



LIVING WAGE FACT SHEET 4 Business Support of the Living Wage

1. “A man must always live by his work, and his wages must at least be sufficient to maintain him”.

Smith A (1776), An Inquiry into the Nature and Causes of the Wealth of Nations

2. “If current trends persist, a greater and greater share of wealth will keep going into the hands of the few, which will destroy initiative. We'll no longer have a motivated working class.”

James D. Sinegal, CEO of Costco Wholesale Corp. Business Week Online. May 31, 2004

3. “Research suggests that most people want to work for a company whose values are consistent with their own and that a majority of young people believe in the power of responsible business practice to improve profitability. Thus corporate responsibility is increasingly a key factor in attracting and retaining a talented and diverse workforce. Our last annual People Survey showed that almost all of our people believe KPMG is socially responsible and makes a positive contribution to the communities in which we operate.”

“So, for KPMG, paying the Living Wage is not just an important part of our values, our people strategy and our award winning corporate responsibility agenda: it's critical.”

“As Head of Workplace, I have about 700 in-house and outsourced staff in our UK offices, many of whom are directly serving our clients. So, their calibre, motivation and loyalty are extremely important to us. Paying the Living Wage and improving other benefits, like holidays, sick pay and insurance have contributed significantly to our success. Here's how:

- Turnover amongst our cleaning staff has more than halved.
- Morale has been raised.
- Despite improved sick pay potential abuse has not materialised
- Productivity has improved; attitudes are more flexible and positive
- Service has improved: our help desk gets far fewer complaints”

Ian Tew, Head of Workplace at KPMG, UK, 2008

4. “Paying the London Living Wage is not only morally right, but makes good business sense too. What may appear to a company to be an unaffordable cost in a highly competitive market should more often be viewed as a sound investment decision. I believe that paying decent wages reduces staff turnover and produces a more motivated and productive workforce.”

**Conservative Mayor of London, UK, Boris Johnson
Living wage interferes with the market, 2008**

5. “It means we have retention rates of 92 per cent, it makes sense for business,” (explanation of how paying a living wage had added to the value of his business.)

Dominic Johnson, head of employee relations at Barclays Bank, London, UK, 2009

6. A recent Goldman Sachs report confirms that increasing the income of those on lower wages has a proportionately larger stimulating effect on the economy than increasing the income of those on high

incomes. Low-earners tend to spend more of their increased income than those on much higher incomes, because those on low-incomes have more essential spending needs to be met by any income increases. Higher income populations deliver only 3-5 cents increased spending per additional dollar of wealth.

‘Are the rich all that matters for spending?’ Goldman Sachs US Global ECS Research, Oct ’09

(<http://www.theglobeandmail.com/report-on-business/the-wealthy-spend-less-than-you-think/article1325828/>)

7. ‘The research has revealed that the move to be a living wage employer and bring the cleaning service in-house has stimulated improvements in job quality, productivity and service delivery, with very little increase in costs. In addition, the decision has strong support in and beyond the wider community at Queen Mary, University of London.’

Jane Wills, The business case for the living wage: The story of the cleaning service at Queen Mary, University of London, January 2009.

(<http://www.firstcallbc.org/pdfs/LW/QM%20report.pdf>)

8. ‘Most of the economic studies are a little less clear on why there is little or no impact on jobs. One major reason is that minimum wages apply across sectors and geographical regions, placing no single employer at a competitive disadvantage. At the sector and local level, higher minimum wages provide benefits as well as costs to employers – lower turnover, lower training costs, and more experienced workers. Left to their own devices, low-wage employers actually pay less than they should if they really calculated the costs of a cheap and disposable workforce. Another reason for minimal job impacts is that, even if business costs increase a bit, the impact on prices is not enough to appreciably reduce demand.

While there is no hard and fast definition of a reasonable wage floor, one benchmark that has been used internationally is two-thirds of the median or mid-point hourly wage - which would be more than \$10 in the case of Canada, roughly the level of Canadian minimum wages a generation ago. France, Italy and the UK all have minimum wages which are much closer to this benchmark than is the case for Canadian provinces, and many smaller European countries have de facto minimum wages at this level set by collective bargaining.

The cry from business and the right that decent minimum wages come at the cost of jobs flies in the face of the simple empirical reality that countries with relatively high wage floors compared to the national median wage do not necessarily have low rates of employment or high rates of unemployment. The proportion of full-time workers with low-wage jobs (less than two thirds of the median hourly wage) is 22% in Canada, but just 7% in Sweden and 9% in Denmark. In 2005, the employment rate (the proportion of the 15-65 age group with jobs) was actually higher in both Denmark and Sweden than in Canada. And there is, according to the OECD, no relationship between the incidence of low-wage jobs and low unemployment in OECD countries. In short, the argument of the right that countries cannot have both a decent wage floor and high employment/low unemployment is simply wrong.’

The Economics of the Minimum Wage, Andrew Jackson, Chief Economist, Canadian Labour Congress, Jan. 2007

(<http://www.canadianlabour.ca/sites/default/files/pdfs/01-29-07>)

9. ‘On average, minimum wage workers now receive an average of 20% less in real dollars than 30 years ago.

The federal minimum wage, which set a standard for provincial minimum wage levels, was last increased in 1986 and then effectively eliminated in 1996. Since then, the federal government has abandoned its leadership role in establishing a living wage for Canadian workers.

If minimum wages had increased at the same rate as real Gross Domestic Product per capita they would be an average of \$12.44 today – a full 70% higher than the current average. Its no wonder many families are having trouble making ends meet and having to work longer hours just to get by.’

Thirty years of dwindling minimum wages in Canada, CUPE, Nov. 2006

(http://cupe.ca/economics/Thirty_Years_of_Dwin)

10. BC Technology Industry Association's (BCTIA) Survey finds B.C.'s high cost of living eclipsing talent shortage as top barrier to recruitment. Feb. 2010

http://www.bivinteractive.com/index.php?option=com_content&task=view&id=2227&Itemid=30

11. A recent study by economists at the Federal Reserve Bank of Chicago, which examined 23 years of household spending data, found that an increase in the minimum wage leads households with a minimum-wage worker to significantly increase their spending over the next year. This study found that, for every dollar increase in the minimum wage, families with minimum-wage workers tend to increase spending by more than \$800 per quarter [Aaronson et al. 2008]. Other researchers have concluded that increasing the minimum wage is an effective stimulus that helps workers who need it the most and supports the economy by boosting consumer spending [Filion 2009:3].

Aaronson, Daniel, Sumit Agarwal, and Eric French (2008) *The Spending and Debt Response to Minimum Wage Hikes*. Working Paper. Chicago, Ill.: Federal Reserve of Chicago.

Filion, Kai (2009) "A Stealthy Stimulus: How boosting the minimum wage is helping to support the economy." *Economic Policy Institute, Issue Brief #255*. May 28, 2009.

13. "No business which depends for existence on paying less than living wages to its workers has any right to continue in this country."

- Franklin D Roosevelt

14. 'Maryland, for example, found that encouraging living wages boosted competition for state contracts by expanding the pool of "good" firms that could compete on a level playing field. In Los Angeles, a study of the city's living wage law found that staff turnover rates at firms covered by the law averaged 17% lower than at firms that weren't. And a leading study of the San Francisco airport by researchers at the University of California found that after the airport boosted wages, turnover among contracted security screeners plummeted from 95% to 19%, service quality improved dramatically, and the airport saved thousands of dollars per worker in new employee recruitment and training costs.'

LA TIMES Editorial July 6th 2010.

15. According to research conducted by the Institute for Fiscal Studies, in the UK workers who earn less than the 'living wage' cost the taxpayer between £5.9bn and £6.3bn a year. This is because many people who earn below the 'living wage' are entitled to tax credits and benefits to subsidise their low income, and they will also pay less in income tax.

Read more: <http://technorati.com/politics/article/the-living-wage/#ixzz0xkESSdbM>

16. In 2003 20% of Canadians identified themselves as choosing products based on ethical issues, (including wage and working conditions of workers) this increased to 27% in 2008. In both 2003 and 2008, ethical

consumption varied a great deal by province. In 2008, British Columbia (31%), Quebec (29%) and Ontario (27%) recorded the highest proportions of citizens who had consumed or boycotted certain products for ethical reasons. However, two types of civic participation increased between 2003 and 2008: searching for political information (up 3 percentage points) and ethical consumption (up 7 percentage points) This increase in ethical consumption, between 2003 and 2008, was observed among men and women, higher and lower income households, people with and without children, etc. Specifically, in 2008, the proportion of university graduates who chose or boycotted a product for ethical reasons was 41%, compared with 8% of individuals without a high school diploma. When the impact of other factors (e.g., household income, immigrant status and place of residence) are controlled for, university and college graduates remain more likely than less educated people to have chosen or boycotted a product for ethical reasons. An association similar to that observed between education and ethical consumption also existed for income: the higher the household income, the higher the proportion of individuals who engaged in ethical consumption. For example, 24% of people living in households with an annual income between \$40,000 and \$59,999 had chosen or boycotted a product for ethical reasons, compared with 40% of those with an annual household income higher than \$100,000. People aged 65 or older, who are the most likely to vote in elections,¹² were the least likely to choose products for ethical reasons (15% compared with 30% of those aged 45 to 54, for example). Some studies have demonstrated

that recent immigrants, particularly those from countries with more limited democratic rights, are less likely than others to participate in non-traditional political activities or 'protests,' like boycotting a product.

Ethical consumption by *Martin Turcotte*, Statistics Canada — Catalogue no. 11-008 Canadian Social Trends, Jan. 2010.

<http://www.statcan.gc.ca/pub/11-008-x/2011001/article/11399-eng.pdf>