

LESSONS FROM OUR GLOBAL LIVING WAGE NETWORK

Living Wage Foundation

August 2021



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FOREWORD

0. Foreword

This year (2021) marks 10 years of the Living Wage Foundation and 20 years of the Living Wage campaign in the UK. During that time, over 8,000 employers have joined a movement that has collectively secured pay rises for over 270,000 UK workers, putting £1.4bn back into their pockets. This achievement is testament to the scale of collaboration needed to agree on how a Living Wage is defined and how it should be implemented across all sectors and locations across the country.

However, it is clear that national efforts can no longer be progressed in isolation,

and that urgent action needs to be taken in solidarity with workers everywhere. We live in an interconnected world, and as shockwaves caused by the COVID-19 crisis continue to be felt across complex global supply chains, we know that a coordinated international response is needed. Multinational employers are also stepping up to meet their responsibilities as key actors for achievement of the 2030 Sustainable Development Goals (SDGs), and this includes payment of a Living Wage across global operations, which we know is linked to achievement of at least eight of the SDGs.¹ This



Graham Griffiths,
Director, Living Wage Foundation



is why we have connected with Living Wage movements around the world to establish a Global Living Wage Network dedicated to the development of a holistic approach that is fully appropriate to local contexts.

Our principles² for a Global Living Wage have been central to our work with partners in a growing number of countries, where civil society bodies, trade unions, employers, and academics are in close collaboration to ensure that the everyday needs of workers are met. Together we have learned some important lessons along the way, and we are delighted to share some of them here, from Canada, Hong Kong, New Zealand, the US, and South Africa, as well as our own from the UK.

It has been encouraging to see the issue of Living Wage move up the global agenda as a critical path to economic recovery that benefits both businesses and workers. I hope the lessons contained within this report show that with the right level of collaboration, ending in-work poverty is possible.

1 INTRODUCTION

The Living Wage Foundation (LWF) has for some years been exploring development of a global mechanism to support the advancement of Living Wage initiatives around the world. As actors in a range of countries and regions work to build and strengthen their own national movements, many have sought to understand what lessons from the UK - where the world's first national Living Wage³ initiative has been established - might be successfully applied to their local context.

In 2015 the LWF conducted a series of global consultations in partnership with the ACCA (Association of Chartered Certified Accountants) to develop a set of core Living Wage principles that offer existing and nascent national Living

Wage campaigns a consistent framework within which to develop.

There are also plans to establish a Global Living Wage secretariat that can provide a common framework, definitions, benchmarks and guidance to national Living Wage initiatives globally. To this end LWF is commissioning a study to draw out key lessons from across its Global Living Wage Network. These include a closer look at how the LWF and its predecessors created an enabling environment in the UK for the implementation of a Living Wage movement that has succeeded in persuading over 8,000 employers so far, including two fifths of the FTSE 100, to pay the real Living Wage.

3: NB the term 'national Living Wage' initiative is used here in the context of a Living Wage initiative in any country that aims to operate at a national level. It is not to be confused with the UK's so called 'National Living Wage' - the term it uses to describe its minimum wage for those over 23 years of age.

THE CONCEPT OF A LIVING WAGE





2. The concept of a Living Wage

The preamble to the 1919 International Labour Organization (ILO) conventions refers to “the provision of an adequate Living Wage” as one of the conditions of labour that are urgently required to prevent “such injustice, hardship and privation to large numbers of people as to produce unrest so great that the peace and harmony of the world are imperilled.” The ILO itself had been established precisely in response to the “unrest” of the First World War and is founded on the belief that “universal and lasting peace can be accomplished only if it is based on social justice.” Living Wages are at the heart of social justice.

The concept is reinforced by Article 25 of the 1948 Universal Declaration of Human Rights, which holds that: “Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing,



Source: inequality.org

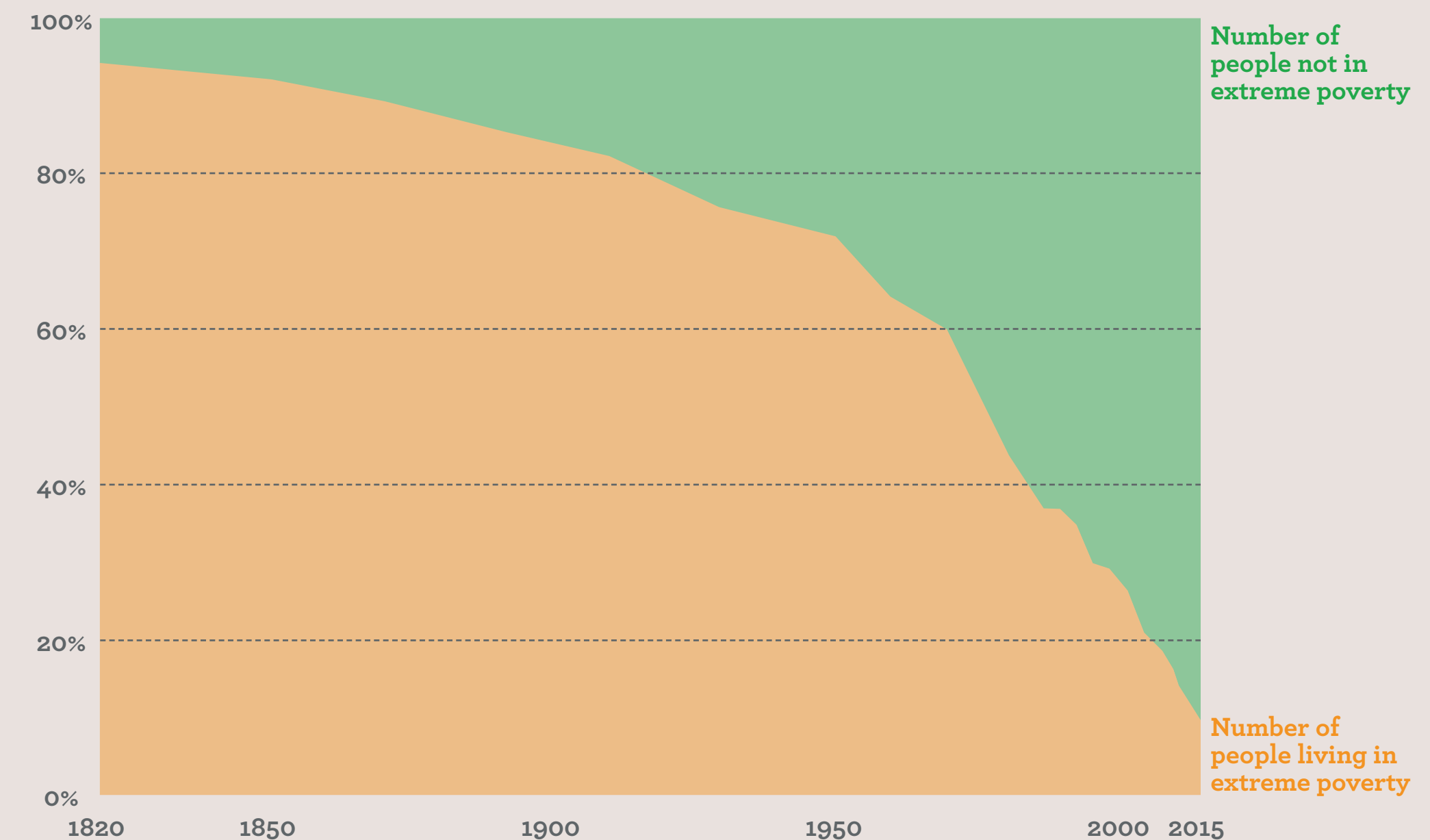
housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.”

Sadly, over 100 years after the birth of the ILO, the struggle to ensure that everyone achieves a decent standard of living continues. Although poverty worldwide has reduced significantly in recent decades (see Figure 1), about 736 million people remain living in extreme poverty.⁴ But being in employment offers no guarantee of financial safety; around 858 million workers are still living in extreme as well as moderate poverty (see Figure 2).

Further, as anthropologist Jason Hickel pointed out in response to the chart, “The \$1.90-a-day line is “obscenely low,” and “earning \$2 per day doesn’t mean that you’re somehow suddenly free of extreme poverty.” He argues that a minimum of \$7.40 per day is necessary for “basic nutrition and normal human life expectancy.”⁵ He also points out that imperialism brought large parts of the world population who did not traditionally have a money-based community into the money economy, binding them into dependence on low paid jobs to serve global trade.

Of course this figure of \$7.40 cannot apply accurately to everyone in every part of the planet regardless of the cost of living, family size, local norms etc. So the

Figure 1: World population living in extreme poverty, 1820-2015⁶



Notes: Extreme poverty is defined as living at a consumption (or income) level below 1.90 “international \$” per day. International \$ are adjusted for price differences between countries and for price changes over time (inflation). Source: OWID based on World Bank (2016) and Bourguignon and Morrisson (2002). [OurWorldInData.org/extreme-poverty/](https://ourworldindata.org/extreme-poverty/) • CC BY-SA

Figure 1: Number of people in extreme poverty 1820-2015. Our World in Data (Reproduced in Vox).

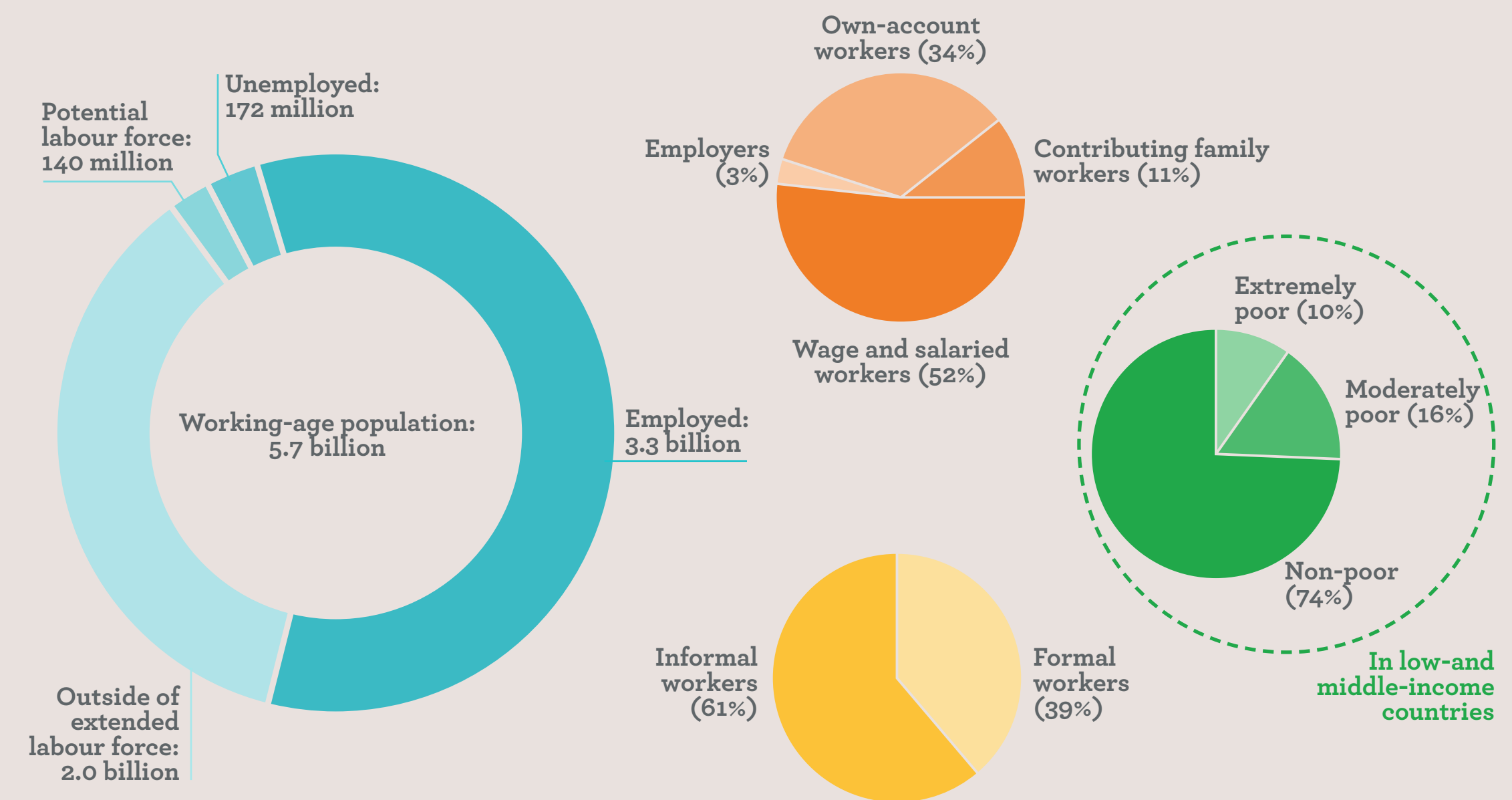
question of exactly how much is necessary for “basic nutrition and normal human life expectancy”, and how to calculate this has long been hotly debated.

Living Wage movements emerged to resolve these debates and to establish authoritative benchmarks for Living Wages based on the actual cost of living in particular geographies. They have taken various shapes in a multitude of cities, regions and countries – some have coalesced into national movements, others have remained dispersed, either functioning entirely independently of each other or as a loose network. Still others are seeking ways to work more cohesively together, and in some countries organisations

such as NGOs, universities or even marketing companies have taken on a leadership role in convening for change. Multistakeholder initiatives like the Ethical Trading Initiative have also pushed for Living Wages to be paid in the global supply chains of large brands and retailers, and in certain sectors, such as garments and bananas the industry itself has started to explore ways to bring wages up to a Living Wage level.

In this paper, we explore the formation and evolution of some of these movements and draw out the lessons that they have learned.

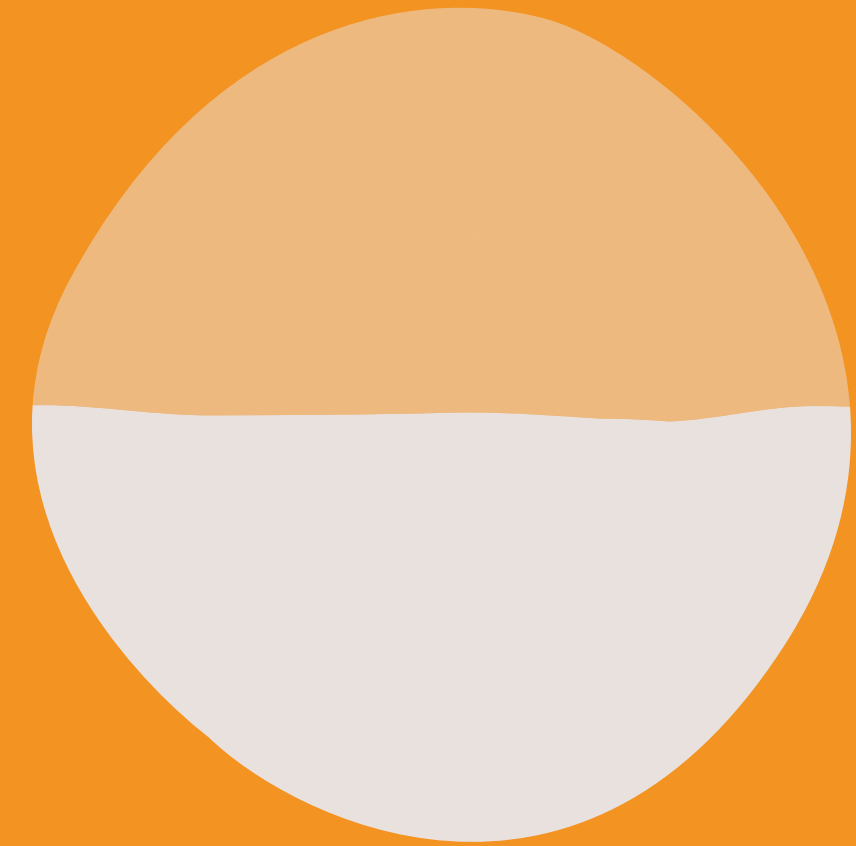
Figure 2: Snapshot of the global labour market, 2018⁷



Note: Working poverty refers to the share of workers living in moderate or extreme poverty in low- and middle-income countries. Moderate and extreme working poverty rates refer to the shares of workers living in households with income or consumption per capita between US\$1.90 and US \$3.20 per day, in purchasing power parity (PPP) terms, and less than US\$1.90 per day (PPP), respectively.

Source: ILO modelled estimates, November 2018; ILO, 2018a.

Figure 2: Share of workers living in extreme or moderate poverty. WESO Trends 2019, ILO



THE UK LIVING WAGE APPROACH

The UK's Living Wage movement – as we know it today (there have been manifestations of it going back centuries) – began at a meeting in East London, when people from local churches, mosques, schools and other local institutions were brought together by the grassroots organisation Citizens UK to discuss issues affecting their communities. When it became clear that low pay was the biggest and most persistent issue these communities faced – it became the focus of a campaign to persuade the local hospitals and wealthy multinational companies that were the main source of employment in the area, to pay wages to their contract staff (cleaners, security

guards etc) enough for a decent standard of living without having to do overtime or take on extra jobs.

Its evolution from a grass-roots community movement to a national accreditation initiative was gradual, driven by a series of key decisions... and some strokes of good luck involving three critical power centres. It started as community movement, then came to harness and include corporate power and political power, and is now a combination of all three elements, each playing a critical role.



3.1 COMMUNITY POWER

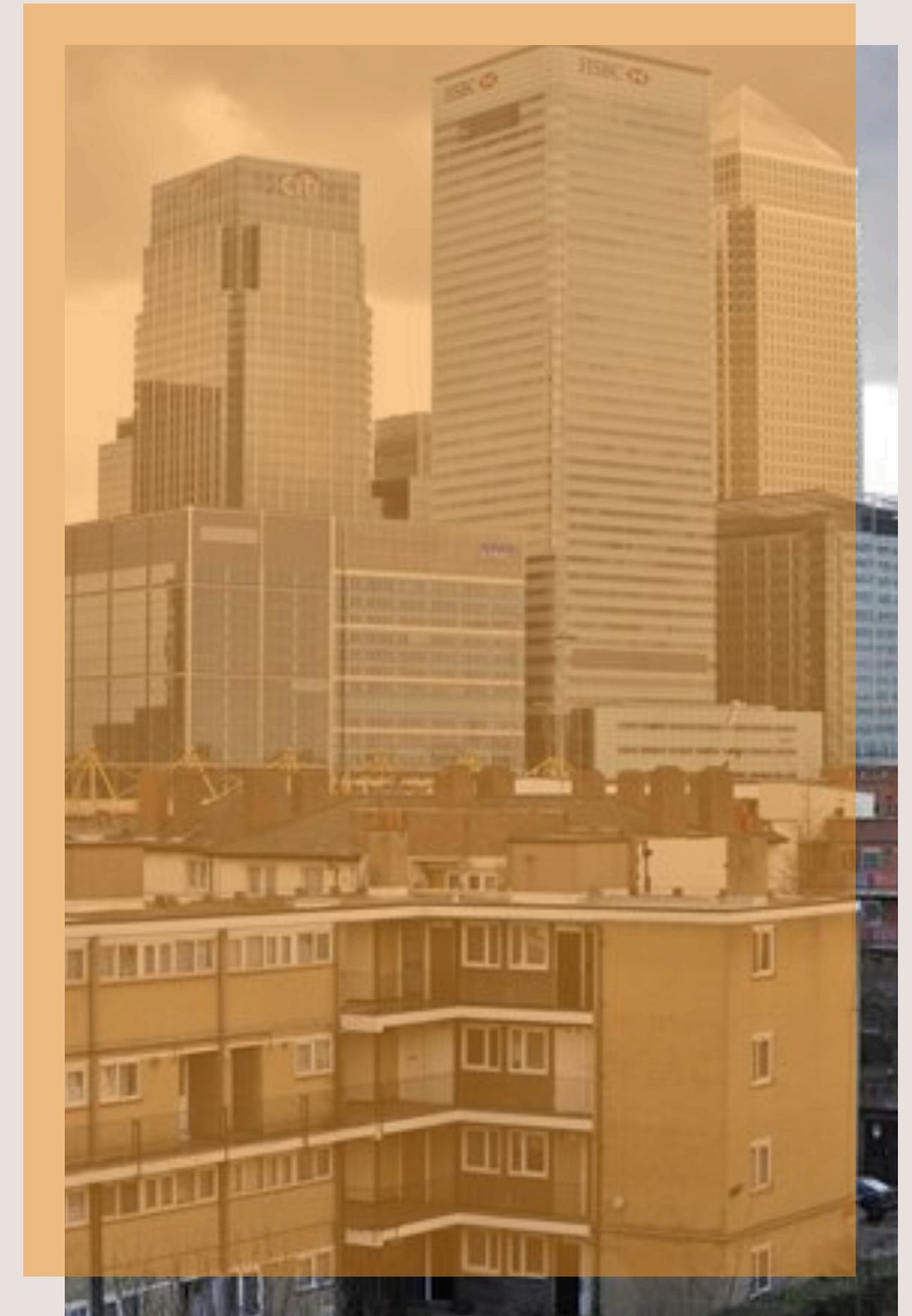
3.1 The UK Living Wage Approach: Community Power

The founders of the Living Wage movement – Citizens UK – follow the principles of community organising, which its website describes as “a method of social change... [designed] to build diverse alliances of local communities, capable of making change on a range of issues for the long-term.” By enabling them to “tip the balance of power back towards people facing injustice.” Citizens UK does this by “teaching people how to listen, form a team, relate to people in power and hold decision makers to account.” The movement was inspired by initiatives like Baltimoreans United in Leadership Development (BUILD), “a broad-based, non-partisan, interfaith, multiracial community power organization rooted in

Baltimore’s neighborhoods and congregations” that won a living wage for many Baltimoreans in the 1990s.⁸

In the early days of the UK Living Wage movement, campaigning took the form of “actions” outside the offices of large, wealthy companies to highlight the contrasting low pay of those who helped those offices to operate – the cleaners, the catering staff, the security guards etc. The protests were largely good natured, involving marches, musical events and cake stalls. Local hospitals and schools quickly agreed to start paying these workers a Living Wage and supported their cause, as did some big City firms like KPMG UK.

At this stage, development of a national campaign was not the intention. As Citizen UK’s Executive Director, Matthew Bolton, put it: “One of the dynamics of the UK movement – and I think probably one of its reasons for success is that it wasn’t set up to be a national Living Wage movement... as in [keeping with] the method of community organising, it was really a local listening campaign in East London off the back of local experiences of low pay that led to a local campaign to persuade hospitals and banks initially to pay the Living Wage because that is where local people worked cleaning and catering and so on.”



Canary Wharf high-rise offices and low cost Poplar housing.
Source: Reuters



He goes on to describe the very unique characteristics of the local area that gave birth to the campaign: “The whole juxtaposition you’ve got in Canary Wharf [London’s modern business sector] and the deprivation next door in Poplar that created a kind of electricity around the call for a Living Wage that was really quite different to anything else that was going on.”

Local councillor Tim Archer summed up the stark inequalities in the run-up to the 2010 local elections: “We have a difference of 10 years in life expectancy within the borough. We’ve got huge unemployment rates but, thanks to Canary Wharf, we also have one of the highest numbers of jobs per head. We have prosperity and deprivation cheek by jowl.”⁹

But because many of the employers they were lobbying were themselves national and multinational corporations, the growing success of the campaign led its proponents to start to think bigger. As Matthew Bolton reminds us: “Even then you could see the seeds of something much bigger, but we’d already fought and won some hard-fought local campaigns before we started to dream much bigger.”

3.1 The UK Living Wage Approach: Community Power

LESSONS ON COMMUNITY ENGAGEMENT

1 A broad-based, non-partisan, multi-faith, multinational organisation with deep community roots that responds to the unique dynamics of a particular neighbourhood **creates a powerful foundation for a national movement**, even if it was not initially intended to go national.

2 Starting with a **large, diverse number of local initiatives** is a strength, not a weakness.

3 By developing the right skills and knowledge, low paid workers can collectively **tip the balance of power away from their employers and towards themselves**. This can create the space to start the conversation about a Living Wage.

3.2 CORPORATE POWER

3.2 The UK Living Wage Approach: Corporate Power

There came a point in the community campaign when the strategy needed to develop in a different way. Companies were starting to agree to pay a Living Wage, but to keep the momentum up and get more companies involved, a new approach – or an additional one – was required. Graham Griffiths, Director of the Living Wage Foundation, says this was when the campaign shifted from actions and protest, to a focus on speaking to employers about the benefits of paying the Living Wage and accrediting as a Living Wage Employer as well. But this had to come with a lot of persuasion and guidance. Companies were not originally convinced about the principle of contracted workers coming under their Living Wage responsibilities, but according to Griffiths, Living Wage

accreditation is “meaningless” if Living Wages are not paid to outsourced workers, particularly as these roles (e.g. cleaning, catering, security) would at one time have been in-house, but had been outsourced to save money.

Companies like KPMG UK and Linklaters became early champions of the Living Wage movement, and they continue to champion the cause to this day. Matt Sparkes of Linklaters – a Principle Partner to the Foundation – sums up the three key drivers for companies like theirs to implement Living Wages: “For successful and profitable City firms like ours, it was inappropriate and uncomfortable to have people in the same building earning less than enough to live on. We could find no justification not to pay it. It’s the right thing to do.” It

was only after becoming a Living Wage Employer that they also noticed the benefits to the business: “The first three people you meet when you come into our office may well be Living Wage beneficiaries. It is no coincidence that people comment on the warmth of the welcome – those people enjoy their jobs, appreciate a Living Wage and, as a result, the job ‘churn’ is now much lower because those members of our team have so much more job satisfaction.”

Stuart Wright, Group Property & Facilities Director at Aviva and former Chair of the Living Wage Foundation Advisory Council described how the personal stories of contract staff – like cleaner Lynne who



Source: <https://www.aviva.com/newsroom/news-releases/2021/06/stuart-wright-wins-living-wage-lifetime-achievement-award/>

had struggled to support the granddaughter she and her husband were raising – were so compelling that they made a video to convince colleagues internally of the imperative to pay Living Wages.¹⁰ The video has been used extensively by the Living Wage Foundation in its communications and Lynne has spoken passionately at Living Wage focused events.



3.2 The UK Living Wage Approach: Corporate Power

The video is now on Aviva's website and can be viewed by anyone inside or outside the company who may need reminding why Living Wages are necessary and important.

Wright explains that the best way to accelerate a company's journey to becoming a real Living Wage Employer is to have at least one champion who has the strength of character to stand up to the sceptics. Within KPMG, there were two early champions of the Living Wage: Mike Kelly, the former Head of Corporate Social Responsibility (CSR) and Guy Stallard, then Director of Facilities. Kelly already had experience of persuading companies to adopt standards not directly driven by the profit motive through his involvement in environmental campaigning. He played a key role in ensuring corporate acceptance of the need to meet environmental standards was seen as a business norm.

Kelly and Stallard between them not only persuaded the companies that supplied them with cleaning, catering and security services to start paying a Living Wage (at least when their employees were working for KPMG), but they also spread the idea among their corporate contacts and clients. These champions become campaigners for the whole movement and have been critical to the growth of the Living Wage in the UK.

Caroline Reilly, Living Wage Foundation's Senior Programme Manager, explained how KPMG fostered a better understanding between Living Wage campaigners and their targets: "KPMG not only accepted the first meeting with campaigners about adopting the Living Wage, but really got behind the initiative and dedicated CSR staff time and expertise to ensure that the Living Wage Foundation could be a successful operation

from a business perspective. They opened up their contacts to us and provided opportunities for the team to deliver proposals to senior stakeholders across the private sector. They invested a lot of time in identifying the tangible business benefits, from increased productivity and quality of service, to reduced turnover and absenteeism, and improved relationships with third party contractors. That would be the most compelling asset we will ever have."

This was one of three key elements that businesses said they needed to have the confidence to become Living Wage employers. These three elements are:

1 A widely accepted benchmark established through a robust and trustworthy methodology.

2 An accreditation scheme that would enable them to differentiate themselves by showcasing their commitment to Living Wages.

3 A business case that demonstrated the business benefits above and beyond the clear moral imperative – preferably using real businesses as case studies.

The Living Wage Foundation was established to meet these needs. As more employers came on board and new ones approached the Foundation to find out how to become accredited, the Living Wage Foundation was able to conduct research and provide more case studies that are now used not only in the UK but by nascent national Living Wage initiatives across the world to convince businesses that paying a Living Wage is not only the right thing to do, but makes business sense too.



LESSONS ON CORPORATE ENGAGEMENT

Through cycles of listening and local action, community voice and power continue to be decisive in bringing new sectors into the Living Wage movement, such as the West London Citizens campaign at Heathrow Airport in 2016-18, and the East London Citizens campaign at City Airport in 2018-19.

Aviva, KPMG, Linklaters and others have continued to support the Living Wage Foundation itself by sitting on advisory committees, providing financial and pro bono support and promoting the Living Wage concept. This has been deeply important for the organisation and the movement, reinforcing its credibility in the business community.

1 Having Living Wage champions in the company who can stand up to sceptics will **help facilitate a company becoming a Living Wage Employer.**

2 Champions from accredited companies should be used to **influence senior managers in other organisations** using real examples and experience to drive more accreditations.

3 **Highlighting the stark inequality of pay levels within a single company** – using personal stories – can be a powerful way of starting the conversation about Living Wages.

4 **Companies with predominantly highly paid staff are a good place to start;** they will not only easily see the injustice, but can also easily afford the extra cost.

5 **Listening to employers about what they need** (accreditation, a benchmark, the business case) makes it easier for them to meet the demands of low paid workers, and makes it more likely that other businesses will follow suit.

6 Companies that service other companies, as well as using contract staff, can **influence a wide range of corporate employers and become champions of the movement.**

3.3 POLITICAL POWER

3.3 The UK Living Wage Approach: Political Power

Citizens UK Director, Matthew Bolton explains that the Foundation's tactic of organising around elections with thousands of people in an assembly hall is a conventional tactic of community organising. "But instead of the politician saying you must vote for me because of x-y-z, the people who are part of the organisation are asking the politicians to support their policy proposals. At our events the show is the people who have democratically decided on an agenda."

In 2004 Citizens UK held such a rally at which they persuaded the then Mayor of London, Ken Livingstone, to support the idea of the Living Wage; "We needed the credibility and oomph of the mayor," says Bolton. In 2005 Livingstone set up the Greater

London Authority's Living Wage Unit that would calculate the Living Wage rate for London for several years.

After two terms in office, in 2008, Livingstone was replaced by the Conservative candidate, Boris Johnson. Persuading Johnson to continue support for Living Wages proved a shrewd move as it developed both cross-political party support and a degree of continuity of support within the Mayor's office. This was followed by broad support for the Living Wage across the political spectrum, with the SNP and Greens also offering support for the campaign's aims. For Bolton "it was immensely, immensely important that it was a Conservative mayor in 2008. The fact that we had such prominent support from a

Conservative Mayor – now Prime Minister – meant that that non-partisan aspect of our campaign was clear."

In 2016, the Conservative government under David Cameron's leadership announced the introduction of a "National Living Wage". This was, in fact, a higher minimum wage that applied only to workers over 25 years of age (now 23) and was calculated as a percentage of average pay rather than on the basis of the cost of living, and had no London weighting. This raised serious concerns about whether the Living Wage campaign, a fundamentally apolitical

movement, would be able to continue effectively since its 'brand' had been subsumed within Government regulations.





But the Foundation saw the advantages of the wider recognition of a need for a new low-pay threshold, differentiating itself from the new Government minimum wage by referring to its rate as the “real Living Wage” in its own communications. Stuart Wright says, “In some ways it’s a homage to our wage” and adds that “it has been helpful having a government “living” wage which has crept up for two or three years – it has closed the gap with the real Living Wage, reducing the initial financial step up companies would need to make to become accredited Living Wage Employers. A company has to pay the National Living Wage by law, but making the extra commitment can improve its reputation, increase recruiting capability, and improve retention – that gap between the two remains key to the well-being of low-paid workers, earning a wage on which they can afford to live.”

A good example of how what was initially a purely community based movement has evolved to engage with both corporate and political power is the work around social care. Communities are currently (in 2021) campaigning for better pay for care workers, which local authorities, and now the Welsh Government, have responded to positively and started implementing. As a result, social care businesses are now being “enticed by the ‘carrot’ of accreditation” – as Bolton puts it – and making the move towards Living Wages as well.

LESSONS ON POLITICAL ENGAGEMENT

- 1** Getting the support of local political leaders with a range of affiliations can **add to the movement’s credibility and retain its non-partisan principles.**
- 2** **Local and national government can be called on to pay Living Wages in public procurement** as well as encouraging and supporting local businesses to pay it.
- 3** Large ‘assembly’-style events around key elections can be used as vehicles for the people to **let the politicians know what they need e.g. a Living Wage**, rather than the politician making promises.
- 4** **Government appropriation of Living Wage terminology can become a positive thing** raising visibility of the need for a higher low-pay threshold and narrowing the gap with what can be called ‘real’ Living Wages.

4



GLOBAL LIVING WAGE NETWORK INITIATIVES

4.1 BRITISH COLUMBIA - CANADA

4.1 Global Living Wage Network Initiatives: British Columbia - Canada

Canada is a vast country with a huge range of cost of living levels across diverse regions and cities. Politics is different in each province and the minimum wage is different in each province. Accordingly, there are a number of Living Wage initiatives in Canada. The first of these was the Living Wage for Families campaign,¹¹ based in Vancouver, British Columbia, where there are high levels of poverty and soaring levels of homelessness. The cost of living in Vancouver is very high, and there is an ongoing opioid crisis linked to poverty.

The Living Wage initiative in British Columbia was prompted by a 2006 project by Campaign 2000 to End Child Poverty¹² to

examine solutions to poverty in homes where at least one parent was working full-time all year round. First Call: BC Child and Youth Advocacy Coalition¹³ and the Canadian Centre for Policy Alternatives (CCPA)¹⁴ then commissioned a report¹⁵ calculating living-wage baselines for Vancouver and Victoria.

Similarly to the UK, health workers were an early focus of the local campaign, and the Hospital Employees' Union (HEU) launched its Living Wage Campaign in 2007. Unlike the UK, however, these workers' wages had dropped when the BC government decided to outsource healthcare. They became employees of "multinational corporations that



Source: [CBC Radio](#)



...you start to see a positive ripple effect through the low wage workforce in which so many low wage parents are working.

Seth Klein,
Formerly of CCPA

had secured multimillion-dollar, taxpayer-funded contracts to provide services in BC hospitals and long-term care homes” yet were nevertheless being paid poverty wages and working in unsafe conditions.

The pandemic has not dampened interest in Living Wages; there is currently more interest from employers than ever before. Employers want to help their staff and the pandemic has highlighted that many do not have enough to live on securely.

By 2008 the three organisations – First Call, the CCPA and the HEU – had established a Living Wage advisory committee to oversee campaign strategy and raise funds for a campaign organiser. Other Canadian

regions and cities then started to develop their own Living Wage initiatives. They all use broadly the same criteria for the calculation but there are some variations e.g. which measure to use for housing. But all agree that rent is very important, and all refer to a family of four with two wage earning adults working full time.

For Campaign Organiser Anastasia French, the diversity of Living Wage initiatives, and the fact that in some provinces they don't exist at all, creates a problem: “If the biggest supermarket approached us to set a Living Wage for all their stores throughout the country, we wouldn't be able to help because we don't know the Living Wage level for other regions yet.” One

4.1 Global Living Wage Network Initiatives: British Columbia - Canada

way round this, she has found, is to use the Living Wage levels of one city as a proxy for others that have not yet calculated a benchmark – but this would not work in all cases. Even within British Columbia itself there are thirteen different calculations for different communities, as costs such as childcare and housing vary considerably across the province.

The various Living Wage initiatives continue to operate separately. A national entity, Living Wage Canada, does exist and facilitates regular sharing of information and learning between the diverse initiatives, and also promotes a national Living Wage Framework,¹⁶ but it does not take ownership of and steer the whole national



process as in the UK. Instead it takes an advocacy and guidance approach, for example, arguing that national consistency:

- Standardises the calculation and allows Living Wage estimates to be meaningfully compared between different communities
- Increases the credibility and consistency in approaches to policy-makers and employers
- Allows employers who operate in multiple jurisdictions more certainty that the benchmark would be meaningfully and consistently applied in each location

Seth Klein, formerly of CCPA, outlines the benefits that could come from attracting such 'employers who operate in multiple jurisdictions' to the scheme: "...what it would look

like when it really starts to achieve its potential is you get enough large employers who do it and then they create a market for those private service providers – janitorial services, referred services - who then pay the Living Wage. Now they have a recruitment and retention advantage over their competitors and ideally at that point, with that critical mass, you start to see a positive ripple effect through the low wage workforce in which so many low wage parents are working.”¹⁷

LESSONS FROM CANADA

1 In large, diverse countries with multiple variations in the cost of living and related factors, **it may be necessary to maintain a loose alliance of Living Wage initiatives** who keep in touch and share ideas and lessons.

2 However, **they should all use a consistent calculation methodology** for credibility and ease of use by large national or multi-national companies.

3 **The COVID-19 pandemic has shown to many the vital work being done by low wage workers** and the importance of paying a Living Wage.

4.2 HONG KONG

4.2 Global Living Wage Network Initiatives: Hong Kong

The Hong Kong initiative emerged from an Oxfam research project and is still managed by Oxfam, although it may become independent in the future. The pandemic has hit the economy hard and the unemployment rate has risen to a 15 year historical high. The economic outlook remains uncertain and therefore the team is focusing on 'soft' approaches such as developing guidelines and engaging with potential employers before encouraging the government to pay a Living Wage to civil servants.

The UK Living Wage Foundation is one of its Principle Partners. A number of UK based companies with a commitment to Living Wages in the UK, including Burberry, KPMG and Linklaters, are supporting the Hong Kong initiative and looking at how to implement Living Wages

there. The team is exploring the possibility of developing an accreditation system but in the meantime, these companies will be signing a charter pledging to pay Living Wages to their employees on a voluntary basis (which includes reference to the domestic staff of their employees).

Around 98%¹⁸ of the business in Hong Kong are small and medium sized enterprises (SMEs) – some with as few as ten staff – and there is a perception that it will be difficult for them to adopt the Living Wage, although this has not proved to be the case in other countries where SMEs are in fact the early adopters. However, rent is extremely high in Hong Kong (the second highest in the world after New York) so in the short term it would be hard for small businesses to adapt.

Hong Kong's strategy is to promote the idea of a Living Wage in a variety of ways. For Oxfam, the most important driving factor is that the minimum wage is not enough for workers to have a decent life and does not even cover all basic needs. And this inadequate minimum wage has been frozen for the past four years, ostensibly because inflation is flat (in fact living costs have risen over the period). The hope is that the benefits that companies will see as they become Living Wage employers will create a ripple effect as other companies will seek to avoid missing out on a competitive advantage, or will succumb to external pressure.

The Hong Kong team says they are learning a lot from the UK Living Wage Foundation and have used many of its resources, such as its calculation method

and guidelines. However, there are some stark differences in the two national contexts. For example, in Hong Kong cash wages are usually part of a wider package with fringe benefits.

LESSONS FROM HONG KONG

1 Living Wage campaigns can be conducted in a 'soft' way when circumstances such as an economic downturn make a harder campaign impossible.

4.3 NEW ZEALAND / AOTEAROA

The Living Wage Movement Aotearoa¹⁹ New Zealand began in May 2012. Since then, 260 businesses have become accredited as Living Wage Employers and the Movement now has a membership of 80 union, faith and community organisations. It operates on four key principles:

- 1 Non-party political
- 2 Built locally through local relationships and local issues
- 3 Independent of government in policy, funding and association
- 4 Comprised of three streams in its structures and decision-making: faith-based; community based secular groups, and unions

STRATEGY

The Living Wage Movement Aotearoa New Zealand worked closely with the US-based Industrial Areas Foundation to learn from its experience and fast-track progress towards the implementation of the Living Wage in New Zealand. It organises annual residential leadership training which “makes leaders more confident and develops the organisation’s ability to participate in public and political life”.

Initially, it did not put a figure on the Living Wage, which it was felt would simply create a potential focus for disagreement by employers and other detractors. Instead it issued this statement:

A Living Wage is the income necessary to provide workers and their families with the basic necessities of life. A Living Wage will enable workers to live with dignity and to participate as active citizens in society.

We call upon the Government, employers and society as a whole to strive for a Living Wage for all households as a necessary and important step in the reduction of poverty in New Zealand.

4.3 Global Living Wage Network Initiatives: New Zealand/Aotearoa

Over 200 organisations signed up to this and formed the basis of the original and current membership.

The Movement developed in an iterative way, for example only creating an incorporated society in 2013 when it needed funding to support training of leaders for the Movement. National Convenor at the time, Annie Newman, feels that “too many organisations create a structure first and then have to serve it rather than focussing on the mission of poverty reduction.”

The term ‘Living Wage Employer’ and the logos were trademarked, and with pro bono legal support, templates for legal communications were created in case the trademark was abused. As a result the Movement now owns the concept.



GOVERNMENT

Initially the focus of the Movement was influencing the distribution of public money through elected public officials, and it continues to seek to impact Government procurement-driven policy on the basis that achieving a shift in distribution of public funds as a result of procurement policies that prioritise social outcomes such as Living Wages can have a significant influence on the private sector.

People’s Assemblies were held during local government elections in 2016 with people earning less than the Living Wage among the speakers. This strategy of adopting a broad-based organising model uniting diverse groups of civil society to influence decision-makers has resulted in six councils having majority support for a Living Wage, two of which are accredited as Living Wage

Employers. Being a community initiative, the Movement can influence government while remaining independent of government action or funding.

Currently, the New Zealand Government is moving to ensure all directly paid and contracted workers in government agencies earn no less than the Living Wage and an increasing number of local authorities are also moving to become accredited.

Newman says, “For us the key to success has been a clear public money strategy that engages institutions of civil society and ultimately influences the private sector.”

TRADE UNIONS

Trade unions initially pushed back, saying the Movement undermined legitimate industrial relations bargaining. But Newman, who is also National Director of Campaigning for E tu,

the largest private sector union in New Zealand, feels that “we can’t create a new model of winning unless we step back from own power as unions and recognise that multiple sources of power are necessary to have enough leverage to win for workers.”

COMPANIES

For the first few years local SMEs and NGOs became Living Wage Employers – usually ethical companies like Little Island vegan ice cream - a small factory trying to show the way in a new movement - who could use the move to differentiate and promote themselves. The majority of the businesses were ethical across a number of different areas, such as waste management, organic produce etc.

4.3 Global Living Wage Network Initiatives: New Zealand/Aotearoa

These early small businesses coming on board for ethical reasons were key because when the conservative government of the day argued against Living Wages on the basis that they would damage SMEs and they could not afford it, small businesses told them not to speak on their behalf. It ruled out of the public domain one of the key arguments against the Living Wage.



Source: https://twitter.com/phil_goff/status/1377409895218118656



Oxfam and Greenpeace also joined fairly quickly. Then, when corporates started to gain accreditation, others wanted to join too. The Movement sometimes needed to reiterate its community roots and hold firm against businesses who said that the standard was too tough and wanted it to be made easier for them. One utilities corporate came on board and ‘broke the spell’ that Living Wages did not apply to large companies like them. Now there is a significant and growing commitment from big businesses, including the whole banking sector.

One of the keys to this success highlighted by Newman echoes Stuart Wright’s point about the importance of champions; “Every corporate has become a Living Wage Employer because someone in it was passionate about the issue.”

LESSONS FROM NEW ZEALAND / AOTEAROA

4.3 Global Living Wage Network Initiatives: New Zealand/Aotearoa

1 Influencing government procurement policies with **a clear, community-based strategy, can have significant impact** on the private sector too.

2 Holding firm to the broad-based community roots principles will not necessarily put companies off becoming Living Wage Employers – **companies may say the standards are too high, but when other companies sign up many will follow suit.**

3 **Developing the organisation in an organic way** will avoid creating resource-hungry structures up front whose maintenance could distract from the mission

4 It is important to **seek out individuals in companies who are passionate about Living Wages and will champion them,** and find corporate champions or leaders in sectors where Living Wages may not have been considered before.

5 Securing **legal ownership of the concept will prevent others co-opting it for their own means** which may not be in line with the core principles.

4.4 UNITED STATES OF AMERICA

4.4 Global Living Wage Network Initiatives: United States of America

EARLY US LIVING WAGE MOVEMENTS

Like Canada, the USA is a vast country with a wide range of cost of living levels. It has a long history of Living Wage campaigns which are outlined in Stephanie Luce's 2017 paper, *Living Wages: a US perspective*²⁰. The following paragraphs summarise information from that paper.

"In the early 1990s, labour unions and community organizations launched local campaigns against the federal minimum wage that was too low for families to survive on. 1994 saw the launch of the Baltimore Living Wage campaign involving activists from community organizations, the public sector

union American Federation of State, County and Municipal Employees, and faith-based groups. Several national Living Wage movements then emerged in the form of city coalitions lobbying their elected representatives through public education, media, rallies and protests."

Between 1994 and 2010, over 125 cities and counties passed variations of Living Wage ordinances. The 2008 economic crisis temporarily brought wage campaigns to a halt. But 2011's Occupy Wall Street movement brought the issue of inequality and low wages to the forefront again and the following year, fast food workers went on strike in New York City, demanding \$15 per hour and union recognition.

These strikes spread quickly with workers and allies launching one-day strikes in hundreds of cities with the same demands.

The main actors in the USA Living Wage campaigns included some unions, and some Central Labor Councils, as well as the community organisation ACORN, the faith-based group Industrial Areas Foundation, and the labour-community coalition Jobs with Justice, along with numerous local organisations. Many were designed to build a coalition of allies for longer-term political work. The Industrial Areas Federation and BUILD in particular have inspired and provided a blue-print for many others, including the UK and New Zealand initiatives.

Luce identifies two key differences between the US Living Wage campaigns and those of other countries. The Living Wage campaigns were:

- 1** Aimed at passing compulsory regulation on employers, rather than persuading employers to voluntarily adopt higher wage policies (unlike UK and Canada, the Living Wage campaigns)
- 2** An effort to organise at the local level to raise wages, but also build political power to eventually increase state and federal minimum wages



NATIONAL LIVING WAGE STANDARD FOR THE US

In 2018 Oxfam America and Business for Social Responsibility (BSR), launched an initiative to establish a National Living Wage Standard for employers in the United States. Michelle Murray Bhattacharyya, formerly of the Global Living Wage Coalition (GLWC), had been working on a parallel initiative with Jessica Grillo as Living Wage On-Up. The two efforts joined forces under Oxfam America to incubate a new independent Living Wage certification organisation, which Bhattacharyya now heads as CEO. The new entity will be launched in the autumn as Living Wage For US, Inc. a non-profit branded as For US.

For US is informed by experience from the GLWC and Anker Methodology as well as the UK Living Wage Foundation and

the understanding that Living Wage laws and certifications and systems really need to be driven by a strong methodology and accurate research. Because the US initiative is starting at a time when the Living Wage movement has already been initiated – unlike when the UK initiative began – it has had to approach things in a different way.

“There is a global movement now,” Bhattacharyya says, “and to move big multinationals to Living Wage, the concept needs to align with the global gold standard of Anker and the principles therein. Otherwise we risk fracturing and undercutting the wider movement.”



4.4 Global Living Wage Network Initiatives: United States of America

LINKS WITH LOCAL ORGANISATIONS AND MOVEMENTS

The current movement builds on the work of the early US Living Wage movements. While building the standard and garnering acceptance for the Living Wage calculation methodology, the initiative convened an employer advisory group for a series of 3 hour meetings, once a month, for six months. They also met with a large range of labour and civil society stakeholders, inclusive of local Living Wage certification systems. These meetings lasted well over a year and were conducted bilaterally, through a large multistakeholder meeting, and in smaller interest area focus groups. Participants range from trade unions, women’s groups, social justice groups, legal justice organisations, HR groups, non-union labour groups etc. Some of these organisations align



closely with local Living Wage certificate systems, for example, initiatives run by workers' centres, small businesses aiming to pay individual Living Wage, while [the US National LW Standards Initiative] is looking at the larger scale, the national scale. Others see Living Wage as supporting their movements that are focused on other issues such as proper nutrition for school canteens etc.

STRATEGY

For US serves all types of employers, from small business to multinational conglomerates and everything in between, inclusive of government and non-profit employers. However, it was essential that the initial cohort not just be the lowest hanging fruits of banks and others who don't have a large distance to go for most workers to a Living Wage. To gain credibility, For US needs to penetrate industries

and sectors where typically lower paid workers are employed. To gather large numbers of these businesses the initiative is focusing on whole industries. The first industry to be targeted – building on Bhattacharyya's own experience and links – is the coffee industry, looking in particular at specialty coffee, including roasters, importers, cafés, etc.

The US Living Wage campaign is aligned with the UK in taking a 'celebratory' approach towards companies that become Living Wage Employers. Like other national initiatives, it has also drawn on the UK Foundation's evidence on the feasibility of becoming a Living Wage Employer, which has been helpful in making the business case. And a strong business case is essential for the US because the gap between prevailing wages and Living Wages is much larger than in the UK – in many cases

double the prevailing wage. This means that the impact on individual lives will be much greater, and this needs to be reflected in communications.

When building the business case in the US, in-kind benefits such as health insurance need to be taken into account as these form an important part of employees' remuneration package. If not, employers simply wouldn't join. Changes in structure for verification also need to be taken into account – in a very large, diverse country like the US, there could be thousands of different rates. In each of these areas, the US initiative benchmarks its Living Wage requirements to the lowest cost of living county, within a commuting zone. Then they examine each position, pay, bonus, and benefit structure across multiple locations to assess the gap for each iteration to the Living Wage in that geography, and to determine

4.4 Global Living Wage Network Initiatives: United States of America





the value attributed to benefits based on the savings for workers off commuting zone specific cost of living calculations. The US initiative is also going deeper into the metrics – for example integrating incentives to get companies to report back in depth and then aggregating that data. But it is not looking to use an audit model which is known to be problematic when it comes to accurately monitoring human rights issues, as well as the ‘audit fatigue’ that many companies are experiencing. It will instead use a robust grievance mechanism developed in partnership with Ulula²¹ along with worker education tools to elevate worker voice in the compliance process.

LESSONS FROM THE US NATIONAL LIVING WAGE STANDARD INITIATIVE

- 1 Starting a national Living Wage initiative in this decade is a different proposition to the early movements** – but we can learn from and build on them. For example, using existing research to build the business case.
- 2 Calculation methods need to be adapted to the local (national) context** – e.g. taking health insurance into account - while retaining a consistent basic approach across the country – e.g. including position, pay and benefit structure across multiple locations.
- 3 Where the added cost of becoming a Living Wage Employer is much greater, the change in individuals’ lives will also be much greater** – which will provide compelling stories for communication.

4.5 SOUTH AFRICA

4.5 Global Living Wage Network Initiatives: South Africa

Debates about the Living Wages concept are only starting to emerge in South Africa, with the public still being largely unfamiliar with the term. While there is a nominal social safety net in South Africa this is so small that it barely supports those who need it. There are also very high unemployment levels, much higher than in the UK or New Zealand, so there's a tension between employment creation (regardless of the quality of that employment) and Living Wages. Businesses and legislators wonder how Living Wages can work in a society where close to half of the working age population is not working.

In March 2021, the University of Cape Town's Research Chair Ines Meyer organised a call bringing together some of the key actors.

There was broad agreement that the time was right for a national approach. This section is based on an interview with Meyer who emphasised that hers is only one perspective.

With a background in organisational psychology, Meyer has a rather different take on Living Wages than traditional Living Wage initiatives. This approach was inspired by work being done at Massey University in New Zealand,²² where there is a move away from having someone external decide which particular set of items should be included in the basket of goods and services for it to constitute a decent quality of life, before going on to determine the monetary value themselves. Instead they proposed that you should make the definition

subjective and ask individuals what, in their own perception, matters for a good quality of life and to what degree they can fulfil this on their current income. They plotted these responses against respondents' income instead of asking 'how much money do you need?'. This makes it possible to identify the wage range from which individuals can live the life they desire.

In 2015, Meyer, with Molefe Maleka and a team from Massey University, tried to adopt this approach in South Africa and found that it worked very well in identifying an amount that is the pivot point between where people say 'our quality of life is not neutral' and where the majority on average say 'we have a positive quality of life'. In 2019, they piloted

a different approach first trialled in the Philippines: they simply asked people how important different domains were to them to have a good quality of life, acknowledging that not everything was equally important to everyone. These domains included neighbourhood, safety, housing, running water, education, religious freedom, mental health, physical health etc. and then asked for each domain 'to what extent is it possible for you to achieve this?' and recorded their current income.

The wage rate her team arrived at through this method was the same as some unions had requested as a minimum wage/ decent wage, and it was much higher than the Living Wage rate calculated econometrically.



From a governance point of view in South Africa, there's a very strong bottom up approach – there's a lot of consultation seeking input from communities. This is something that may have emerged from the anti-apartheid movement since, as Meyer has observed, traditional African culture tends to be very hierarchical – which can also play out in management roles: “There's the chief, the leader, and there are very clear roles; you are told what to do and you don't question it. There are very strong gender roles too. This speaks to the importance of the bottom up approach and being very aware of context and culture.” In different contexts, such as countries with strong labour legislation this might be less important.

One of the key concepts that emerged from the March 2021 call of organisations working on Living Wages was low levels of trust and how to build trust between different players; unions, government, management - and between organisations. “How do you convince people with rational arguments when their fear is so strong that they don't buy it?” wonders Meyer, and goes on to suggest that “if we can build trust - which is really lacking in this country - that would mean there is more of an openness to buying into the argument for Living Wages.”

LESSONS FROM A SOUTH AFRICAN PERSPECTIVE

1 An alternative and effective approach to calculating Living Wages is to **ask people what is important to them, what they need to achieve it and to plot this against their current income.** This ensures inclusion of all the life domains that people value, not just the shopping basket.

2 **It is important to adapt Living Wage approaches to the underlying culture within a country –** while community based approaches appear to be effective in many countries, in some, like South Africa it is vital to take this approach and be mindful of traditional hierarchies.



SECTORAL APPROACHES TO LIVING WAGES



The Living Wage Foundation takes a national approach to encourage individual companies to voluntarily pay Living Wages to their staff and contracted workers. But it is also worth observing that other initiatives take a global, sectoral approach seeking multi-stakeholder agreement on ways to ensure that Living Wages can (eventually) be paid in a particular industry. The two main initiatives of this kind are ACT on Living Wages (garment and footwear industry) and the World Banana Forum. Malawi Tea 2020 Revitalisation Programme for Living Wages presents an industry-wide initiative in a single country.

Both sectors – agriculture and one industry – are characterised by workers in lower income countries on low wages producing goods primarily for export to higher income countries. This is a very different context to wealthy financial services companies ensuring that the wages of their lowest paid workers are raised to fill the relatively small gap (in the UK) to a Living Wage. Nevertheless, it is important to see how these initiatives operate as the context in which they are working applies to a wide range of countries that may be contemplating national Living Wage initiatives.

5. Sectoral approaches to Living Wages

5.1 ACT ON LIVING WAGES

5.1 Sectoral approaches to Living Wages: ACT on Living Wages

ACT is an alliance between a group of 21 garment brands and retailers, and the global trade union federation that includes garment and footwear workers, IndustriALL. ACT came into being after sustained lobbying by the Clean Clothes Campaign which published an annual listing of companies and their efforts towards Living Wages. In 2016, a group of Ethical Trading Initiative member companies came together to discuss how they could address the problems raised. They decided that this could only be achieved by “establishing industry collective bargaining in key garment and textile sourcing countries, supported by world class manufacturing standards and responsible purchasing practices.”

They signed a memorandum of understanding with IndustriALL²³ that commits them to seeking collective bargaining agreements that would ensure better wages for garment sector workers and to ensuring that their purchasing practices supported this.

They identified four countries in which their members had significant presence and therefore leverage - Bangladesh, Cambodia, Myanmar and Turkey.

In 2018, ACT adopted Global Purchasing Practices Commitments. ACT member brands have committed to implementing these purchasing practices commitments progressively across their global supply base by the end of 2023. Founding member H&M’s Fair

Living Wage Roadmap²⁴ was a strong influence on the development of ACT’s strategy. The H&M Roadmap involves four key areas for long-term improvement:

- 1 The company’s own purchasing practices supporting the payment of Living Wages
- 2 Suppliers having well-functioning pay mechanisms
- 3 Factory employees being informed and empowered to negotiate for better wages through social dialogue
- 4 Advocacy towards governments to raise minimum wage levels



Source: Flickr/ILO Asia Pacific

A key lesson that ACT shares is that “Too often, programmes designed to improve the industry and protect the rights of workers have been top down, without meaningful participation of affected stakeholders.” It addresses this by “Ensuring that manufacturers, employer representatives, trade unions



5.1 Sectoral approaches to Living Wages: ACT on Living Wages

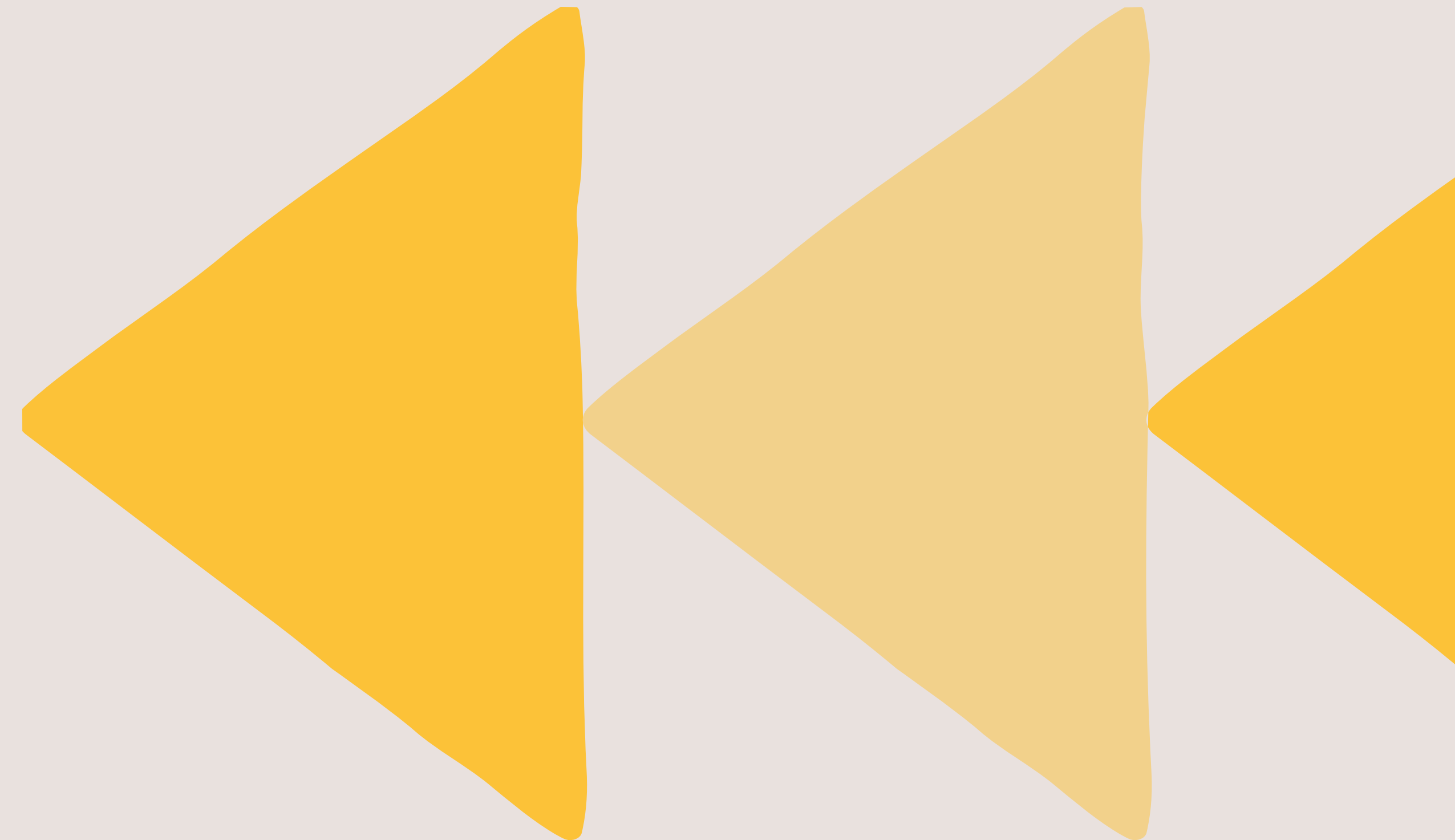
and brands are at the same table” which, it says, “has been critical to achieving agreements on freedom of association and dispute resolution.”²⁵

This type of approach to Living Wages takes a long term view, with no expectation of quick wins. The focus is on creating an enabling environment for wages to improve and reflect the true needs of workers, and involves structural and mindset change that can take a long time. As such, it is hard to find concrete evidence yet of any garment workers’ wages being raised to a Living Wage level as a result of ACT’s work.

For example, H&M reports that “By 2018, 930,000 garment workers worked in factories that had either started to implement improved Wage Management Systems or had democratically elected worker representation

— or, as in most cases, both.” Yet the company remains the target of the Clean Clothes Campaign which stresses that “More than four years after H&M published the roadmap, hundreds of thousands of workers producing H&M’s garments are still not receiving Living Wages.”²⁶

However, the logic behind the ACT and H&M approaches states that once certain conditions are met, no individual company would be able to choose not to pay Living Wages. These include having appropriate infrastructure in place to ensure that workers can negotiate for the wages they know they need; effective pay systems established by employers to deliver these wages; and ensuring that customers are paying prices that support Living Wages and national minimum wages close or equal to Living Wages.



5.2 WORLD BANANA FORUM

5.2 Sectoral approaches to Living Wages: World Banana Forum

The World Banana Forum is a multi-stakeholder initiative that emerged from a meeting held in Rome, 2009 by the Trade and Markets Division of the Food and Agriculture Organization of the United Nations (FAO). The meeting included representatives from banana farmer organisations, trade associations, private companies (including major banana marketing companies and retailers), trade unions and other civil society organisations, research institutes, technical cooperation agencies, and governments. The Forum was established in order to identify the main issues facing the banana sector so they could be prioritised and fed into the Intergovernmental Group on Bananas and Tropical Fruits (IGG).

Living Wages emerged as a high priority issue for workers in the sector (along with environmental sustainability), and working groups were established on Labour Rights (social sustainability) and Distribution of Value (economic sustainability), with the latter group focusing on how to secure Living Wages for banana workers. Among this group's objectives are the commitments to:

- Agree on a practical methodology – the Anker methodology – for approximating 'living' or 'decent' wages at plantation/ farm level

- Support Living Wage benchmark studies in banana-producing countries, Living Wage advocacy activities with diverse stakeholders, and Living Wage implementation efforts
- Explore the feasibility of various approaches and interventions for the redistribution of value along the chain

As a first step, the group commissioned a study into the methodologies for implementing Living Wages in Latin America banana production.²⁷



Source: Solidaridad



The study outlines a set of principles that could usefully apply to any Living Wage initiative:

- 1 The Living Wage is one instrument to overcome poverty for those who work in the Latin American banana industry
- 2 Achieving a Living Wage is not just an issue at the production end but requires the involvement of stakeholders along the international supply chain
- 3 The need for the goodwill and commitment of different stakeholders requires broad-based dialogue
- 4 Working with a common methodology is not a substitute for other initiatives. The intention is not to impose this methodology over and above

other instruments for achieving a Living Wage, such as through free collective bargaining

The author makes the important point that “The principle of Win-Win is implicit in this type of initiative. If the idea is to give a fairer deal to Latin American workers, then somebody has to pay for this, so the solution to the problem requires a discussion about resources and ultimately about profits.”

One of the results of this study is that “Several members [of the Distribution of Value Working Group] have since adopted the Anker methodology as the more sophisticated methodology for calculating Living Wages, and supported efforts to conduct Living Wage benchmark studies in banana-producing countries.”

If the idea is to give a fairer deal to Latin American workers, then somebody has to pay for this; so the solution to the problem requires a discussion about resources and ultimately about profits

Víctor Hugo Quesada Arce,
Consultant for the
World Banana Forum

5.3 MALAWI TEA 2020

5.3 Sectoral approaches to Living Wages:
World Banana Forum

REVITALISATION PROGRAMME TOWARDS LIVING WAGES

Oxfam, the Ethical Tea Partnership and IDH (the Sustainable Trade Initiative) ran a three year project from 2013-2016 to raise wages of tea workers in Malawi to a Living Wage level.²⁸ While this was focused on a single country, it took into consideration the whole industry within that country rather than a single company's supply chain and will therefore have useful lessons for national Living Wage initiatives.

The project began with an Oxfam-commissioned Vulnerability Risk Assessment.²⁹ The project partners then brought together tea buying companies such as Unilever, Twinings, Tesco supermarket, and tea producers who are members

of the Tea Association of Malawi Ltd. The Malawian government and trade unions were also consulted. A roadmap³⁰ was developed which took a holistic view of what was needed to enhance wages – including the profitability of the tea sector, motivation levels of workers, and energy and environmental sustainability, as well as Living Wages. The steps to promote the latter included improved productivity, union recognition, and government engagement.

The partners convened and facilitated meetings of stakeholders along the entire tea value chain; facilitated access to affordable finance for replanting, irrigation and factory refurbishment; supported the

Collective Bargaining Agreement (CBA) process; and measured change by assessing the prevailing wages every year in relation to the Living Wage Benchmark. They also measured the improvement level of workers' livelihoods and competitiveness of the Malawi tea industry, while holding companies to account for their role in the programme.

One output of the programme was a ground-breaking tool for companies to calculate how they might need to adjust their purchasing practices –



Source: <https://www.idhsustainabletrade.com/project/malawi-tea-programme-lw/>

now part of IDH's Sustainable Procurement Kit.³¹ And a notable outcome was that the first ever Collective Bargaining Agreement was signed between the Tea Association of Malawi (TAML) and The Plantation and Allied Workers Union (PAWU).³²



The 2017 end-of-programme Wages Committee Progress Report concluded that while “considerable progress had been made by the Malawi Tea 2020 Program in closing the gap to a Living Wage in the Malawi tea industry... there remained a long way to go to achieving a Living Wage for tea workers in Malawi.” It cited high inflation in rural Malawi and the fact that the rise in wages put workers into a higher tax bracket as major hindrances to the achievement of net Living Wage levels. Nevertheless, as a result of the programme, TAML basic wage was much higher than the minimum wage,³³ and the existence of a CBA will ensure that workers and their representatives will be in a position to negotiate with employers to ensure a wage level that suits them while maintaining the company’s profitability.

The programme has provided a number of other useful reflections³⁴ on what helped and hindered it, including the need for reliable Living Wage data, the importance of a sector-wide CBA (though one size won’t necessarily fit all), the importance of building trade union capacity, the need for an accountability mechanism, and the risks of focusing on a single origin.

LESSONS FROM SECTORAL APPROACHES

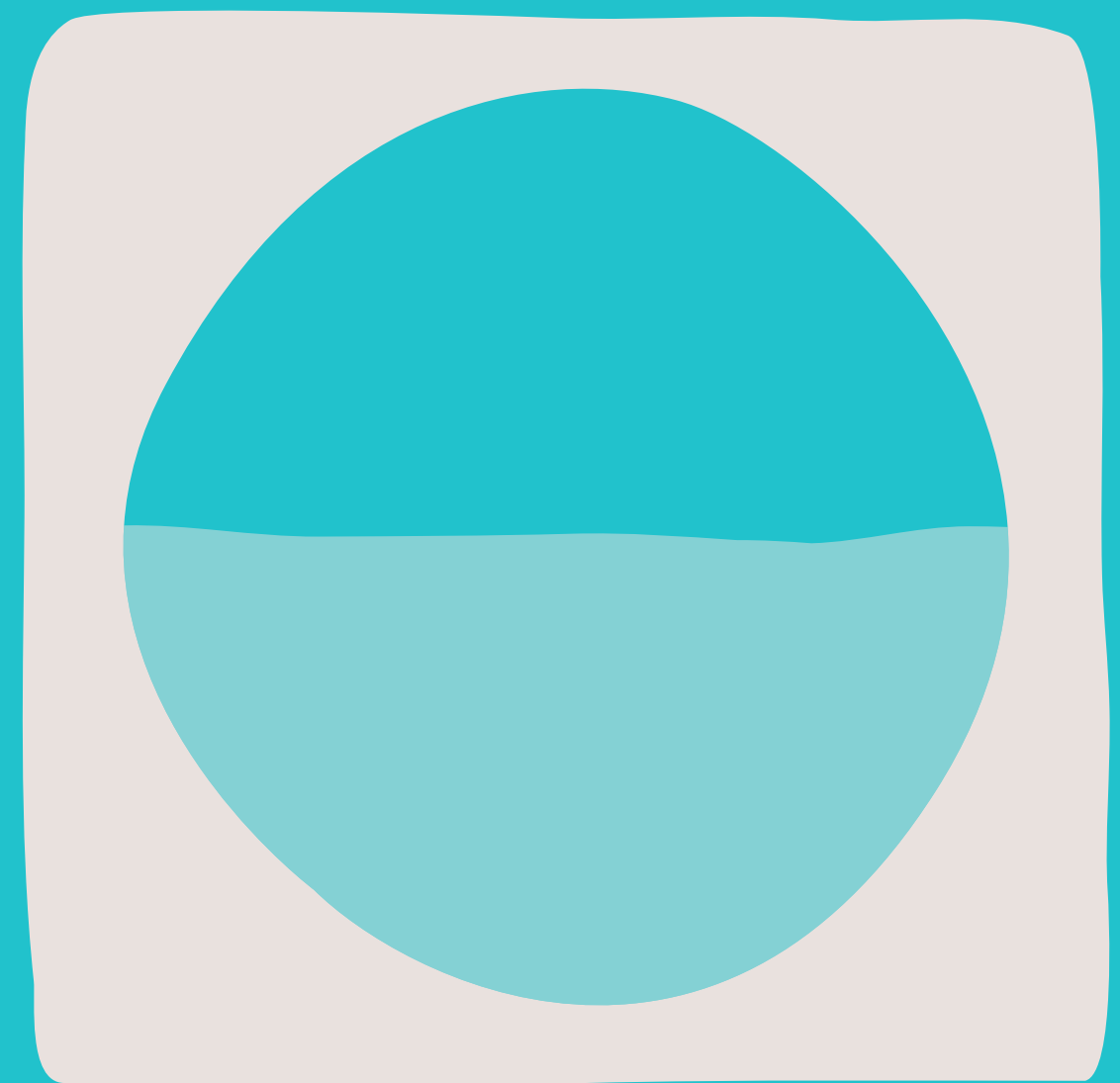
1 The sectoral approach relies on dialogue between multiple stakeholders in a given sector including workers and employers (as in the Living Wage Foundation model), but also other supply chain actors, governments, trade unions, trade associations and civil society.

2 This is a long term, systemic approach. It seeks to change the way a whole system works so that all in the sector will eventually achieve Living Wages on an ongoing basis. **Results, in the form of wage rises for workers, may not be seen for a long time**, but once they come should be sustainable in the long term.

3 Externalities such as **inflation, exchange rates and taxation need to be borne in mind** when implementing Living Wage benchmarks.

KEY LESSONS

FOR COUNTRIES/REGIONS INTENDING TO
DEVELOP NATIONAL LIVING WAGE INITIATIVES



OVERARCHING LESSONS

Throughout the reading and interviews for this report, six key principles emerged as being universally important for national Living Wage initiatives.

1 Community based and non-partisan – Living Wage initiatives need to be ‘broad church’ and include as wide a spectrum of stakeholders as possible in order to become a movement

2 Credible calculation method and authority – companies need to feel confident that the rate they are agreeing to has been established through a robust methodology that will be widely respected (see Appendix 1 for the UK calculation methodology)

3 Affordable – companies need to feel confident that there will be no surprises later

4 Simplicity – minimise regional rate variations wherever practical and keep the overarching messaging simple

5 Communication – it’s vital to get spokespeople and media on board communicating the right messages

6. Key lessons for countries/regions intending to develop national Living Wage initiatives

6 Network champions – activating Living Wage Employers to be the advocates within their own networks is one of the most effective levers for change

CONCLUSION





7. Conclusion

Different approaches are appropriate or more effective in different geographical, political and economic contexts, but these lessons appear to apply across the board. They ensure that any national Living Wage initiative is deeply rooted in – and informed by – the communities whose members it seeks to benefit as well as maximising the likelihood that companies will feel motivated to become – and remain – Living Wage employers. The communication element ensures that the wider public is kept informed and is on board with the concept of a Living Wage, be they employees, employers or users of services provided by people who might otherwise be on wages that are insufficient to live on.

Finally, the other shared characteristic that emerged across the board was the overwhelming passion, commitment and determination of the people involved

in driving these movements. This, combined with a willingness to learn from the past and from each other, makes the success of the national Living Wage initiatives covered here so much more likely.

There are numerous other national Living Wage initiatives or movements underway around the world at varying levels of maturity, including India, Bermuda, Ghana, Lebanon, Ireland, Jersey and Guernsey. It was not possible to cover them all for this paper, but together they will soon constitute a Global Living Wage movement that will be hard for any company or government to ignore. Every human being has the right to an income that enables them and their families to have a decent standard of living, and we now have the solutions to ensure that this is a reality for all.



USEFUL RESOURCES

8. Useful resources

1 [Achieving the Living Wage Ambition: Reference Sheet and Implementation Guidance](#)

2 [Calculating the Real Living Wage for London and the Rest of the UK, 2020-21](#)

3 [Closing the gap: A Living Wage that means families don't go short, 2016](#)

4 [Extending the Minimum Income Standard worldwide](#)

5 [Fashion Focus: A Proposal for New EU Legislation on a Living Wage](#)

6 [Living Wage Foundation Implementation Guide](#)

7 [The Minimum Income Standard for the United Kingdom](#)

8 [The Living Wage: Core Principles and Global Perspectives](#)

9 [The Sustainable Development Goals and the Living Wage](#)

APPENDIX

1. UK CALCULATION METHODOLOGY

The Living Wage is calculated by the Resolution Foundation and is overseen by the independent Living Wage Commission, which was established by the Living Wage Foundation in January 2016 to provide clear governance of the Living Wage rates.

The Commission is drawn from high profile representatives from civil society, accredited employers and expert stakeholders. It provides a transparent decision making forum, free from political control, to resolve specific judgements about how to incorporate policy changes and new sources of data into the calculation, advises on how to manage extreme year-to-year variations from general rises in living costs, and

ultimately recommends the UK and London Living Wage rates for the Living Wage Foundation to announce in November each year.

The calculation of the Living Wage rates is built on a basket of goods that represents a decent standard of living, using the Minimum Income Standard research determined through consultation with the public, and undertaken by the Centre for Research in Social Policy. The hourly Living Wage rates are then calculated by taking a weighted average of the earnings for a range of family types working full-time to reach a level of income that provides that decent standard of living.

- Focus groups agree a core basket of goods and services to provide a 'minimum acceptable standard of living' for different household types.
- An hourly wage is calculated to meet these costs, weighted according to the incidence of different household types and taking into account tax and benefits.
- These goods and services are priced and the costs which differ significantly between London and the rest of the UK are priced separately.

Regional variances in living costs for London and the rest of the UK are taken into account. The difference between the two rates

is due to the much higher cost of housing and childcare in London, although this year they rose less quickly compared to the rest of the UK.

The new Living Wage rates are announced every year in November during Living Wage Week, an annual celebration of the Living Wage movement. Accredited employers are asked to inform staff of the increase within one month and put the new rates in place within six months.

This is an extract from the Living Wage Foundation's Employer Briefing: 2019-20 Living Wage Rates.



2. GLOBAL LIVING WAGE NETWORK WEBSITES

Only four of the national Living Wage initiatives covered in this paper have websites so far. Others are in the process of development.

- [Living Wage Canada](#) (see also: [British Columbia](#))
- [Living Wage Aotearoa/New Zealand](#)
- [Living Wage Foundation UK](#)
- [Living Wage for US](#)

3. INTERVIEWEES

Anastasia French – Campaign Organiser for Living Wage for Families Campaign, British Columbia, Canada

Annie Newman – Assistant national secretary of E tū and National Convenor of the Living Wage Movement of New Zealand/Aotearoa

Crystal Lam – Assistant Manager, Oxfam Hong Kong

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