

Institution: University of Strathclyde		
Unit of Assessment: C17 Business and Management Studies		
Title of case study: Tackling in-work poverty in the UK by demonstrating the business case for a real Living Wage		
Period when the underpinning research was undertaken: 2014 - present		
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:
Andrea Coulson	Reader	1 April 1999 - present
Ian Cunningham	Professor	1 March 1999 - present
Period when the claimed impact occurred: 2015 – December 2020		
Is this case study continued from a case study submitted in 2014? No		
1. Summary of the impact		
<p>Responding to concerns that the lack of a business case for paying a real Living Wage was hindering adoption, Strathclyde research provided evidence that Living Wage accreditation enhances financial and social capital for employers as well as improving pay and conditions for low-paid workers who are most at risk of in-work poverty. This evidence underpinned the Living Wage Foundation (LWF) campaign from 2015, persuading over 6000 companies to become accredited real Living Wage employers between 2015 and 2019 to the benefit of more than 240,000 low-paid workers. Combined with in-depth analysis of implementation challenges within the Scottish social care sector, this research has increased and improved adoption of the Living Wage by strengthening LWF strategy and operations, and informing UK, Scottish and Welsh government policy. It has also shaped the development of a global Living Wage standard.</p>		
2. Underpinning research		
<p>Drawing on a body of theoretical and empirical research conducted by Dr Andrea Coulson and Professor Ian Cunningham, from 2015 Strathclyde demonstrated the business case for paying a real Living Wage (LW; a rate independently governed by the Living Wage Commission with employers accredited by the Living Wage Foundation in the UK) and subsequently provided in-depth analysis of sector-specific implementation challenges.</p> <p>Research led by Coulson (reported in the conceptual paper R1) laid the theoretical foundations for recognising social capital within a business model. It made the case for discharging corporate accountability for the welfare of employees. The research further proposed that understanding capital as a metaphor for resource unties it from its economic and monetary definition, allowing it to be represented by resources with financial and non-financial values [R1, R2]. While R2 examined the challenges of conceiving a multiple capitals framework through a theoretical lens, Coulson also led empirical research to investigate multiple capital frameworks as the basis of a business case for paying a real LW. Through a project funded by the LWF, Coulson drew upon case study evidence of LW employers to show the importance of recognising social values, financial and non-financial, in implementing the LW so as to contribute to long-term value creation and resource maintenance [R3]. Unlike previous research on living wages – drawn from economic debate on what is an appropriate living wage rate and work, employment and organisational studies on labour rights – Coulson developed a new form of business case, articulated as values-based, recognising the importance of combining financial value creation and other valuation methods [R3].</p> <p>For this LWF-funded research project, Coulson designed and undertook primary research and reporting, subject to independent, multi-stakeholder peer review, on behalf of the LWF Advisory Council. Coulson's LW research provided case study evidence from businesses of different sizes and sectors – Aviva PLC, Barclays PLC, KPMG LLP UK, Penrose Care Ltd, SSE PLC and Enhance Office Cleaning Ltd – that had successfully implemented the LW and had been accredited by the LWF. Case study evidence was gathered through interviews with senior executives with responsibility for LW accreditation and LW implementation teams. The analysis of</p>		

organisational values, financial position and social performance information was supported by a review of public and private documentation provided to support interview testimony. This research showed that, for these businesses, the cost of LW adoption was offset by cost mitigation strategies and, when considered alongside investment commitments, these can be designed to create financial and social capital resources and thus improve both the bottom line and employee welfare [R3]. The research showed that adopting the LW encourages organisations to re-evaluate their business models and adjust conditions and working practices of employees to deliver both financial value creation and social welfare improvements. This research showed that organisations can create value by collaborating with service providers and contractors to introduce a LW. It showed that social and relationship capital creation could benefit sectors where pay rates have historically been low.

Cunningham identified continuing concerns [R4, R5] about employers' ability to pay the LW and with employee morale, specifically in the context of austerity funding and its impact on the stability of organisations and employment conditions in Social Care. Commissioned by the Coalition of Care and Support Providers (CCSP), Cunningham evaluated the experiences of publicly funded social care workers paid the real LW under new Scottish Government policy introduced in 2016 [R6]. Conducted in collaboration with the Universities of St Andrews and Middlesex, this study found that paying the real LW in Social Care is a significant progressive measure but is bedevilled by flaws in implementation. The research revealed that improved levels of hourly pay for front-line workers may fail to increase pay, or could lead to pay reductions, because of reduced payments for unsocial hours. Moreover, team leader morale problems were intensified, as Scottish LW funding did not account for reduction in pay differentials with front-line workers. The research [R6] drew attention to the fact that if pay rates improved but working hours decreased, take home pay could suffer, which would defeat the aim of the living wage to reduce in-work poverty. The research proposed that these flaws could be alleviated by adequate funding, changes to the timing of payments by local authorities, greater consultation between all stakeholders and a stronger understanding among commissioners of services regarding the cost of care.

Taken together, Coulson's and Cunningham's research demonstrates the value of implementing the LW and addresses the challenges of doing so, particularly in sectors where pay is low, such as Social Care. Both highlight, for LW implementation to be successful, organisations need to increase wage rates and ensure take home pay increases and employee working conditions are improved in line with LW ambitions for higher standards of employee welfare.

3. References to the research (Strathclyde-affiliated contributors in bold)

- R1 A.B. Coulson** and **M. Shenkin** (2007) Accountability through activism: learning from Bourdieu, *Accounting, Auditing and Accountability Journal*, 20(2): 297-317
<https://doi.org/10.1108/09513570710741037>
- R2 A.B. Coulson**, C.A. Adams, M. Nugent and K. Haynes (2015) Exploring metaphors of capitals and the framing of multiple capitals: challenges and opportunities for <IR>, *Sustainability Accounting, Management and Policy Journal*, 6(3): 290-314
<http://dx.doi.org/10.1108/SAMPJ-05-2015-0032>
- R3 A.B. Coulson** and **J. Bonner** (2015) *Living Wage Employers: Evidence of UK Business Cases* (Citizens UK on behalf of the Living Wage Foundation), <https://bit.ly/2Gv6TZs>
- R4 I. Cunningham** and **D. Nickson** (2011) A gathering storm? Re-tendering and the voluntary sector workforce, *International Journal of Public Sector Management*, 24(7): 662-672
<https://doi.org/10.1108/09513551111172486>
- R5 I. Cunningham**, G. Hearne and P. James (2013) Voluntary organisations and marketisation: a dynamic of employment degradation, *Industrial Relations Journal*, 44(2): 171-188
<https://doi.org/10.1111/irj.12008>
- R6 I. Cunningham**, A. Baluch, A.M. Cullen and P. James (2018) *Implementing the Scottish Living Wage in adult social care: an evaluation of the experiences of social care partners, and usefulness of Joint Guidance*, report for Coalition of Care and Support Providers Scotland, <https://bit.ly/3ew9NJS>.

Notes on the quality of research: This research was supported with competitively won funding from Barclays Group on behalf of the Living Wage Foundation (Coulson, Evidence of a business

case for the Living Wage, 03/09/2014-07/11/2014, GBP7,250) and the Coalition of Care and Support Providers in Scotland (Cunningham, The Living Wage in adult social care, 01/02/2018-14/07/2018, GBP10,000). In both instances research processes and publications were subject to rigorous independent refereeing and review by the funding bodies and are integral to a wider body of research published in peer-reviewed journals by the authors. The research presented in **R3** was subject to internal and external, multi-stakeholder review carried out on behalf of the IIRC Council and Capitals Working Group and **R6** was subject to review carried out on behalf of the Coalition of Care and Support Providers Scotland.

4. Details of the impact

Within the context of rising rates of in-work poverty and worsening pay and conditions for low-paid workers, Strathclyde research around the real Living Wage (LW) informed policy and practice in the UK by providing robust evidence of the benefits for businesses as well as employees. Specifically, the research:

- Increased the number of UK accredited Living Wage employers and advanced the development of a global Living Wage standard by demonstrating the business case for adoption.
- Informed UK, Scottish and Welsh government policy to improve public and voluntary sector pay and conditions by evaluating practice and providing evidence-based recommendations.

Increased UK Living Wage accreditation and advanced a global Living Wage standard

As a critical first step in overcoming resistance to LW adoption, Strathclyde's business case research provided evidence of the benefits for employers [**R3**]. As noted by the Deputy First Minister for the Scottish Government at the launch of the report in January 2015, *'the knowledge exchange project, carried out by the University of Strathclyde and the Living Wage Foundation – and commissioned by Barclays – gives evidence of the business benefits of paying the Living Wage. It isn't simply good for individuals, it is also good for companies. It helps to increase staff retention, reduce absenteeism and enhance businesses reputation'* [**S1a**].

Having demonstrated these benefits, Strathclyde's report was used by the LWF from January 2015 to persuade employers to adopt the LW, become accredited LW employers and defend this position to stakeholders. Reflecting on its significance, the LWF's Assistant Director confirmed that, *'since publication, the research has been instrumental in helping the Living Wage Foundation to make the case to employers to pay the Living Wage, highlighting both the financial and non-financial impact of the Living Wage in creating value, and providing practical advice about implementation and measurement of the Living Wage in UK businesses'* [**S2**].

More specifically, the report was *'used as an engagement tool in conversations with prospective employers', with its case studies and insights being 'embedded in the Living Wage Foundation's core presentations to employers, local authorities, policy-makers, civil society organisations and campaigners to build understanding and awareness of the Living Wage'* [**S3**]. Trade unions have also drawn on it to explain and evidence the argument for a Living Wage to members and their employers. For instance, since 2015 UNISON (one of Europe's largest unions with more than 1.3 million members, 70% of whom are women) has referenced the report in its *Campaigning, organising and negotiating for a Living Wage* guidance. The version issued in September 2015 contained an appendix on the business case, with a link to the full report, alongside a letter template to facilitate communication with employers which draws attention *'to the clear business case for implementing the Living Wage'* [**S4a** pp.14-15]. Clearly considered of benefit, reference to the report was carried through to UNISON's *Bargaining for the living wage* guide (last updated 2018) which includes quotes from Barclays, Penrose Care, SSE and PricewaterhouseCoopers *'to reflect the positive experiences of major organisation that have introduced the Living Wage'*. It also advises that *'the information set out in this section can be selectively incorporated within an annual pay claim or launched as a separate initiative'* [**S4b** p.4].

As a result of this activity, *'since the research was undertaken in 2014, the number of accredited Living Wage employers has risen from around 1000 to almost 7,000 across the UK, including over 40% of the FTSE 100'* which *'has led to pay rises for over 240,000 employees and put over £1bn back into the pockets of low paid workers'* [**S2**]. Moreover, the case study evidence has had impact

across the business supply chain. The extension of the LW to service contracts is a clear example of this, as noted by the Emeritus Chair of the LWF Board in November 2017: *'The Service Providers Leadership Group used the report in their discussions with prospective clients to encourage the adoption of Living Wage compliant service contracts. By their estimation some 60-80% of cleaning contracts by the major service industry players are now paying a living wage'* [S2].

Evidence from Barclays obtained through Strathclyde's case study research has subsequently been reproduced in the *Living Wage Investor Toolkit* (2020). Aimed at encouraging investors to engage their portfolio companies on fair pay and encourage them to become Living Wage accredited employers, this toolkit is as an important part of the Build Back Better campaign to mitigate the impact the COVID-19 pandemic on businesses. Launched by the LWF and ShareAction in September 2020, the toolkit notes how Barclays gained reputational benefit as a sustained by-product of paying the LW, which has helped the company to offset the additional cost of paying the LW. It also affirms the importance of long-term value drivers as outlined in the business case, with Barclays stressing that *'being an accredited Living Wage Employer is a practical demonstration of our values in action'* [S5]. Reference was also made to the business case and report in the design of a survey of LW employer experience by Cardiff Business School, which was commissioned by the LWF in 2017 and addressed to all accredited employers [S6].

By encouraging and supporting implementation of the LW, this sustained activity has positively affected employment conditions. Taking Scotland as an example, LW accreditation has played a key role in improving security of employment across the country. According to recent analysis undertaken by the Fair Work Convention, *'of the 5 dimensions of fair work, security has seen the most improvement in the past 5 years. The Convention's composite measure of security of employment, hours and pay shows that security of work in Scotland has improved, largely due to improvements in the real living wage'* [S7 p.7]. More specifically, *'the proportion of employees (18+) earning less than the real living wage decreased from 19.6% in 2015 to 15.2% in 2020'* [S7 p.43]. Testimonials shared on the Living Wage Scotland website speak to this and the broader social and economic benefits, with Dumfries and Galloway Council considering *'accreditation as the most important contribution to tackling poverty across Dumfries and Galloway'* and Fords Daly Legal observing that *'it's helped the business become more robust and able to weather challenges due to the dedication and commitment of staff'* [S1b].

Furthermore, due to the success of the UK Living Wage campaign, the report has gained international attention. As well as supporting the establishment of Living Wage groups in Hong Kong and the USA [S2, S8], it has shaped the development of a global Living Wage Standard [S2] and directly informed public policy in Ireland. Shortly after the report launch in 2015, *'the report was distributed to employers at an Irish Government convened meeting in Dublin which initiated a government policy discussion on productivity and the Living Wage'*, as a result of which the opposition party, Sinn Fein, *'adopted a Living Wage as their official policy on low pay'* [S6]. Affirming the global influence of the LWF's work in relation to the UN Sustainable Development goals, the CEO and Executive Director of the UN Global Compact, the world's largest corporate sustainability initiative, has commended *'the UK Living Wage Foundation for the lead it is showing in promoting the business case for the payment of a decent level of income and demonstrating how it can be adopted in practice'* [S9]. On this basis they have urged *'all employers to review their policies and practices in relation to this matter and to commit themselves to making what would be a very significant contribution to the achievement of the UN's transformational vision'* [S9].

Informed government policy to improve public and voluntary sector pay and conditions

As well as using the report to convince organisations to adopt the Living Wage, Barclays PLC employed Strathclyde's report [R3] to inform MPs and policy makers of the evidence for the business case for a Living Wage. Following the report launch in 2015, they circulated the report within the UK Government, including members of the APPG on Poverty and Ministers and Secretary of State in the Department for Work and Pensions (DWP). The research was then used as a point of reference in the Secretary of State's discussion with the Permanent Secretary about DWP paying the Living Wage and ensuring compliance with Treasury Guidelines on pay [S6]. Strathclyde's research has also helped to convince national and local governments across the UK to apply the Living Wage in procurement processes. As confirmed by the Living Wage Foundation

Assistant Director: *'Policy makers in Scotland and Wales have adopted the Living Wage in public sector contracts, as have over 80 councils across England. The Living Wage campaign has impacted national policy and minimum wage levels, most notably influencing the introduction of the governments 'National Living Wage' - a high minimum wage for over 25s which came into effect in April 2016'* [S2].

In tandem with this, Cunningham's research on policy and delivery in the Social Care sector [R6] informed the work of the Scottish Government's Living Wage Implementation Group (LWIG) in social care from 2018 onwards. As acknowledged by the Scottish Government representative on the group: *'the independent research was useful in supporting LWIG to fulfil its role in a more evidenced-based way: it provided more in-depth analysis of the issues and made suggestions for both national and local organisations'* [S10]. Details of how the report was used and its influence on policy and guidance have also been confirmed by the Scottish Government:

'Your draft report was shared with LWIG and we were pleased that you and your colleagues came to present the findings which allowed for more in-depth discussion with the research team. The findings had implications for future policy and practice in particular for updating our guidance for implementing the real living wage. Following your presentation the LWIG took the decision to discuss the findings at subsequent meetings. Officers from COSLA and Scottish Government met with other networks e.g. commissioners to discuss the findings. We grouped the findings into themes and used them primarily to update and strengthen the living wage guidance which was issued in October 2019' [S10].

More specifically, the recommendations from the research supported the Implementation Group's work by making the process of agreeing costs more transparent, defining costings, clarifying expectations around overnight support and promoting collaboration. Following on from this, Cunningham's research was used by the Social Care policy in the newly established Fair Work in Social Care Group to develop recommendations on fair work. It was also adopted in the Joint Scottish Government/COSLA Adult Social Care Reform Programme's commissioning and procurement work-streams and improved procurement in Social Care [S10].

5. Sources to corroborate the impact

- S1 a.** Living Wage Foundation press release, ['New evidence of business case for adopting living wage'](#), 26 January 2015.
- b.** Living Wage Scotland website, ['What is the real living wage?'](#) [accessed 16 March 2021].
- S2** Factual statement from Assistant Director, Living Wage Foundation, dated 2 October 2020.
- S3** Factual statement from Director, Living Wage Foundation, dated 25 January 2018.
- S4** UNISON guidance: **a.** [Campaigning, organising and negotiating for a Living Wage](#) (2015); **b.** [Bargaining for the Living Wage](#) (2018).
- S5** Living Wage Foundation/ShareAction (2020) [Investing in the Living Wage: a toolkit for responsible investors](#). References **R3** on p.13 and in endnotes 32 and 37.
- S6** Cardiff Business School (2017) [The Living Wage Employer Experience](#). Acknowledges the influence of **R3** in footnote 1 on p.28.
- S7** Fair Work Convention (2020) [Fair Work in Scotland](#).
- S8** Factual statement from Emeritus Chair, Living Wage Foundation Advisory Council, dated 16 November 2017.
- S9** Foreword by CEO and Executive Director of UN Global Compact in: Living Wage Foundation (2019) [The sustainable development goals and the Living Wage](#).
- S10** Factual statement from Scottish Government representative on the LWIG, Social Care Support Division, Community Health and Social Care Directorate, Scottish Government, dated 27 February 2020.