include worker testimony, an expression of thanks to the employer.

The activity of the LWF is directed primarily at employers and is overwhelmingly positive in orientation, appealing to employers to join its campaign to tackle in-work poverty and recognizing their contribution when they do so. This positive orientation to employers has a number of aspects. First and most obviously it is seen in the accreditation of employers who agree to implement the Living Wage standard. Accreditation permits organizations to badge themselves as responsible employers and this recognition is reinforced through other measures, including the identification of Living Wage Champions whose achievements are celebrated publicly during Living Wage Week. Second, the Foundation articulates a strong "business case" for the Living Wage, seeking to persuade employers that they will reap performance benefits if they adopt the standard, and it has commissioned a number of research studies that seek to demonstrate positive effects for accredited organizations (Werner and Lim, 2016; Heery *et al.*, 2017). Third, recruitment is focused directly on employers themselves with Foundation organizers using employer networks, business and professional organizations to contact potential members. Fourth, the Foundation has tried to strengthen the incentives for employers to be accredited through its own publicity. A notable feature of this effort has been an attempt to promote Living Wage employers to individual consumers. The Foundation's website has an interactive map, which can be used to identify Living Wage cafés, restaurants, shops, and other service businesses in a local area. The Foundation also widely uses social media to advertise Living Wage businesses. Many of the methods used by the Foundation can be seen in other civil society organizations and its repertoire of accreditation, celebration and incentivising business is shared with a range of other campaigning organizations (Williams *et al.*, 2011).

While the new actors involved in the Living Wage campaign have used methods that are common to civil society, traditional actors have tended to rely upon their own distinctive approaches. Trade unions, for instance, have participated in Citizens' Living Wage Campaigns but the primary method has been to include the Living Wage within collective bargaining (Prowse and Fells, 2016a). Collective agreements on the Living Wage have been negotiated by unions at both industry and individual employer levels, often resulting in the withdrawal of the bottom points in pay scales and a guarantee that the Living Wage will be the minimum rate for direct employees. Action of this kind conforms to a long union tradition of negotiating bottom-loaded pay settlements that benefit the low-paid. Unions have occasionally also taken strike action to try and secure the Living Wage as with BECTU's long-running dispute with the Ritzy cinema chain. On other occasions, the Living Wage has been secured as part of settlements to other, broader disputes with employers; for example, at the National Gallery in London and in NHS Wales.

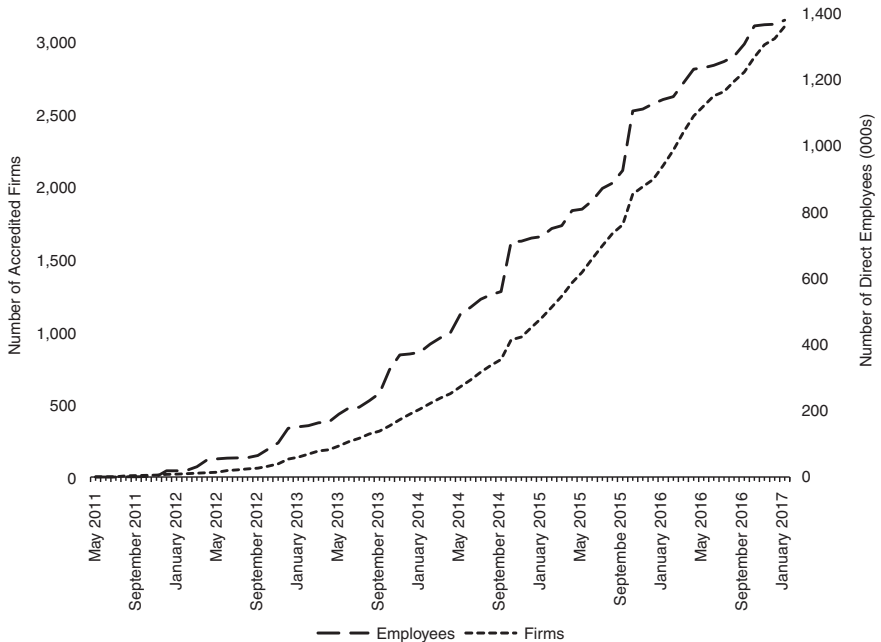
Government institutions have also used traditional methods to promote the Living Wage. Unlike in the USA, where the Living Wage has been introduced through local city ordinances (Bernhardt and Osterman, 2017), the state's power as legislator has not been used. The Living Wage remains a voluntary standard and has been promoted by UK public institutions through a variety of non-legislative policy levers. Public bodies have themselves become accredited, using the state's role as employer to promote the standard and provide a model for other employers. The state's role as purchaser has also been used, through procurement, seeking to diffuse the Living Wage amongst supplier businesses. On occasion, the state's fiscal power has been used through reductions in the business rate for accredited employers, while governing institutions have used their funding power to subsidize the

payment of the Living Wage by both public and private employers. For example, NHS Wales receives a grant from the Welsh Government to fund the Living Wage, while the Scottish Government has effectively underwritten the cost of the Living Wage across social care. The traditional methods that governments have used to promote good employment practice have been set to work anew in promoting the Living Wage.

### 5. Impact

To conclude, we consider the impact of the Living Wage campaign, focusing on three issues. First, we examine the success of the campaign in attracting employer support, presenting evidence on the extent of accreditation. A central purpose is to assess whether accreditation has spread broadly across different types of employer or whether it is concentrated amongst organizations with particular characteristics. Second, we examine the impact on employees, considering who and how many have benefited directly from the Living Wage. The ultimate purpose of the Living Wage is to produce a significant increase in pay for large numbers of low-paid workers. We assess whether this objective has been attained. Finally, we consider the indirect effects of the Living Wage and gauge whether the standard has registered ripple effects, leading to increases in pay for workers employed beyond the ranks of accredited employers.

Although the Living Wage campaign was launched in the early 2000s it was not until 2011 that accreditation of employers by LWF began. Figure 1 shows the cumulative trend in the number of accredited employers and in the number of employees directly employed by these organizations between 2011 and January 2017. At the latter point there were 3,125 accredited Living Wage employers who directly employed 1.4 M workers, about 4.6 percent of the UK employed workforce. In addition, there were 89 Approved Service Providers, including major facilities management business such as OCS and Sodexo, and 19 Friendly Funders, including, amongst others, the Big Lottery, Comic Relief and Trust for London.



**Figure 1.**  
The growth of Living Wage accreditation, 2011-2017

The record of accreditation is strong therefore, especially in view of the short period of time in which it has been achieved. It also compares well with other, equivalent systems of voluntary regulation. At the start of 2017, the Government's Disability Confident, Two Ticks scheme, launched in 1990, had 3276 employers[2], while the membership of Stonewall's Diversity Champions and of the Business Disability Forum stood at 700 and 228 employers, respectively.

Table I shows the distribution of accredited Living Wage Employers across four criteria: sector, industry, geographical location, and employer size. The table indicates that the Living Wage standard has spread broadly across the UK economy. Nevertheless, it is apparent from the table that there are points of concentration and that certain types of employer and employers in particular contexts have been more likely to become accredited. The following observations can be drawn from the table.

With regard to sector, it is clear that there is a particular concentration of Living Wage accreditation in the not-for-profit sector. The Living Wage is an employment standard that has emerged from civil society and civil society organizations – charities, campaigning organizations, faith and educational organizations – have been most receptive to its adoption. Many of the latter themselves have an explicit anti-poverty or social justice mission and signing up to the Living Wage has been an expression of the basic purpose of organizations of this kind.

A notable feature of the industry distribution is that there are concentrations of accreditation in a number of relatively high-paying industries. These industries include professional, scientific and technical services, information and communication and "other services." It can also be noted in this regard that most of the large banks have been accredited. This pattern partly reflects the strategy of the Living Wage campaign, which in its early years, focused on highly profitable businesses in the City of London that could well afford to pay more to low-wage workers. It also reflects the capacity of organizations in

	%		%
<i>Sector<sup>a</sup></i>		<i>Location<sup>a</sup></i>	
Private sector	54.5	Northern Ireland	0.4
Not-for-profit sector	38.0	Scotland	24.6
Public sector	7.5	Wales	2.9
<i>Industry<sup>a</sup></i>		England	72.1
Agriculture and mining	0.3	London	31.5
Manufacturing	6.3	South East	9.2
Utilities	1.2	South West	5.5
Construction	4.4	East of England	4.1
Wholesale and retail	6.2	East Midlands	3.1
Transport and storage	1.3	West Midlands	4.0
Hospitality	2.6	Yorkshire and Humber	5.2
Information and comms	7.1	North East	1.9
Finance and insurance	3.6	North West	7.8
Real estate	4.0	<i>Employer size<sup>b</sup></i>	
Professional services	13.3	< 10	28.2
Admin and support	9.4	10-49	40.3
Public administration	4.6	50-249	18.5
Education	8.1	250-499	4.1
Health and social work	13.8	500+	8.9
Arts and entertainment	2.3		
Other services	11.5		

**Notes:** <sup>a</sup>n = 3,125; <sup>b</sup>n = 2,998

**Table I.**  
Distribution of accredited Living Wage employers

these industries to absorb the costs of Living Wage: many are both profitable and have relatively few workers on low pay. Accreditation is more challenging in other industries, such as retail and hospitality, where low pay is common and the cost implications of becoming accredited are more significant. In these industries accreditation is at a modest level and is largely concentrated amongst business providing niche and high value services. None of the main supermarket, hotel, fast-food or coffee chains have so far become accredited Living Wage employers[3].

The main points of geographical concentration for the Living Wage are London and Scotland, which together, account for more than half of accredited employers. One explanation for this pattern is that campaign resources are concentrated in these locations. The citizenship movement first developed in London and has particularly strong local chapters there, while in Scotland the campaign has been able to draw upon the established strength of the Poverty Alliance. In other parts of the UK the citizenship movement is a later implant, launched *de novo*. Another explanation is that there has been strong support for the campaign from local politicians and public bodies. The Greater London Authority and several London Boroughs were early and active supporters of the campaign and in Scotland it has been backed strongly by the SNP-led government. Political devolution has enabled Living Wage campaigners to build concentrations of accreditation.

The majority of accredited employers are small and medium-sized enterprises, reflecting the open recruitment policy of the LWF and the modest charge for accreditation. The lower membership levels of Stonewall and the Business Disability Forum reflect the higher charges levied by these organizations and their policy of targeting large corporates and public service organizations. The difference in recruitment policy is only one of degree, however. There are 196 accredited Living Wage Employers with 1,000 or more employees and the ranks of accredited organizations include 45 universities/university colleges, 55 local authorities and 32 companies listed on the FTSE 100. Attracting organizations of this scale has been important to the Foundation, partly because of their profile but also because the impact of accreditation is much greater when large employers with multiple contractors sign up to the standard.

The distribution of accreditation across the four criteria suggests that a combination of push and pull factors have been at work. The variation is partly a function of the Living Wage campaign and priorities and resources committed to recruiting employers. It is also a product of context, however, and reflects the constraints and opportunities that campaigners have faced in their task. The recruitment effort has been pushed toward priority targets but has also been pulled along paths of least resistance.

While accredited employers have a combined workforce of 1.4 million, only a fraction of this workforce benefits directly from the Living Wage. The LWF collects information at the point of accreditation on the number of workers who have received a pay increase, together with their characteristics: whether they are full-time or part-time, directly or indirectly employed or based in London or the rest of the UK. By the end of 2016 this information had been collected for just over 2,300 employers (72 percent), who reported that more than 90,000 workers had had their pay increased as a result of accreditation. Extrapolating from this figure, the LWF has estimated that about 120,000 had benefited directly across the entire population of accredited employers. In many cases these workers will have received a substantial pay increase, well in excess of 10 percent if they were paid at or close to the statutory minimum wage beforehand. The number of direct beneficiaries is, however, only a small percentage of the total number of workers who are paid below the Living Wage across the UK – estimated to be six million employees in 2014 (ONS, 2015). What this suggests is that the voluntary regulation of low pay through the Living Wage should be conceived of as a complement, a means of adding to the redistributive effect of statutory regulation of wages and of tax and benefit policy rather than as an alternative to these methods.

The Foundation's data indicate that two-thirds of direct beneficiaries are part-time workers, reflecting the strong association between low pay and part-time employment. Many of the beneficiaries identified in LWF publicity and in our own interviews worked in jobs characterized by part-time work, such as cleaners, food service workers, care assistants and administrative assistants. The high proportion of part-timers amongst direct beneficiaries also indicates that women workers have been most likely to be impacted by the Living Wage. The Foundation's data also reveal that a substantial percentage of beneficiaries are indirect workers, employed by contractors. More than a third (36 percent) of those paid the Living Wage fall into this category, demonstrating the value of the contracting component of the Living Wage standard. Finally, most of those gaining (86 percent) do not work in London and are paid the lower, UK-wide Living Wage rate. The relatively small percentage of beneficiaries in London is perhaps surprising given the concentration of accreditation in the capital and is probably due to the fact that many large employers have headquarters in London but a workforce that is distributed across the country.

In addition to its direct impact on low pay, the Living Wage can generate indirect effects. The Living Wage has been incorporated into collective bargaining and adopted by trade unions, employers and local and devolved government as a policy objective. The effect of this response on the part of traditional IR actors has been to spread the Living Wage beyond accredited employers. Quantifying this indirect effect is difficult but available evidence suggests that the effects are substantial. The NHS in both Scotland and Wales has adopted the Living Wage, leading to pay increases for thousands of workers, in local government about half of all authorities have introduced the standard at least in part (Prowse and Fells, 2016a, b) and there has been substantial adoption in further and higher education and in the arts, museums and galleries. Beyond public services, supermarket chains Aldi, Lidl and Morrison's, either guarantee the Living Wage to direct employees or use the standard as a reference point, while some of the main property developers require that it form the minimum pay rate on construction sites (Land Securities, 2016). In many of these cases payment of the Living Wage is not extended to the employees of contractors but it is still the case that large numbers of workers have gained from the "non-accredited" Living Wage.

The other main indirect effect has been on public policy. In April 2016, the UK Government introduced the National Living Wage, a higher level of statutory minimum wage for employees aged 25 or over, and pledged that over time this new rate would rise to two-thirds of median earnings. Although the NLW has been subject to widespread criticism it will have a significant redistributive effect, increasing pay for about 1.6M workers (Low Pay Commission, 2016). The most obvious way in which the Living Wage campaign has influenced this policy has been in the appropriation of the "living wage" label, a development that has caused considerable difficulty for Living Wage campaigners. Beyond this, gauging influence must necessarily be speculative but it is likely that the campaign has raised the salience of low pay as a political issue and also raised the expectation that employers could and should do more to tackle in-work poverty. Prior to the introduction of the NLW, the Living Wage had won the support of prominent Conservative politicians, such as Boris Johnson and Ian Duncan-Smith, and, while calculation of political advantage and the decision to reduce public expenditure on tax-credits were the primary drivers behind the Government's decision, the Living Wage campaign provided a conducive context. Legislation to introduce a higher statutory minimum wage was introduced in the shadow of civil regulation.

## 6. Conclusion

The Living Wage is a notable example of the civil regulation of the employment relationship and forms part of a growing trend for private, voluntary forms of regulation to supplement

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more traditional methods derived from collective bargaining and the use of law. In this article we have developed a broad account of the Living Wage campaign, focusing on three issues: the identity and characteristics of the key actors; the methods of campaigning used, and the outcomes of the campaign. Our principal conclusions are as follows.

First, the Living Wage campaign originated from “new actors”: at its heart lies Citizens UK, a British outgrowth of the American community organizing movement. While Citizens might be regarded as a “non-worker” organization, it is a representative body and has drawn an array of civil society organizations into the campaign, including trade unions. Although launched by a quintessential “new actor,” the campaign is redistributive in purpose and embodies the characteristic purpose of community organizing – securing immediate and material improvements in the lives of the disadvantaged. In addition to Citizens and its sister organization, the LWF, the campaign has involved a variety of other actors, connected through partnerships, alliances, and contracts, though also sometimes acting independently. The campaign displays the networked quality that is said to characterize civil society organizations. The participants in this network include other civil society organizations but, crucially, also include traditional actors: trade unions, employers and government. It is the wide range of participating actors that is one of the most striking features of the campaign.

Second, the campaign has relied upon a range of different methods. Particularly in its early years but also still today, there has been use of what Bunyan (2016) describes as “agitational” methods, which rely on mobilizing activists to pressure resistant employers. A notable feature of campaigning has been reliance on worker testimony to highlight both the penalties of low pay and the positive value of the Living Wage. Much campaigning does not take this form, however, and seeks to win the voluntary support of employers through articulating the business case for the Living Wage and relying on peer-to-peer employer recruitment. A campaigning style of this type is associated particularly with the LWF. This dualism in campaign methods toward employers has been reproduced in relations with government, where there is a mix of “outsider” and “insider” methods. Citizens UK has used citizen assemblies to win political commitment to the Living Wage but members of its network have also worked closely with public bodies to promote the standard. The final point to note about campaigning methods is that traditional IR actors have tended to rely upon their established repertoire in promoting the Living Wage. Unions have made use of collective bargaining, while devolved and local government has used the time-honored methods of procurement, fiscal incentives and subsidy to promote the Living Wage.

Third, the campaign has registered considerable success. It has recruited over 3,000 employers and has recently launched new variants of the Living Wage standard for Service Providers and charity funders. More than 100,000 workers have received a pay increase as a result of the campaign and, as employer recruitment is continuing at a rapid pace, this figure will grow. Beyond the ranks of accredited employers, many other workers have benefited from the campaign often through union action to make the Living Wage the bottom-rate within collective agreements. For union negotiators and for employers in low-wage industries, the Living Wage has become either a target or point of reference shaping wage policy. Government policy has also been influenced and the Living Wage campaign is arguably one of the contributing factors that led to the introduction of the National Living Wage in 2016.

The Living Wage campaign has generated ripple effects, influencing the substance of traditional methods of employment regulation through law and collective bargaining. Its impact attests both to the significance of civil regulation within contemporary employment relations and to the hybridization of regulatory forms. New actors, like Citizens, are increasingly visible agents of worker representation in the UK employment system

and they are an increasingly significant source of employment regulation, both directly through promoting voluntary standards and indirectly by shaping the behavior of other, more established labor market institutions.

### Notes

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2. The UK Government publishes an up-to-date list of Disability Confident employers on-line.
3. In recent years, it should be noted, the campaign has registered some success in recruiting chain retail and hospitality businesses. IKEA, Lush, Majestic Wine, Richer Sounds, Oliver Bonas and Brewdog have all become accredited Living Wage Employers, resulting in higher pay for several thousand workers.

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