

## **Winning a living wage: the legacy of living wage campaigns**

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### **Abstract**

Living wage campaigns, led by community organisations and trade unions, aim to raise wages and working conditions of some of the most vulnerable workers. Are they ultimately successful in doing this? Drawing on the first major impact study of UK living wage campaigns, recent research into employment practices in the cleaning sector and primary research with cleaners at the University of East London, we assess the legacy of living wage campaigns and what this entails for the organisations leading them.

### **Introduction**

There is perhaps no more current high profile campaign relating to low-paid workers in the UK than the living wage campaign. Since its launch by a broad-based community organisation in 2001, the campaign has secured more than £200M in additional wages to some of society's most insecure and poorly-paid workers.<sup>1</sup> This has led to higher tax receipts and savings in in-work benefits. A recent report estimated that net savings to the Treasury from the introduction of the living wage across the UK would be approximately £3.6Bn (Lawton and Pennycook 2013). Campaigns have been led by community organisations, trade unions, student unions and political parties and 'wins' have been secured across the economy in banking and financial services, healthcare, cleaning, hospitality and catering, and latterly retail. Unusually for campaigns of this kind, they enjoy cross-party support. Their success is all the more remarkable given long-term trends towards outsourcing in managerial and organisational practice and the onset in 2008 of the deepest recent global recession. Commentators have accounted for this success in terms of new organisational models

adopted by trade unions and community organisations (Wills 2008; Holgate 2009; Hearn and Bergos 2011), particularly highlighting the success of the latter in mobilising communities and non-typical actors in these campaigns.

However, while there is a growing body of research on living wage campaigns and the economic benefits of a living wage, their longer-term impacts have been little researched, especially from the perspective of workers receiving the living wage. Are there lasting benefits for these workers or are these benefits offset by contractors and clients through increased workloads and reduced hours? Such questions cannot be entirely separated from questions about the benefits accruing to clients and contractors, end-users and the community at large. A common finding, for example, is that workers receiving a living wage often feel more recognition for their work (Wills 2009). Similarly, clients and contractors often report increases in productivity as a consequence of increased staff retention and more contented workforces (Wills and Linneker 2012). Whilst such questions are linked, the distinction between a workforce struggling to manage increased workloads as a result of squeezed profit margins and a more productive - because more contented – workforce, should be clear.

Here, we draw on research (including our own) undertaken in the US and the UK to evaluate the impact of introducing the living wage. By impact, we understand the range of benefits and detriments accruing to workers, clients, contractors, end-users and the community as a result of the introduction of living wage. In doing this we leave to one side the question of whether raising the wage floor has a positive or detrimental effect on the economy and whether the way living wage is calculated favours some family forms over others.<sup>ii</sup> This is not because such questions are unimportant; it simply reflects our focus on the possible negative impact of the living wage, in particular increased job insecurity as a consequence of a reduction in contracted hours and increased workload. If, as our study suggests, the introduction of the living wage bring about greater insecurity, then supporters and

campaigners need to know. In the conclusion, we discuss possible responses to this, calling for more research on the impact of introducing the living wage. We begin with an overview of the campaign for living wage at the University of East London (UEL) from which our cohort of cleaners is drawn. We then look at existing research on the impact of living wage introduction as well as current research. We go on to present and analyse our data, finally drawing and contextualising our findings.

We note at the outset that we were both active as organisers and supporters and therefore write as academics who were heavily involved in the campaign. We address issues of bias and the relation between this research and the campaign in the methods section.

### **The living wage campaign at UEL**

UEL was one of a number of Universities in London introducing the living wage from 2007 onwards. The campaign was led by The East London Communities Organisation (TELCO), the founding chapter of Citizens UK<sup>iii</sup>, with local branches of Unison and Universities and Colleges Union (UCU), focusing primarily on outsourced cleaning workers at the university. The campaign took place against the backdrop of the outsourcing of security and catering. These workers were also covered by the living wage.

While UEL has a high percentage of black and minority ethnic students and staff, the cleaning workers as a group were, drawn mainly from Spanish-speaking South America and Portuguese-speaking Africa, with very limited levels of English.

The living wage campaign was broad-based, involving many groups and constituencies including unions, academics, students, administrators, the chaplaincy, and neighbouring institutions such as schools and churches as affiliates of TELCO. Organisers and activists

began by conducting one-to-one meetings with individual cleaners. After meetings to determine a strategy, a letter was sent to the University's Vice-Chancellor, requesting a meeting to discuss the living wage. When no meeting was forthcoming, the campaign group undertook a number of actions on campus, attracting media attention. Shortly after this the Vice-Chancellor announced that UEL would sign up to the living wage.

It began to be introduced across the University as contracts came up for re-tendering in 2011. Cleaning workers received the living wage in August 2011 when a new company with a strong ethical track record got the contract. The campaign team wrote a report one year after the implementation. While we were aware, anecdotally, that there were issues with the new contractor, the findings were unexpected. This report was sent to senior managers at the university and eventually formed the basis for a meeting between the campaign team, facilities managers and the contractor. After the meeting a number of issues raised in the report were addressed and union representatives and the contractor now meet regularly.

### **The Living Wage: impact and problems**

The London living wage campaign was launched in 2001 by Citizens UK, a coalition of community groups, schools, faith based groups and trade unions, following similar initiatives in the USA. The living wage is intended to respond to in-work poverty; it is above the National Minimum Wage (NMW) and is updated annually in November. While the NMW is set by the government's Low Pay Commission and represents "what the market will bear" (Wills 2009: 38), the Living Wage, set by the Greater London Authority, expresses the costs of living: housing, transport costs and childcare, as well as a basic basket of goods.

There is a significant body of literature evaluating of impact of the living wage, mostly in the USA. This research points to small to moderate effects on municipal budgets, increasing less

than the rate of inflation in Baltimore and allowing the bidding for municipal contracts to remain competitive or even improving their competitiveness. Moreover, studies show living wage affect mostly adult workers and their families, finding little evidence of diminished employment. Finally, evaluations of the US living wage point to raised productivity and reduced staff turnover, benefitting employers (Thompson and Chapman 2006).

In the UK, a recent study commissioned by Trust for London<sup>iv</sup> focused on costs and benefits of the London Living Wage, using a mixed methodology including case studies, interviews and survey, as well as statistical data analysis. This research confirms what anecdotal evidence previously suggested: that the wage premium was being managed down by employers and clients in different ways. In some cases, the living wage implementation led to very little increase in overall contract costs and in one case costs went down. In this case the client decided to reduce workers' hours and the frequency of some jobs. The research revealed that the introduction of the living wage meant increased costs 'that were less than might be expected in relation to the headline changes in wages' (Wills and Linneker 2012: 18). The research also suggests that the move to the living wage 'precipitated an examination of costs and renewed efforts to keep the costs down' (Ibid.). In most cases the initiative to introduce the living wage came from the client or the employer, rather than the contractor. The living wage usually became mandatory in procurement processes, while decisions about differentials were left to the tendering firms. The research concludes that 'costs associated with the living wage have to be considered in light of the power relations between the clients and their contractors, and in regard to the way in which the clients chose to manage their service.' (op. cit.:20). Moreover, the introduction of the living wage was associated with increased staff retention, improved attitude among workers and the ability to attract better staff, as well as reputational improvement (Ibid.:21-22).

The impact of the living wage from the workers' perspective was researched via a survey of 416 workers in living wage and non-living wage workplaces. Researchers found a statistically significant association between receipt of the living wage and psychological health, after adjusting for socio-economic factors. They also found that 54% of workers reported experiencing benefits from the living wage in relation to work. This was based on questions about whether they were working harder, feeling happier, more respected, more valued; having more pride in their job and being more likely to stay in the job. At one particular site, however, workers complained about the association of the living wage with cuts in number of hours, reductions in overtime and bonus payments. Financial benefits were reported by 38% of respondents and family benefits by 32%. The research also found that respondents who earned the living wage claimed less benefits than and that the move to the living wage is associated with slight household income improvement. If workers are not willing or able to claim benefits, the move to the living wage has more significant positive impact on household disposable income. A surprisingly high percentage of worker respondents (35%) reported experiencing no benefits from the move to the living wage (Ibid.: 22-34).

A recent report on employment practices in the UK cleaning sector commissioned by the Equality and Human Rights Commission similarly focused on benefits and detriments to workers, contractors and clients from paying the living wage (EHRC,2014: 39). The report interviewed 93 cleaners across the UK and developed six in-depth case studies examining procurement processes for outsourced cleaning services. These case studies were drawn from six different sectors. Three of the organisations had introduced the living wage, enabling researchers to compare conditions and practices in living wage and non-living wage organisations. Clear benefits to workers found by the report included higher pay rates, thereby obviating the need for a second job, and greater visibility and respect in the

workplace (Ibid.). Benefits to clients and contractors included a reduced staff turnover (Ibid.: 69,70), in some cases to as little as 1% (Ibid.: 15); improved service (Ibid.:72); and higher productivity rates (Ibid., :15).

However, the report also found evidence of reduced staffing levels and increased workloads, to offset the cost of paying the living wage. According to one worker, the workforce was halved when the living wage was introduced and the remaining workers were each left to do the work previously done by two staff (Ibid.: 36). Despite these negative findings the report was highly positive about the impact of the living wage campaign on the cleaning sector as whole and encouraged more firms to include it in procurement policies.

We now turn to the research undertaken with cleaners at UEL following living wage implementation in August 2011.

## **Methods**

Our research proceeded in two stages. During the first stage, a questionnaire was distributed among cleaning staff and supervisors prior to the implementation of the living wage. We received 39 responses, a 43% response rate. The questionnaire covered experience of and reasons for migrating, experience of campaigns, and union and faith-group membership. This was followed by semi-structured interviews with eight respondents in which the same issues were explored in greater depth. The respondents were chosen on the basis of their participation in the campaign, balancing gender.

In a second stage, a year after the implementation of the living wage a questionnaire was distributed, focusing on pay and working conditions, workloads, overtime and hours,

payments, grievances. Forty-one responses were received, a 46% response rate. The same themes were further explored in a focus group and seven semi-structured interviews.

Our positionality as campaign activists influenced our approach, best described as a piece of community-engaged research (Handley et al. 2010) or action-research (Wills 2014).

Partnership between the community and the researchers was built and strengthened throughout the research. The community partners collaborated in the research such as participant recruitment and data collection. Findings were disseminated to the community prior to write-up and submission of the completed article. In a very direct sense, the research was action-oriented, undertaken in the context of a campaign to ensure that the benefits of the living wage were secured. Our findings were published in a report sent to university senior managers and used as the basis for negotiation between the campaign team – comprising TELCO, Unison and other trade union representatives – and the client and the contractor. This accounts for the fact that, unlike the Wills and Linneker study (2012), only cleaning workers participated in this research and not clients, contractors or end-users. A fuller assessment of the costs and benefits of the introduction of the living wage at UEL would require broader participation but also a greater lapse of time to allow for the new contract to bed down. We are currently engaged in writing this evaluation. In this study however the research is undertaken expressly to bring about change: to give voice to a marginalised community and ensure that ownership of the campaign translates into lasting control over their work and its impacts on their lives.

### **Data analysis & findings**

A year after the implementation of the living wage, it was clear that some progress had been made. Questionnaire data showed that while in 2011 a majority (62%) of cleaning staff had



received incorrect pay, the figure dropped to 44% in 2012. Late payments also happened less frequently: they were reported by 62% of respondents in 2011, but only by 12% in 2012.

Another noticeable change was in the number of respondents who stated being a trade union member: from 46% in 2011 to 51% in 2012. Furthermore, 44% of those who stated union membership also knew who their branch representative was, demonstrating some engagement with the union.

One year on - Summary table	
experienced increased workload	56%
experienced problems taking leave	58%
have a contract	90%
have always been paid on time	88%
have always received correct pay	56%
are no better off as a result of the living wage	61%
Trade union membership	51%
Know their TU representative	44%

*n* = 41

### **Benefits from the introduction of the living wage**

While just 24% of our respondents said they were better off and only 20% said that their life had changed as a result of receiving the living wage we did nonetheless find evidence in the interviews that the pay rise made a difference. One cleaning worker responded as follows:

*Yes I am [better off]. Well, it's astonishing because in other places they pay £6 or £6.30 at most. Not even £7. So it's great that here they pay £8.30. That had a very*

*positive impact because you can really see the difference between this company and other companies. Lots of people want to work here because we earn £2.30 more than most others ... It made a big difference. [Paulo]<sup>v</sup>*

Another described its benefits as twofold:

*First, the rise itself. I know I have two more pounds than I had before. With those two pounds I can buy things I couldn't afford before and I can save up and then buy something for which I wasn't able to save up before. And there's a second thing – we are not alone; we have support. If we have a problem the union helps us and they stand firmly by us. I was very happy with that and I think we should have done it before. I believe all cleaning workplaces should be unionised, because without the union our voice can't be heard - our cries are muted. [Laura]*

Others said they used the additional money to save or purchase additional items that they would not have otherwise been able to afford.

There was evidence that cleaning workers thought the new contract was better managed with 88% of respondents saying they were paid on time. This contrasts with the previous contractor which frequently did not pay staff promptly, often underpaying them. Cleaning staff also appreciated fortnightly payments with one former supervisor characterising the benefits as follows:

*It's good because it gets easier for one to manage one's money. With one payment you pay the rent, with the following payment you pay something else... I think it's good. [Carmen]*

However, cleaning staff were also frustrated that for various reasons, separate from pay, they were not able to perform to their best abilities in their job. The following comment was typical of this frustration:

*... If they would treat the cleaners well, this would work very well. We could even do twice as much work, without being degraded. We work better if we're more relaxed and less... they don't have to humiliate us. I don't get it. If they ask us to do something, we do it. There is no need to degrade, mistreat, shout... It's a very sad situation.*[Jose]

#### **‘Evening things out’: negative consequences of living wage introduction**

However, we unveiled a range of problems including workers working without contracts, difficulties booking leave; instances of bullying and victimisation of staff that had taken an active role in the campaign. Such problems are not unusual, particularly in a campaign’s aftermath and can generally be addressed by building capacity in the trade union branch. What concerned us more was the reported increase in workloads and the reduction in the length of some contracts from 52 to 39 or 29 weeks. Regarding workloads and time allocation, 72% of respondents said they did not have sufficient time to complete their work; 56% said their work had actually increased under the new contractor as contrasted with 34% who said it had not.

When we interviewed cleaning staff, many reported that work had become more insecure, workers being sent home when there was not enough work. We explored this further in interviews. The following is a typical response:

*Before [with the previous contractor] the work was normal but now with [the new contractor] one has to do the work of two or three people...One has to clean more rooms, more corridors, you do some work in a certain floor, then you have to go to another floor and do other things....So it's a lot more work.*

In response to the question whether there was enough time to complete the work, one interviewee said:

*No, I don't have enough time. There never is enough time. If you put a little bit more into your work, if you want to do it well ... you have to be very fast because there is no time. It's two hours. For example, we have two hours to do all of the toilets in the Ground Floor ... So it's fifteen toilets that I have to do in two hours. And if I am to do it well... and I like doing it well because I always said that I do my work well. But often I go past my hours. I never finish at the same time.*

[Manuela]

Another described working with a colleague:

*Just recently I was working with a lady called Paula ... and that lady, she seems crazy. She runs and runs and runs in despair. She picks up the bags and the rubbish... I asked her: 'Paulita, what's the matter with you? Are you OK?'*

*'Why, sonny, why do you ask that?'*

*'Because you're running and running...'*

*'I have to run otherwise they say I don't do enough' [Jose]*

Moreover, 61% survey respondents said they were no better off as a result of receiving the living wage. We expected the reduction of in-work benefits to be the central reason for this.

While we found some evidence of a reduction of tax credits in some households, a number of interviewees said they were happier to be paid more and receive less in-work benefits.

However, the main reason lay elsewhere: with increased workloads and the reduction of contracts' lengths. While workers were receiving the living wage - over £2 an hour more than their previous hourly rate - their annual wage was considerably less. This in turn led to increased pressure on workloads as staff remaining carried the work of those not working and increased job insecurity. One cleaning worker described this as a process of 'evening things out'. While the hourly rate increases the overall contract is reduced and the workload is increased. Another interviewee summed the problem up as follows:

*The problem is that there is no stability. For example, when the lectures are over there is less work and so they lay off some people, so one ends up having to do double the work. The work of that worker, if they lay her off, then you have to do it yourself. But if you have to do it on top of your own, I think they should pay us double. And they pay us the same. So you do double the work and they pay you the same amount. I don't think that's right. [Manuela]*

Another commented on the insecurity of work with the new contractor:

*For example, here in East Building there were permanent cleaners from 6am to 8am and some of them stopped doing that. That's the case of Paula ... they cut her morning hours. So they told her they were going to give her more hours in halls but some days they don't call her! Some days they call her, some days they don't!*

[Alfredo]

In response to the question whether the living wage campaign had been worthwhile, one interviewee responded:

*Well... No, I don't. They do pay more, but with so much work one hardly notices it. It's like... they just demand more work and that's how they compensate for it. They pay more but now we have to do more work – a lot more actually. I'm having to clean an office, clean a glass panel, put the paper, get the rubbish, to clean the lamps... things I didn't have to do before. So that's it... they increased the workload.*

[Jose]

Another former supervisor and central activist in the campaign commented:

*No, I don't. Totally not.....When we started the campaign we thought it was going to be very different. We thought everything would remain the same but we would be earning more. That's all totally gone. Many people have preferred to quit or to look for other jobs. Specifically jobs where they can work all year round. And people have come to understand that ... how do they benefit from earning eight fifty per hour if they're going to be out of work for almost half of the year? It's better to earn less but to have security for the year for their bills, their food, their rent, and their needs .[Camilo]*

In short, many cleaning workers had been rendered more precarious as a result of the introduction of the living wage.

## **Discussion**

It was a sobering and humbling moment for us and others that had campaigned for the living wage at UEL to accept some of its negative consequences. The benefits of the campaign were principally economic. Was this a problem with the living wage as such or the way that it had been implemented at UEL? A comparison of our findings with those of Wills and

Linneker (2012) would suggest the latter. While the concept of a living wage is not unproblematic, the UEL experience is, based on the evidence collected, principally a problem of implementation, indicating the need for further attention by researchers and campaign groups. Our findings support those of Wills and Linneker that the experience of implementation can vary according to sector, the existence of a trade union, but also the diligence of facilities managers. Universities, like other public sector institutions, have seen a steady loss of operational and strategic expertise in facilities management and are at a significant disadvantage when negotiating and overseeing contracts with large-scale companies. Evidence from Wills and Linneker and the EHRC suggests that the best examples of implementation are where contract managers retain responsibility for this process rather than passing it to the contractor - for example, in auditing the total hours needed rather than leave this up to the contractor and industry standards. While we are unable to support this argument directly due to the scope of our study, the likelihood is that something similar occurred at UEL. A recent positive development in this regard is the creation of the Living Wage Foundation (LWF) in 2010. The purpose of the Foundation, set up by Citizens UK, is to recognise living wage employers through an accreditation system and to function as a resource for best practice for clients and contractors. While the bar for becoming an accredited living wage employer is set quite low it nonetheless provides a network of clients and contractors to share best practice for implementing the living wage. This goes some way towards addressing the lack of expertise in managing contracts identified at UEL and other organisations.

With respect to trade unions and campaign groups, our findings suggest that, when possible, campaign groups should remain involved and should not be content with winning the living wage alone. The existence and support of trade unions and the unionisation of the cleaning staff themselves makes this more likely. Our findings also support the call by Holgate (2009)

and others<sup>vi</sup> for better and closer co-operation between community organisations and trade unions to secure the implementation of the living wage and campaign sustainability. While there is undoubtedly a division of labour between community organisations and trade unions, it is not rigid. Workplaces are communities with ample opportunities for practicing good citizenship. On the issue of living wage implementation, lines of responsibility are blurred. Community organisations ought not to wash their hands of organisations that implement living wage irresponsibly, walking off with the ‘win’ and leaving trade unions to pick up the pieces. Conversely trade unions should not complain of encroachment onto their terrain as sustained communal relations engendered by broad-based organising will ensure that responsible implementation of the living wage.

## **Conclusion**

The experience of the implementation of the living wage at UEL shows that winning the living wage does not necessarily translate into improved job security. As much research shows workers can in fact experience detriment through the implementation of the living wage, in the form of reduced contracted hours, increased workloads and redundancy. More is needed beyond the introduction of the living wage, to ensure its benefits to workers are not negated. Community organisations and trade unions each have their part to play in ensuring and recognising the best employment and procurement practices. The establishment of the Living Wage Foundation is a positive development as a resource for ethical implementation of the living wage.



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<sup>i</sup> London Living Wage Research, Department of Geography, Queen Mary, University of London.  
<http://www.geog.qmul.ac.uk/livingwage/>

<sup>ii</sup> See for example Grover (2008) and Weldon & Targ (2003). Both argue that calculations of the living wage work against single parent families.

<sup>iii</sup> Citizens UK is an alliance of over 300 member organisations representing UK civil society in the UK. Founded in the 1990s, it brings together churches, mosques and synagogues; schools, colleges and universities; unions, think-tanks and housing associations; GP surgeries, charities and migrant groups to work together for the common good.

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<sup>iv</sup> Trust for London is an independent charitable foundation, supporting and funding work tackling poverty and inequality in London.

<sup>v</sup> All names have been changed.

<sup>vi</sup> See Symon and Crawshaw (2009).