



The Business Case for Paying a Living Wage

“Becoming a Living Wage employer has been one of the proudest moments for all Vancity staff. We are incredibly proud of our leadership to tackle poverty through the supply chains of contract labour that large employers like us engage. That’s where the real impact of this work shows”.

- Vancity Credit Union, Lower Mainland & Vancouver Island



Living Wage Employers pay their staff and contractors their local living wage each year. They also mandate that service providers on major contracts pay their staff a living wage.

Why a living wage?

One in four employed British Columbians have jobs that don't pay enough to live on, and one in five BC children are growing up in poverty. Today, the minimum wage is about three quarters of the living wage, meaning that minimum wage workers cannot make ends meet with one full-time job.

All of society pays the price for low wages: parents lose out on time with their families and communities if they must work multiple jobs, children growing up in poverty experience more health issues and are at greater risk of quitting school, and we all pay for higher health care and social service costs. Poverty costs BC taxpayers at least \$9 billion annually in overall costs to society.

What is a living wage?

A living wage is the hourly amount that each of two parents, both working full time, would need in order to afford basic expenses like food, clothing, rent, and child care. Living wages for communities across BC are re-calculated annually by the Living Wage for Families Campaign and our local partners.

Benefits of paying a living wage

Employers who pay a living wage can expect several benefits - for both your workforce and your bottom line.

- **Lower staff turnover and retraining costs:** Numerous studies from the USA and UK have found lower overtime, absenteeism, and turnover rates, as well as higher rates of employee training, within employers who pay a living wage.
- **Improved staff performance:** Major companies like KMPG in the UK, the San Francisco Airport, and Costco have reported improved staff performance, increased productivity, and higher staff morale after choosing to pay higher wages. 43% of small and medium-sized living wage businesses in the UK reported higher employee morale and productivity after certifying.
- **More focused staff:** If your workers do dangerous or highly specific work, they should be able to completely focus on the task at hand and not be distracted worrying about how they will pay their bills. Many Living Wage Employers in BC cite this as a reason for paying their staff the living wage.

- **Improved company reputation and profile:** There is growing consumer demand for ethical consumption. 72% of small and medium-sized businesses in the UK living wage program reported that being publicly recognized as Living Wage Employers improved their brand reputation as ethical companies.
- **More freedom for contractors:** When contractors bid on tenders from a company or government, they are normally incentivized to offer the lowest possible bid. When that employer instead commits to the living wage, contractors can increase their project budget to be able to pay their staff the living wage without risking losing the bid. In fact, Living Wage Employers will search out contractors who share their value of paying a living wage.
- **Stronger local economies:** According to a study by Goldman Sachs, increasing the incomes of people with lower wages has a proportionately larger stimulating effect on the economy than increasing the income of those with already-high incomes would do. Low-income earners tend to spend proportionally more of their income than those with much higher incomes, because those with low incomes have more essential spending needs. Those with lower incomes also tend to spend more money locally, strengthening small and community-focused businesses.

In a 2016 survey of over 800 UK Living Wage businesses:

- 64% said living wage certification differentiated themselves from others in their industry;
- 75% said it increased employee motivation and retention rates;
- 86% said it improved the reputation of their business; and
- 93% said they had benefitted overall from becoming a Living Wage Employer.

Living Wage Employers in BC

There are more than 150 Living Wage Employers across BC, representing diverse industries, sizes, and types.

When new Living Wage Employers were asked in 2018 why they wanted to make this commitment, their top three reasons were:

- To increase employee retention (28% of applicants),
- For positive brand association and to be seen as an ethical employer (28% of applicants), and
- To attract desirable, qualified candidates (25% of applicants).

**Ready to become a Living Wage Employer?
Contact us.**

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“The living wage benefits our staff. Our employees’ morale is improved and they enjoy working in an environment that values their contributions. We believe the community outlook of the business is definitely improved.”

- Advanced Physiotherapy Clinic,
White Rock