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The Real Living Wage as Civil Regulation: An Assessment

May 2025

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Executive Summary

This policy brief uses the case of the Real Living Wage to reflect upon the value of civil regulation as a means of addressing labour market problems, such as low pay and in-work poverty.

The brief draws upon an extensive, longitudinal study into the Living Wage, which has included creating a database of more than 20,000 Living Wage Employers who have been accredited since 2011, and two population surveys of accredited organizations, carried out in 2016 and early 2021. The Living Wage is a striking example of civil regulation, the creation of standards and procedural rules by civil society organizations that are promoted to employers. Regulation of this kind has been growing, both within the UK and across the wider global economy in recent decades and has become an established feature of the labour market.

The key attribute of civil regulation is that it is voluntary and is consequently often promoted to employers using a 'business case', reinforced through a range of incentives. The latter can include accreditation schemes, awards, branding, and opportunities to secure customers, clients, and investment. All these incentives are found within the Living Wage scheme.

There is an active debate about civil regulation amongst commentators and researchers. Critics have argued that civil regulation is often ineffective, of limited scale, prone to generate perverse effects for those it is meant to benefit and that it can displace stronger forms of regulation based on the law or trade union representation.

The contrary argument is that civil regulation can prove effective, generating gains for both employers and employees and can supplement, not displace, other methods of labour market regulation.

Our research was designed to test these competing perspectives on civil regulation. We find that the Living Wage has had a significant positive impact on low paid employees in the UK while also having a range of modest, mostly positive effects on employers. The Living Wage has spread against a backdrop of tightening statutory regulation, and in many cases has complemented or worked alongside collective bargaining. The campaign has largely won employers over via business-friendly methods, working with partners in the private, public, and not-for-profit sectors.

The reach and impact of the Living Wage

In May 2025 there were more than 16,000 currently accredited Living Wage Employers, which together employed more than 3.8 million people, about 11 per cent of the UK total.

A majority of these accredited Living Wage Employers report that low wage employees received a pay increase as a result of their joining the scheme, with a sizeable minority reporting that a quarter or more of the workforce gained. We estimate that more than half a million workers have benefited from the Living Wage and that the aggregate wage transfer since 2011 is in the region of £3.85bn.

The median increase in hourly pay received by staff who were paid below the Living Wage before their employer accredited was nine per cent. For full-time workers, this translated to £1,950 additional annual income. Further, 15 per cent of workers (sixty-eight thousand) received an increase in hourly pay of 20 per cent or more.

The Living Wage has spread broadly across the country and today is truly national in scope. The Living Wage is found in all main industry divisions, all sectors, and in both large and small employing organizations. It has disproportionately benefited part-time employees and employees on outsourcing contracts who provide support services to large corporates and the public sector. These workers are amongst those most likely to experience low pay.

The Living Wage has also benefited employers, with virtually all responding to our survey reporting gains. The benefits reported include enhancement of reputation, improvements to HR outcomes, and the ability to win contracts and secure funding.

There is evidence of 'mutual gains', in that most employers who report positive outcomes for their organization also report that employees have benefited. In 63 per cent of cases, both employers and employees benefit from Living Wage implementation, with strong mutual gains in about 20 per cent of cases. Notably, employers report more significant positive effects when a higher proportion of their workforce receives wage increases, suggesting alignment between business and social goals.

While the balance of evidence is supportive of the Living Wage, and of civil regulation, there are important qualifications to be made. A substantial minority of employers report no Living Wage recipients, indicating that they were already compliant with the standard prior to accreditation, and in many cases the positive business effects reported are of a modest scale. Nonetheless, contrary to concerns about employers 'clawing back' costs through cutting benefits or hours, only 1-3% of surveyed employers reported such measures. Instead, many employers extended Living Wage benefits beyond minimum requirements, including raising pay for higher-wage staff to maintain differentials and covering additional worker categories.

The Living Wage reinforces other methods of regulation

The research also indicated that the Living Wage is fully compatible with other methods of regulation. It has spread since the introduction of the statutory minimum wage, and there is evidence that the Living Wage has both stimulated the passage of legislation and has evolved as the law has changed. The introduction of the National Living Wage in 2016, for instance, stemmed partly from the success of the voluntary Real Living Wage and has, in turn, encouraged the Living Wage Foundation to introduce other labour market standards, such as Living Hours and the Living Pension.

While the Living Wage has spread amongst businesses without formal trade union recognition, it has a strong presence in the unionized segment of the UK economy. Civil regulation and joint regulation through collective bargaining can coexist in the same employing organization. Trade unions have participated in the Living Wage campaign and have helped spread the standard by incorporating the Living Wage in collective agreements with employers. This process has led to the emergence of a 'shadow' Living Wage, where the standard is applied by employing organizations, such as several major supermarkets, that have not become accredited formally as Living Wage Employers. It is difficult to provide a precise estimate, but the shadow Living Wage has undoubtedly increased the reach of the standard and benefited many low-paid employees.

How the Living Wage has spread

The final objective of the research was to identify the conditions that have caused it to spread, focusing particularly on campaign methods. Three findings here are paramount:

- Most employers have been recruited to the Living Wage standard through ‘business-friendly’ methods, which encompass articulation of a business case, provision of incentives, and reliance on business champions to recruit their peers.
- The Living Wage Foundation has partnered with a broad range of other organizations in promoting the Living Wage, including trade unions and employers’ organizations. What is especially striking is the close links it has forged with other civil society organizations, which have contributed to the task of recruiting employers, provided research, finance and other resources to the campaign, and have helped extend the coverage of the Living Wage. The Foundation is the centre of an eco-system of organizations that share its objective of tackling in-work poverty.
- The Living Wage Foundation has also partnered with public authorities and has been successful in enlisting the support of devolved governments, regional combined authorities, and many local authorities. The support of public authorities committed to their own attempts to reduce poverty and promote inclusive growth has contributed significantly to the success of the Living Wage.

The research attests to the positive potential of civil regulation. The case study of the Living Wage indicates that this approach to raising labour market standards can generate positive effects for both employees and employers and can reinforce, not displace, other methods of labour market regulation. One important lesson of the study lies within public policy. Encouraging and reinforcing civil regulation is an important and perhaps neglected method through which public authorities can secure improved labour market outcomes.

1. Introduction

The Real Living Wage is a striking example of what is sometimes called ‘civil regulation’, the formation of labour, environmental, and other standards by civil society organizations that they seek to have adopted by employers. Evidence suggests that regulation of this type is growing, both within the United Kingdom and in the wider global economy (Heery and Williams 2020). Other examples include the Disability Smart Framework developed by the Business Disability Forum, the Athena Swan Award used by Advance HE to promote gender equality in higher education, and the Good Business Charter which commits member employers to meeting ten standards of good business practice, including payment of the Real Living Wage. At an international scale, organizations like the Ethical Trading Initiative and Social Accountability International have formulated standards to be applied in the supply chains of western multinationals sourcing goods, products, and services from the Global South.

In this policy brief we use the case of the Real Living Wage to reflect upon the value and potential of civil regulation as a means of raising UK labour standards. In doing so, we draw upon two main sources of evidence: a dataset containing information on more than 20,000 employers that have been accredited by the Living Wage Foundation for paying the Living Wage in the period 2011-25 and two population surveys of accredited employers carried out in 2016 and 2021, which sought to gauge motives for adopting the standard and to assess how it had been implemented and with what effects. Our reflections are also informed by a large body of qualitative research, including more than one hundred interviews with campaigners, worker representatives, and employers and observation of campaign meetings and events.

In what follows these bodies of evidence are used to address the following issues:

2. *Effectiveness of civil regulation*: Schemes like the Living Wage are often advocated on the grounds that

they can raise standards for employees, helping to reduce in-work poverty while also benefiting supporting employers. It is often argued that there is a ‘business case’ for civil regulation. On the other side, however, there is a critical literature on civil regulation, which suggests that it is often ineffective, with employer support confined largely to the already compliant, and that gains for employees tend to be modest, temporary, and often accompanied by adverse side-effects, such as job losses or work intensification. Below, we review the debate over civil regulation and present evidence from our dataset and survey to show the pattern of effects generated by the Living Wage.

3. *Relationship to other methods of regulation*: A component element of the debate over civil regulation concerns its impact on other methods for raising employment standards, such as legal regulation through employment law or collective bargaining between trade unions and employers. Critical writers on civil regulation have sometimes advanced a replacement thesis, arguing effectively that the spread of voluntary methods to raise employment standards can subvert or forestall the adoption of more robust methods, grounded in the law or trade union recognition. An alternative, more positive view is that these different methods for regulating the employment relationship can reinforce one another, with civil regulation helping to stimulate collective bargaining or providing additional impulse to the effects of employment law. It is sometimes suggested that it is possible to develop a ‘smart mix’ comprised of different methods of raising standards that reinforce one another. We use our evidence on the Living Wage to show which of these two arguments – replacement or reinforcement – has greatest validity.

4. *Supporting conditions*: A third theme in the literature on civil regulation addresses the question of which conditions support the spread of voluntary standards. Much of this work focuses on campaign methods used by civil society organizations to promote civil regulation. It has been suggested that alliance-

building can play a vital part, allowing campaigners to access additional resources and extend the reach of their campaigns. Alliances with trade unions, often termed union-community coalitions, feature prominently in this literature (Heery 2019). Another focus is on the methods used to persuade employers to adopt civil regulation. Much of this literature stresses a need for pressure tactics and to mobilize workers, consumers, and others to shame businesses into adopting standards that they otherwise would not embrace. The success of what are sometimes called 'indie unions', such as the Independent Workers Union of Great Britain, in improving wages and conditions for gig workers and for outsourced ancillary workers has been especially highlighted in this regard in recent years (Shenker 2019). Below, we consider whether union-community coalitions and pressure tactics have been central to the Living Wage campaign or whether other campaign features have been more widely used and have proved more effective.

Before using our research to address these three issues, however, it is necessary to reflect a little more on civil regulation and identify its primary characteristics.

2. What civil regulation is and how the Living Wage fits in

The first defining characteristic of civil regulation is that it originates from civil society (Williams et al 2011). The latter is comprised of a broad swathe of voluntary organizations, charitable foundations, membership associations, not-for-profit organizations, and social movements, many of which formulate employment standards. Over the past three decades two types of civil society organization have become notably more active in developing standards of this kind. The first are identity-based organizations which represent the interests of minorities and equity-seeking groups, while the second are issue-based organizations, which are focused directly on improving employment conditions as their central mission or which seek to do so to advance another, closely related goal. The Living Wage Foundation, the civil society organization that promotes the Living Wage to employers, is an issue-based organization of this type, though it should also be noted that the Foundation encourages adoption of the Living Wage because it benefits working women and members of ethnic minorities who are found disproportionately amongst the low paid. In its case, the identity and issue-based categories overlap.

A second defining characteristic of civil regulation is that it is adopted voluntarily by employers and is not required by law. For this reason, employment standards emanating from civil society are often promoted using a 'business case'; an argument that adopting regulations that improve conditions for employees will also enhance the efficiency or commercial performance of employing organizations. Research is often commissioned by civil society organizations to demonstrate these business benefits and secondary incentives, such as logos, accreditation and membership schemes put in place to signal to clients and consumers that the employer is compliant with a particular standard. Other features of civil regulation that reflect its voluntary nature include measures to help businesses comply with the standard, such as consultancy, advice, case studies, toolkits and mentoring, and the reinforcement of commitment to the standard through awards and other means to celebrate employer support (Demougin et al. 2021). All these provisions are features of the Real Living Wage.

A third defining characteristic of civil regulation is that it is unilateral, in the sense that its constituent rules are formulated by civil society organizations alone and are not subject to bilateral negotiation with employers who adopt these rules. There is a clear contrast here between civil regulation and another common method of regulating the employment relationship, collective bargaining, where employment regulations are jointly created by trade unions and employers through a process of negotiation. In the case of the Living Wage, the hourly rates of pay for the UK and for London, which lie at the heart of the standard, are generated through research into the income needs of different types of low-income family; an important feature of the standard which endows it with legitimacy. Although not subject to negotiation, however, the Living Wage standard incorporates an element of stakeholder consultation; seen most clearly in the Living Wage Commission, which is composed of representatives of employers, trade unions, and anti-poverty organizations and which formally approves both the annual Living Wage rates, and any changes introduced into the method of calculation. Stakeholder involvement in this manner, in which employers and employee representatives are consulted over its application, is a common feature of civil regulation.

The fourth and final defining element of civil regulation is that it is a process of regulation: it generates rules which govern the employment relationship or other fields of business activity. These rules can be highly variable, and it is possible to identify different types of civil regulation. One important distinction lies between substantive and procedural rules. The Living Wage is an example of substantive regulation: it specifies that employees should be paid a minimum hourly rate of pay, provided certain conditions are met. Employees are entitled to the Real Living Wage if they work directly for an accredited employer or are employed by a contractor based at the accredited employer's premises, as is typical with those working for

contractors supplying cleaning or security services. In other cases, however, the rules developed by civil society organizations are largely procedural, requiring employers to review practice, engage in consultation, set objectives, and develop policies. Indeed, some of the supplementary standards developed by the Living Wage Foundation, such as the Living Wage Funders and Living Wage Places schemes largely take this form.

A second distinction concerns the range of issues that are regulated. One of the strengths of the Living Wage movement, arguably, is that it has at its core a single, primary standard that is easily comprehended and relatively straightforward to adopt. In other cases, however, civil regulation takes the form of codes of practice or employment charters, which cover a broad set of issues, which may extend to environmental and other matters (Dickinson 2023). The recent development of the Living Hours and Living Pension standards by the Living Wage Foundation involves an extension of its range and the development of a linked set of standards, designed to tackle in-work poverty through a combination of programmes. A third distinction

relates to the provisions for ensuring employer compliance with standards. In global schemes for regulating supply chains these provisions can be quite elaborate and involve extensive reporting and external auditing of employer compliance, together with an explicit sanction that non-compliant employers will be excluded from supply chains (Kuruvilla 2021). The Living Wage scheme stands at the opposite end of the spectrum to this kind of compliance monitoring. To be sure, employers sign a license agreement with the Foundation, provide information on workers whose pay is uplifted, and agree a timetable for extending the Living Wage to employees of contractors. There is also a helpline through which employees can raise concerns about non-payment of the Living Wage. In the main, however, the Foundation has adopted a non-intrusive and incentive-based approach to ensuring employer compliance, in which it is largely taken on trust that employers and their contractors abide by the terms of their license agreement.

The pattern of civil regulation developed to promote the Living Wage emphasises substantive rather than procedural change, is focused on a narrow range of issues that can reduce in-work poverty, and rests on a high-trust approach to ensuring employer compliance. In the following section we examine evidence on how effective this pattern has been in generating improvements for both parties to the employment relationship: employers and employees.

3. Impact of the Real Living Wage campaign on employees

Our research on the impact of the Living Wage on employers demonstrates that it has generated a substantial positive effect, spreading broadly across the economy and raising wages for many thousands of low-wage workers. These findings are important because there is a widespread critique of civil regulation, which argues that it is relatively ineffective as a method for improving employment conditions. The main thrust of our evidence is that this charge of ineffectiveness is unwarranted; that civil regulation can help raise labour standards.

The critical argument about the ineffectiveness of civil regulation comes in several different forms. It has been suggested that civil regulation, including living wage schemes, suffers from a problem of limited scale and tends to be confined to specific localities or to particular industries, such as publicly funded services (Freeman 2005). It is further argued that this inability to ‘scale-up’ distinguishes civil regulation from other methods for raising labour standards, such as collective bargaining and employment law, whose reach can extend much further across the labour market. Other versions of the critical argument suggest that employer adherence to civil regulation will be temporary, falling away under difficult trading conditions, will be biased towards those who are already compliant and who incur minimal cost by adopting standards, and partly for this reason will produce minimal, rather marginal gains for employees (Hoque 2003; Lebaron et al 2022; Locke 2013). A final version of the critical argument holds that civil regulation will generate perverse effects for employees, as employers recoup the cost of higher standards by cutting jobs and intensifying work (Cunningham et al 2023).

The evidence relating to these issues is as follows:

1. *Geographical scope*: The Living Wage campaign began as a local initiative in the East End of London in 2001. Since then, however, it has spread far and wide, expanding to encompass all of London and then growing in other parts of the UK. Today, there are Living Wage Employers in all four nations of the United Kingdom and in virtually all local authority districts. There are geographical hotspots - London and Scotland between them account for half of accredited employers – but over time there has been a broadening of geographical coverage. New hotspots, such as Birmingham, Cardiff, Manchester, Newcastle, and Sunderland have come to the fore, often as result of the Foundation’s Living Wage Places scheme. There has also been strong support for the standard in primarily rural parts of the UK, such as Cornwall and the Highlands. In other countries, such as the USA and Canada, living wage schemes are confined to specific cities and localities, but this is not a feature of the Living Wage in the UK, which is truly national in scope.
2. *Industry coverage*: The first employers to adopt the Living Wage in East London were banks and other large service businesses at Canary Wharf and public services, including local authorities, NHS Trusts, and universities. From these beginnings the standard has spread outwards and is now found within all branches of the UK economy. There are good numbers of Living Wage Employers in all nineteen main industry divisions of the Standard Industrial Classification and accredited employers are found in hundreds of separate industries. As with the geographical distribution, there are hotspots within the industry distribution of the Living Wage. Three industry divisions, ‘professional, scientific and technical activities’, ‘administrative and support service activities’ and ‘human health and social work activities’, account for nearly 40 per cent of accredited employers and there are notable concentrations of the latter in specific industry sectors such as local government, universities, banks, and law firms. The key finding though is that the Living Wage standard is not confined to a narrow band of the economy.

3. *Absolute scale*: In the period between the launch of the Foundation's accreditation scheme in 2011 and February 2025, more than 20,230 employers signed up to the Living Wage standard. These employers directly employ more than 4.15 million employees and collectively reported that more than 450,000 employees had received a wage increase, bringing their pay up to the Living Wage at the point of accreditation. Data supplied by accredited employers indicates that more than half of these employees work part-time and more than a quarter work on outsourcing contracts. The Living Wage Foundation also operates an accreditation scheme for Recognized Service Providers (RSPs), facilities management companies that undertake to include a Living Wage based tender whenever they bid for contracts with corporate clients. Since its inception 248 contract businesses have joined the RSP scheme, including some of the largest facilities management firms in the country. Collectively these RSPs report that more than 300,000 workers are employed on service contracts that guarantee the Living Wage. Many of these workers are employed on contracts with clients who are accredited Living Wage Employers and so are included in the estimates of benefiting employees provided by these accredited organizations. This is not the always case however, and the RSP scheme has led to many people being paid the Real Living Wage who are not working for accredited employers. It is likely that the scheme has pushed the number of direct beneficiaries of the Living Wage well above the half million figure. The number of supporting employers and the estimates of coverage and impact indicate that the Living Wage has generated a substantial *absolute* effect. It has operated at a scale and generated an impact beyond those envisaged by the critics of civil regulation.

4. *Relative scale*: But how does the Living Wage compare with other methods for regulating the employment relationship? One way of comparing the Living Wage with collective bargaining is in terms of the coverage of the two measures; that is the number of employees working in organizations covered either by the Living Wage or by a collective agreement. In 2022, the Annual Survey of Hours and Earnings estimated that 26.6 per cent of employees were covered by collective agreements. At the start of 2025 3.76 million were employed by current Living Wage Employers, while a further 272,000 were employed on RSP contracts that guaranteed payment of the Living Wage. In combination these estimates indicate that 4.03 million are covered by the Living Wage, equivalent to 12.1 per cent of UK employees. This figure is nearly half the estimate of collective bargaining coverage. It is also possible to compare the reach of the Living Wage with that of minimum wage legislation. In this case the appropriate comparison is the number of workers benefiting from the two methods of raising low pay. The Low Pay Commission estimated that in 2019 1.89 million workers had benefited directly from the statutory minimum wage, the vast majority of whom had been paid the National Living Wage (1.6m). In early 2025 we estimate that 386,000 employees working for currently accredited employers had received a Living Wage pay increase with a further, unknown number benefiting from the RSP scheme. This estimate is about a fifth of the total number benefiting from statutory provision. What these two, rather crude, comparisons indicate is that the reach of the Living Wage is less than that of more established methods of labour market regulation but that it has nevertheless attained considerable scale in the relatively short period in which it has been operating. Civil regulation, on this evidence, comes third behind collective bargaining and employment law as a method for shaping the employment relationship but it is a significant feature of the contemporary UK labour market.

5. *Temporary compliance*: Since 2011, when accreditation began, 4,634 employers have withdrawn from their commitment to pay the Living Wage. This is 23 per cent of the total number of employers that have joined the scheme. The reasons for lapsing are various. In many cases, organizations will have ceased to exist through closure or merger. In others, paying the Living Wage may have proved too onerous or the internal champion behind accreditation retired or moved on. Employers that have dropped out of the scheme tend to be in the private sector and to be small businesses with relatively few employees. Some

large companies have dropped out of the scheme – Capita and Brewdog closed their accreditations in 2024 – but what is striking is the stability of membership amongst large organizations. Very few local authorities, NHS Trusts, universities, or large corporates have withdrawn from their commitment to pay the Living Wage. Many of these organizations have maintained their support for the Living Wage for ten years or more. It should also be noted that major shocks, such as the COVID pandemic and the cost-of-living crisis, have been accompanied by continued net-growth and have not interrupted the upward trend in Living Wage coverage.

6. *Accreditation of already-compliant employers:* Another criticism of voluntary regulation is that it will spread primarily amongst organizations which already have good employment practices, and which can sign up to standards without incurring significant costs or disruption. There is evidence in support of this criticism among Living Wage Employers: nearly 40 per cent of accredited employers report that there were no uplifts to the Living Wage at the point they became accredited. In many cases, this will be because employers introduced the Living Wage before they sought accreditation while in others, uplifts will have occurred in subsequent years. Our survey of employers provided evidence of the latter, with nearly half of those declaring zero beneficiaries at accreditation reporting uplifting salaries later, in 2021. The evidence also shows that there is a substantial minority of employers who report that a large proportion of their employees gained directly from the Living Wage. Thirty per cent of employers, report that more than a quarter of their employees benefited from the Living Wage (calculated by dividing reported uplifts for direct and contract employees by direct headcount), while a further 13 per cent reported that between 10 and 25 per cent had gained. The distribution of accredited organizations is skewed towards the already compliant and those with comparatively few low-wage employees but there are still thousands of cases where the Living Wage has directly benefited a substantial portion of the workforce.
7. *Accreditation in high and low-wage industries:* The question of whether civil regulation follows the path of least resistance can also be explored by examining the distribution of Living Wage accreditation across high and low-paying industries. In the latter, more workers are likely to benefit, and the cost implications of accreditation will be greater, leading to a concentration of accreditation in the former. There is some evidence of this pattern and nearly a quarter of employers are found in industries, like finance, tech, comms, and consultancy where hourly median pay is more than 20 per cent higher than the UK national figure of £15.88 in 2023. Again, though this does not tell the whole story. While there is a high level of accreditation in higher paying industries, there is also a strong presence in the lowest paid sectors: nearly a fifth of employers are found in industries with a median rate of pay 20 per cent or more below the national figure. Companies providing social care, cleaning, and security services are strongly represented amongst the ranks of Living Wage Employers. Across the whole distribution, employers are almost evenly split between industries with rates of pay above and below the national median hourly rate.
8. *Marginal gains:* We noted above that more than half a million workers have received a Living Wage pay increase but how big is that increase and is it sufficient to make a difference to people's standard of living? When employers submit their accreditation return, they are asked to report on what was the lowest rate of pay received by employees prior to being uplifted onto the Living Wage. Separate reports are requested for different types of employees: full-time and part-time, direct and indirect, and those receiving the UK and London Living Wage. Not all employers provide this information but the data from those that do allow us to calculate the percentage increase in hourly pay received by employees in accredited organizations. The data indicate that for some employees, Living Wage accreditation produces only a modest increase in hourly pay, in line with criticism of voluntary regulation: eight per cent or thirty-six thousand beneficiaries received a pay increase below two per cent. This is not the general

experience of Living Wage recipients, however. The median increase in hourly pay received was nine per cent and 15 per cent of workers (sixty-eight thousand) received an increase in hourly pay of 20 per cent or more. Contract workers and those receiving the London Living Wage were especially likely to receive a significant increase: the median increase in pay for contract workers was 10 per cent and for London-based workers 14 per cent. Over the course of a working year these increases in hourly pay can lead to a substantial boost to gross earnings. An employee receiving the median increase in hourly pay to bring them up to the UK Living Wage in early 2024 would receive an additional £1,950 over the course of the year if they worked full-time (37.5 hours) or £858 if they worked 16 hours per week. Over time these increases have generated a substantial total wage transfer to low-wage employees covered by the scheme. Since the inception of accreditation in 2011, we estimate that £3.85bn pounds have been transferred to low-paid employees.

9. *Evidence of clawback*: While there is evidence of many employees gaining substantially from the Living Wage, it may be that employers recoup some of their costs by making other changes to employment conditions that have adverse effects for workers. It is often argued that seemingly progressive changes, like the Living Wage, can rebound in this way, generating perverse consequences for those they ostensibly benefit (Hirschman 1991). Our evidence on this issue is taken from the 2021 survey and must be treated with some caution as it comes from employers themselves. We asked employers if they had made changes to help pay for the Living Wage, such as reducing employee benefits, working hours, overtime working, and workforce size. We also asked if they had asked employees to take on more work. Between one and three per cent of employers responded positively to these questions, suggesting that clawback has not been a major feature of the scheme and that the perverse effect of progressive regulation is exaggerated. Most employers we surveyed stated that they had introduced the Living Wage without making significant changes to work organization. It should also be noted that it was quite common for employers to report positive changes that went beyond the terms of their license agreement with the Foundation, such as increasing pay of higher paid staff to maintain differentials and extending coverage of the Living Wage to casual workers and to apprentices. Implementation of the scheme, therefore, was characterized more by extending its provisions than by seeking to undermine them.

Summary

Our evidence on the impact of the Living Wage scheme on employees is generally positive and provides support for civil regulation as an effective means of raising labour standards. The Real Living Wage has spread broadly across the economy and operates at a significant scale. It is impactful and has benefited many low-paid employees, generating a substantial pay increase for many and a sizeable aggregate wage-transfer. These gains have not been undermined by employers making other changes to clawback the costs of raising rates of pay. It can also be noted that a majority of beneficiaries of the Living Wage work part-time, as cleaners, administrators, care assistants, and catering assistants. It has also benefited many working for outsourcing firms, providing support services to the public sector and large corporates. The scheme has generated positive improvement for some of the main concentrations of low-paid labour in the UK labour market. To be sure, some of the criticisms of civil regulation have validity when applied to the Living Wage scheme. This is especially true of the argument that voluntary labour standards tend to be adopted in higher paying industries and by employers who are already compliant. In the main though critical arguments are either not supported or have only limited force. The Living Wage scheme is not without its problems, but the bulk of evidence is positive and provides a strong case in favour of civil regulation.

4. Impact of the Real Living Wage campaign on employers

Our 2021 survey of Living Wage Employers also provided evidence that adopting the Living Wage can provide beneficial to employers. Civil regulation is often promoted to employers on the grounds that it can enhance the performance of their organizations, and the Living Wage Foundation has made the ‘business case’ central to its campaign activity. The survey furnished support for this position, indicating that employer-gains are both widespread and encompass improvements in both HR and wider business performance (Heery et al 2023).

Arguments that civil regulation can produce benefits for employers come in a variety of forms. It has been suggested that raising labour standards can improve labour supply, helping to solve recruitment and retention problems. Adopting high standards may also create a positive ‘employer brand’, making organizations attractive to graduate jobseekers (Bhattarchaya et al 2008). Measures like the Living Wage may directly raise productivity, through an efficiency wage effect, or more indirectly by improving workplace relations and encouraging employee commitment and citizenship behaviour. Finally, adopting civil regulation may have commercial benefits, particularly when it contributes to the creation of an ‘ethical consumer brand’, attractive to those with high disposable income. It should also be noted that these business benefits are believed to apply alongside gains for employees. Civil regulation, like the Living Wage, is typically advocated on the grounds that it can generate ‘mutual gains’; that regulation can produce positive effects for both parties to the employment relationship and thereby foster greater cooperation between them (Kochan and Osterman 1994).

In the survey we asked employers to say whether they believed that adopting the standard had led to a series of positive and negative effects. Employers were also asked to rate the significance of effects on a four-point scale, ranging from ‘no noticeable effect’ to an effect of ‘major significance’. The main findings were as follows (see also Heery et al 2023):

1. *Widespread gains*: The most striking finding from the survey was that virtually all employers (95 per cent) identified positive effects. Most employers reported that becoming an accredited Living Wage Employer had benefited their organization and, for this reason, most declared an intention to retain their accreditation, despite the difficult, COVID-induced operating conditions in which many found themselves at the time of the survey.
2. *Reputational benefits*: Most frequently reported were reputational gains. Clear majorities of employers reported that accreditation had boosted corporate reputation and their reputation as an employer and permitted the organization to differentiate itself from competitors. Critics of civil regulation sometimes argue that progressive labour standards are used by businesses to manage their reputations in the manner of greenwashing (Lebaron et al 2022). Our evidence points to a widespread perception among employers that the Living Wage had generated effects of this kind, but as the previous section has made clear in most cases these reputational gains have been dependent on employers accepting the cost of higher wages.
3. *Labour supply benefits*: Also frequently reported were labour market gains. Most employers reported that the Living Wage had helped with the recruitment and retention of employees being paid the rate and a substantial majority also reported that accreditation had helped higher-level, graduate recruitment. The latter points to civil regulation facilitating the creation of a positive employer brand. Many low-wage labour markets are characterized by high-levels of turnover, and it seems that payment of the Living Wage can help curtail this problem and contribute to greater workforce stability. A possible

side-effect of the latter is to increase the scope to develop worker skills through training and a sizeable minority of employers also reported that accreditation had fostered skill acquisition.

4. *Labour performance benefits*: A third set of benefits reported by large numbers of employers concerned worker attitudes and performance. Employers stated that the scheme had helped raise employee commitment and motivation and had improved workplace relations. On the back of these changes a majority employers reported positive changes to work organization, while a minority stated that the quality of goods and services they provided had increased. Perhaps unsurprisingly, HR benefits, encompassing both the supply and performance of labour are among the most frequently reported benefits of Living Wage accreditation.
5. *Commercial benefits*: Substantial minorities of employers stated that Living Wage accreditation had attracted customers or clients to the organization or helped secure contracts with the public sector or with private sector clients and enabled the organization to secure funding or investment. It must be emphasized that only a minority of employers reported gains of this kind but, it is clear, that tangible commercial benefits have flowed from adoption of the Living Wage. In some cases, these benefits have taken the form of individual consumers attracted to 'ethical' suppliers in the manner identified in the wider literature on civil regulation. The Living Wage Foundation has tried to promote the Living Wage as a consumer brand and publishes Christmas and other on-line catalogues featuring Living Wage businesses. In many other cases, though, accreditation has facilitated business-to-business linkages, and it is notable that there is disproportionately high support for the Living Wage in contracting industries, such as cleaning, security, facilities management, grounds maintenance, and event catering. The main commercial benefits of Living Wage accreditation, we believe, lie within supply chains, with accredited businesses providing support services to client firms and public service organizations, which are often themselves Living Wage Employers.
6. *Mutual gains*: By combining our survey evidence of employer gains from the Living Wage with our data on employee benefits it was possible to identify the degree of overlap between the two sources, i.e. whether there were mutual gains, such that both employers and employees benefit from the Living Wage in the same organization. Our analysis identified four patterns. The first two of these – (i) no reported gains for either party and (ii) employee gains but no benefit for the employer – were found in only a handful of organizations and are not a major feature of the Living Wage. The third pattern, (iii) where employer benefits are reported but there are no reported employees receiving a wage uplifts (either at the point of accreditation or at the time of our survey), was found within a substantial minority of employers (30 per cent). Critical writers have often argued that civil regulation generates this pattern of effects, with reputational gains accruing to employers with little tangible benefit for employees. In most cases (63 per cent) however, (iv) mutual gains are reported and in about a fifth of cases strong mutual gains are apparent, in which 25 per cent or more of employees received a pay increase and the employer reported significant positive effects across a range of items. Indeed, there is evidence that gains for employers, track those for employees, with employers more likely to report positive effects when a high proportion of the workforce also benefits. The dominant pattern in our evidence is supportive of advocates of civil regulation who claim that both employers and employees can gain from progressive labour standards.
7. *Qualifications to the business case*: The evidence presented so far indicates that there is a business case for the Living Wage; that employers as well as employees can gain from civil regulation. It is important to qualify this conclusion in several ways, however. First, while virtually all employers identify benefits from Living Wage accreditation about 60 per cent also identify disbenefits. The most commonly, mentioned of

the latter is an increase in labour costs but many also reference disruption to existing pay structures and increased transaction and monitoring costs in relation to contractors. Fewer employers report a downside to the Living Wage than report an upside and the significance of problematic features tends to be rated at a lower level, but it is important to recognize that there are costs associated with adopting the Living Wage. Second, the most frequently reported gains from the Living Wage, reputational benefits, are the least tangible, while the most concrete commercial benefits, such as winning new contracts, are reported by only a minority. Third, and related to the former point, many employers report that positive gains have only little or moderate significance. The Living Wage emerges as a positive influence on employers but for many participating businesses the effects are fairly marginal, as one might expect given that only a minority of employees are affected and often work in support activities, such as cleaning and security. There is a business case for the Living Wage, the evidence indicates, but it would be wrong to exaggerate the scale of positive impact amongst accredited employers.

Summary

Civil regulation is often advocated on the grounds that higher labour standards can benefit employers as well as employees, that there are mutual gains. The evidence we have collected provides support for this argument. Most employers report that adopting the Living Wage has benefited their organization and report a range of different types of effect, including reputational gains, HR benefits, and securing contracts and investment. The strongest reported gains tend to be found where there is also a strong positive impact for employees. In the main, however, the scale of reported positive business impacts is quite modest, and it would be wrong to exaggerate the transformational impact of the Living Wage. The Real Living Wage emerges as a relatively benign change for employers that contributes to incremental improvement in organizational operations and performance. We suspect that many other forms of civil regulation generate the same pattern of benign effects.

5. Relationship between the Living Wage and other methods of regulation

There is an ongoing debate about the relationship between civil regulation and other methods of regulation. For some, these are competing methods for raising standards and the spread of civil regulation poses a threat to regulation through law or collective bargaining. The alternative view is that civil regulation and other methods can complement and reinforce one another. Our evidence supports this second position and suggests that the Real Living Wage has reinforced rather than crowded out other forms of regulation. It has spread in a context of increasing statutory regulation of wages and working conditions, while often working with and being incorporated in collective agreements between employers and trade unions.

Relationship to Legal Regulation

In the research literature on civil regulation, it is sometimes suggested that voluntary standards thrive in the absence of effective legislation. The emergence of international codes, regulating global supply chains, for example, is explained with reference to the absence of effective intergovernmental regulation and the limited capacity of states in supplier countries to regulate their labour markets (Vogel 2010). On this view, civil regulation is a functional alternative that substitutes for absent, weak, or failing statutory regulation.

Another common argument is that, once-established, civil regulation can forestall the emergence of environmental or employment law. Critics of civil regulation sometimes makes this argument, claiming that civil regulation is preferred by corporate interests and their political supporters partly because it is weak and does not impose legal obligations on business and partly because its presence can support an argument that more intrusive, stronger forms of state regulation are not needed. (Kinderman 2012). On this view, the spread of voluntary standards blocks the emergence of stronger, more effective means of regulation through the law.

Neither of these arguments closely fits the experience of the Living Wage. The emergence of the Living Wage campaign in the early 2000s was arguably stimulated by the introduction of the statutory National Minimum Wage in 1998. To be sure, there was extensive criticism of the latter on the grounds that it had been set at too low a level, but the creation of the UK's first statutory wage floor stimulated debate over further regulation of the labour market and it was from this fertile policy soil that the campaign sprang. Moreover, the creation of the National Living Wage in 2016, with its objective of setting the statutory rate at two-thirds of median hourly earnings, has stimulated further policy development. As the gap between the voluntary and the National Minimum Wage has narrowed, the Living Wage Foundation has launched additional standards, Living Hours and the Living Pension, broadening its offer to employers to encompass further anti-poverty measures. Over the 20 plus years of the Living Wage campaign, it is striking that the Living Wage has grown alongside and not in the absence of statutory regulation. Indeed, in the years since the introduction of the National Living Wage when the value of the statutory wage floor has increased, the recruitment of employers to the voluntary standard has been at its highest.

There is also evidence that the existence of the voluntary Living Wage has stimulated and not forestalled legislative action. Again, the creation of the National Living Wage can serve as an example. Not only did the government appropriate the name of the Living Wage and attach it to the new, higher rate for the minimum wage in 2016, but arguably the success of the campaign in winning support from employers provided an impulse for government to strengthen the statutory framework. Beyond the UK government, moreover, in the devolved nations and English regional authorities, public authorities have incorporated the Living Wage in their own versions of soft regulation: good employment charters and codes of ethical practice (Dickinson 2023; Heery et al 2020). In Scotland and Wales procurement legislation has been re-written, obliging those

issuing contracts to have regard to whether the Living Wage is paid by suppliers. Devolved governments do not have the power to create employment law but the legal powers they do possess have been used to promote the Living Wage.

Civil and legal regulation are often seen as alternatives, such that as one waxes the other wanes and vice versa. The experience of the Living Wage does not match this perception. Over the past 25 years in the UK, we have seen the growth and elaboration of both statutory and voluntary attempts to regulate the base of the labour market and reduce the level of in-work poverty. These attempts have frequently interacted with one another, with innovation in one method stimulating change in the other.

In our view, statutory regulation is best regarded not as an alternative to civil regulation, but as providing a platform on which the latter is constructed. It is a strong platform of legal regulation which encourages the growth of civil regulation not the absence of law. Civil regulation is often stimulated by the passage of legislation and takes the form of standards of good practice that seek to build upon but go beyond legal minima. Indeed, arguably this effect can be seen in the UK's labour market statistics, where the proportion of jobs being paid at or just above the National Living Wage has declined, seemingly because the Living Wage has stimulated an upward drift in rates of pay above the legal minimum. We expect that the Employment Rights Bill currently going through Parliament will lead to the further growth of voluntary standards which seek to extend and supplement the effects of legislation. One area of law that is likely to be strengthened is that relating to working time and to precarious forms of work, such as zero-hours contracts. A likely effect of such legislation would be to stimulate employer interest in and take-up of the Living Hours standard, which seeks to establish a voluntary norm of good practice for working time.

Relationship to Joint Regulation

Another method for regulating the employment relationship is through collective bargaining, sometimes known as joint regulation. In this process, rates of pay and other conditions of employment are set through negotiations between trade unions and employers, with the latter sometimes represented by their own collective membership organizations, employers' associations. Joint regulation was the dominant method for setting rates of pay in the UK for much of the twentieth century but has declined since the 1970s. As we have seen, however, it is still an important labour market process, setting rates of pay for about a quarter of the workforce. Public services, privatized utilities, transport, manufacturing, banking, and parts of retail and construction are covered by joint regulation, while pay determination through Pay Review Bodies for public service workers, such as teachers, doctors, nurses, and prison officers, has analogous characteristics. Like civil regulation, joint regulation typically serves to establish rates of pay and other conditions of employment which extend beyond minimum standards required by law. Indeed, it has been highly effective in this regard and union-negotiated rates of pay and terms of employment tend to be superior to those found in the non-union economy.

It has been suggested that civil regulation will grow where unions are weak or absent and can serve to replace unions (Kuruvilla 2021). We believe that there is some validity in the first of these claims. The movement to promote the Real Living Wage emerged and has grown in a context in which unions represent a shrinking percentage of the UK workforce. It is also notable that Living Wage movements of the kind seen in Britain have not emerged in countries with stronger labour movements, such as the Nordic countries, where collective bargaining retains its primary position as a method of pay determination (Alsos et al. 2019). However, while the Living Wage is found within the UK's extensive non-union economy, it is also found in industries where unions are well-established, and the two methods of regulating pay often coexist within a single organization (Heery et al. 2018). Moreover, we have found no evidence of employers promoting the Living Wage as an alternative to union recognition or that adoption of the standard reduces demand for

union representation. Union decline may have presented an opportunity for civil regulation to grow but the latter is not a factor encouraging further union decline. The Living Wage Foundation urges employers to work with representatives to implement the Living Wage, where unions are recognized.

Furthermore, civil regulation and trade union activity can complement one another. Unions have participated in the Living Wage campaign and are represented in the governance structure which oversees the scheme. Through the TUC, unions are represented on the Living Wage Foundation's advisory council. Unions have also affiliated to local chapters of Citizens UK and become involved in local campaigning activity. In the early years of Living Wage campaigning in London and more recently in cities such as Manchester and Bristol, unions have helped spread the Living Wage, working closely with Citizens UK and the Living Wage Foundation. Unions have also promoted the Living Wage by including it within their bargaining activity with employers. We have collected numerous examples of collective agreements between unions and employers which guarantee payment of the Living Wage to union members. This activity has helped generate a 'shadow' Living Wage, where the latter is applied but employers remain unaccredited by the Living Wage Foundation. This shadow Living Wage has also spread through independent action by employers. A recent case in point, is Marks and Spencer which has set the UK and London Living Wage rates as the lowest points in its pay structure for retail employees, primarily in response to labour market pressures. Other large retailers have taken similar action, with the Co-Op and Sainsbury's setting their minimum wages in line with the UK and London Living Wage rates in 2025 (Weinbren 2025).

As the Living Wage standard has become institutionalized in the labour market, it has increasingly been used as reference point by union negotiators and by employers themselves. We believe that this has helped promote an upward movement of rates of pay and the emergence of a shadow Living Wage. We are not able to estimate the precise scale of the latter, but it probably covers a substantial segment of the UK labour market.

6. How the Real Living Wage has spread

It was said in our Introduction that the literature on the methods used to promote civil regulation has tended to focus on two types of activity: pressure tactics that name and shame employers, using direct action to secure their compliance, and union-community alliances that allow civil society organizations to draw upon the resources of the labour movement. Both types have been used within the Living Wage campaign. In our research we collected numerous examples of the use by Citizens UK of community organizing to promote the Living Wage and in parts of the country unions have been central to the coalition promoting the campaign. Neither of these methods has dominated the campaign, however, and other approaches to spreading the Living Wage standard have been more widely used.

Campaign Methods

The main approach to the recruitment of employers used by the Living Wage Foundation is 'business friendly'. It has relied upon the articulation of a business case and seeks to persuade employers that adoption of the Living Wage is in their own best interest. Other themes in the campaign have focused on the individual and societal benefits that accrue from tackling in-wage poverty and a prominent campaign technique has been the use of worker testimony to describe both the hardship experienced on low pay and the difference that the Living Wage can make to family circumstances. The benefits to children living in low wage families has been a particularly prominent theme. The articulation of this social and moral theme has often found a resonance amongst employers, many of whom state that their primary motivation in becoming accredited was to 'do the right thing' and help tackle poverty. This motivation also underpins the decision of many employers to retain their accreditation, and our survey indicated that research findings demonstrating the positive effects of the Living Wage for those on low incomes was a significant influence on their continuing commitment.

Reflecting the business-friendly orientation of the campaign there has been an emphasis on employers joining the scheme voluntarily, with a variety of measures used to welcome, acknowledge, and reinforce the decision that employers have taken to become accredited. The annual Living Wage awards, which celebrate employers epitomize this approach. In addition, tool-kits, case studies, consultants, and mentors are used to smooth the transition to accreditation amongst interested-employers. An important feature of this process is reliance on peer-to-peer recruitment, with the Living Wage Foundation making use of employer contacts and champions to spread the Living Wage amongst industry and local business networks. In some cases, employers' associations, professional and management organizations, and local chambers of commerce have become involved in this process of peer-recruitment. These methods are not unique to the Living Wage Foundation but are used by a broad range of civil society organizations promoting employment, social and environmental standards (Williams et al 2011). They are integral to attempts to promote responsible and sustainable business practice.

Reliance on these 'business friendly' methods is sometimes viewed with suspicion in the literature on civil regulation, and as risking the capture of social movements by business interests and the loss of radicalism (Dauvergne and Lebaron 2014). There may also be benefits, however, which flow from voluntary recruitment. Externally imposed standards, whether in the form of hard regulation through the law or soft regulation enforced through campaigning pressure, can be met with minimal compliance, and attempts to limit or escape from the activities of regulators (Locke 2013). The misreporting and falsification of compliance data by supplier factories in international systems of labour regulation exemplify this response (Kuruvillea 2021).

Where employers have chosen to implement civil regulation, as is generally the case with the Living Wage, then problems of non-compliance with standards are likely to be less common. In addition, employers may go beyond the basic terms of their license agreement, in the ways described above, and choose to participate actively in the Living Wage campaign. Many employers have become campaigners themselves, relaying their experience of accreditation to peers and providing tangible support to campaign activity.

Another likely benefit of the voluntary nature of the scheme is that member-employers are receptive to additional Living Work standards. Again, our survey research provided supporting evidence here. Our 2021 survey revealed that not only did most employers intend to maintain their accreditation, but that there was strong interest in new standards, such as Living Hours and the Living Pension. It seems that once one voluntary decision to accept civil regulation has been taken, others become possible, and employers are receptive to expanding their relationship with the Foundation.

Campaign Partnerships

While the Foundation and local chapters of Citizens UK have worked with trade unions, other types of partnership have also featured within the campaign. One of these is with other civil society organizations. The Living Wage Foundation has forged partnerships with the Poverty Alliance in Scotland, Cynnal Cymru in Wales, ShareAction, Trust for London, the Resolution Foundation, and a broad set of other research, funding, and campaigning organizations. These partners have helped with employer recruitment, the calculation of the Living Wage, and the funding of special projects and supportive research. The Living Wage Foundation is at the centre of an eco-system of civil society organizations that have collaborated to develop the Living Wage campaign.

Another very important partner, whose support has been actively cultivated by the Foundation and by Citizens UK, are public authorities. In the early years of the campaign, support from the Greater London Authority was vital in establishing the London Living Wage. In the years since, campaigners have secured backing from the Scottish and Welsh Governments, regional authorities in Greater Manchester, Liverpool City Region, the North-East, and South and West Yorkshire. They have also forged close partnerships with a substantial body of local authorities, including Belfast, Bristol, Camden, Cambridge, Cardiff, Croydon, Dundee, Edinburgh, Islington, Newham, Preston, Salford, Southwark, and the City of London.

Devolved national, regional, and local government has supported the Living Wage campaign in a variety of ways. These authorities do not have the power to legislate on the Living Wage, in the manner of the citywide ordinances introduced in many US cities, but they have other levers at their disposal which have been used to encourage adoption of the standard within their areas of jurisdiction. These methods include using procurement and grant-making to promote the Living Wage, subsidizing payment of the Living Wage in specific industries, such as social care, and providing tangible support to the campaign, including funding Living Wage organizers. The Fair Employment Charters adopted by many public authorities invariably include the Real Living Wage, and combined authorities, such as Greater Manchester and the Greater London Authority, and city councils, such as Birmingham, Bristol, Cardiff, Dundee, and Edinburgh, have been central to the Foundation's Living Wage Places initiative

The evidence we have collected on Living Wage accreditation and impact suggests that this partnership with public authorities has led to tangible campaign outcomes. Living Wage Employers are found disproportionately in districts where the local authority is itself accredited and, even more, where the authority has directly promoted the Living Wage to other employers. Cities and city-regions that have participated in the Living Wage Places scheme have much higher levels of accreditation and impact than equivalent cities and city-regions that have not. In Scotland and in Wales, government agencies and other

public service organizations have joined the Living Wage because of encouragement from the devolved governments (Heery et al. 2020). The UK Government has not yet provided explicit support for the Living Wage but in a context of devolution and the emergence of new regional combined authorities in England, public authorities have proved important supporters of the Living Wage campaign.

7. Conclusion

In this briefing paper we have argued that the Living Wage is part of a growing body of civil regulation, comprising social, employment, and environmental standards that are developed and promoted by civil society organizations. We have used our research on the Living Wage to examine the arguments made in favour and against regulation of this type, focusing on the Living Wage standard as a case study for an assessment of civil regulation. Our primary conclusions are as follows:

1. The Living Wage has been impactful. Since its launch, it has spread to all parts of the country and to all parts of the economy and has generated a substantial pay increase for half a million low-wage employees and an equally substantial cumulative wage transfer. Those employed part-time and on outsourcing contracts, providing support services to the public sector and large corporates, have benefited disproportionately from the Living Wage.
2. There is a 'business case' for the Living Wage and virtually all member-employers of the accreditation scheme report beneficial effects within their organizations. Positive changes include the enhancement of business reputation, improvements to recruitment and retention, improved employee commitment, and the ability to win contracts from corporate clients. The scale of positive effects should not be exaggerated but they are widely reported and appear to be more pronounced where the Living Wage has been especially impactful for employees.
3. The Living Wage has evolved in tandem with statutory regulation of low pay. The campaign to promote the Living Wage emerged shortly after the creation of the National Minimum Wage and voluntary and statutory attempts to deal with low pay have interacted since, most notably in the creation of the government's National Living Wage in 2016. These two forms of regulation – civil regulation and legal regulation – are not alternatives but supplements, with legal provision establishing a platform upon which additional, voluntary regulation is constructed.
4. The Living Wage does not compete with joint regulation through collective bargaining. To be sure, the Living Wage has spread in the UK's extensive non-union economy, but it is also found within many organizations that recognize trade unions, and it is clear once again that two methods for dealing with low pay – civil regulation and joint regulation – can coexist and support one another. Trade unions have participated actively in the Living Wage campaign and have helped generate a 'shadow' Living Wage by incorporating the standard in collective agreements with employers.
5. The Living Wage campaign has made use of a variety of methods to encourage employers to adopt the Living Wage. Citizens UK has run joint campaigns with trade unions and has relied upon community organizing to exert pressure on employers. By far the most common method, however, has been the use by the Living Wage Foundation of a 'business friendly' approach, based on the articulation of a 'business case' and reliance on business champions to encourage their peers to adopt the Living Wage. Thousands of employers have been recruited to the standard through a campaign which incentivizes organizations to join.
6. Another striking feature of the campaign has been enlisting the support of a broad range of partner organizations. Other civil society organizations, such as the Poverty Alliance in Scotland and Cynnal Cymru in Wales, have played a central part in recruiting employers. There has also been extensive support from public authorities, including the devolved governments of Scotland and Wales, combined

authorities in England, and many local authorities. Public authorities have been pivotal to the success of the Living Wage Places initiative, which has used place-based campaigning to build up Living Wage accreditation in towns, cities, and city-regions across the country. The Living Wage campaign is a voluntary initiative emerging from civil society, but it has interacted with and drawn support from public authorities seeking to tackle poverty and promote 'inclusive growth' in their areas of jurisdiction.

The objective of our research has been to use the case of the Real Living Wage to reflect on the value of civil regulation as a means of redressing labour market problems. The findings indicate that civil regulation can be an effective method for tackling problems this kind. They indicate that the Living Wage has been impactful, generating substantial improvements for large numbers of employees while also yielding gains for their employers. There is evidence of mutual gains. There is also evidence of positive interaction between the Living Wage and other forms of regulation. Civil regulation, the case suggests, can sit alongside and reinforce regulation through law and collective bargaining. It is possible to develop a 'smart mix' of different forms of regulation. Finally, the research has pointed to some of the conditions that have allowed the Living Wage campaign to generate its positive effects. These have included a campaigning ethos that seeks to secure the voluntary participation of employers, through provision of incentives and reliance on peer recruitment. They also include reliance on support from public authorities, which have used their influencing, purchasing, financing, and other powers to help spread the Living Wage through place-based campaigns. Civil regulation emerges beyond the bounds of government in civil society, but support from public authorities can be vital in extending its reach.

Authors

Edmund Heery is Professor Emeritus and Deborah Hann and David Nash are Professors at Cardiff Business School. Their book, describing and analysing the Living Wage, *The Real Living Wage: Civil Regulation and the Employment Relationship*, was published by Oxford University Press in 2023.

Acknowledgements

The authors would like to acknowledge the support of Cardiff Business School in carrying out the research on which this report is based and thank the many people who have helped us gather information. We owe a particular debt of gratitude to Gail Irvine and Joshua Cottell of the Living Wage Foundation, who encouraged us to write the report and provided helpful comments on earlier drafts.

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