How Poor Is Poor Enough?
Measuring the Effectiveness of Living Wage Policy Implementation

by
Sonja Marie Luck
B.A. Honours (Political Science), Mount Allison University, 2013

Project Submitted in Partial Fulfillment of the Requirements for the Degree of Master of Public Policy

in the School of Public Policy Faculty of Arts and Social Sciences

© Sonja Marie Luck 2016 SIMON FRASER UNIVERSITY Spring 2016
Approval

Name: Sonja Luck
Degree: Master of Public Policy
Title of Capstone: How Poor Is Poor Enough? Measuring the Effectiveness of Living Wage Policy Implementation

Examinig Committee: Chair: Nancy Olewiler
Professor, School of Public Policy, SFU

Maureen Maloney
Senior Supervisor
Professor

Joshua Gordon
Supervisor
Assistant Professor

Doug McArthur
Internal Examiner
Professor

Date Defended/Approved: March 21, 2016
Ethics Statement

The author, whose name appears on the title page of this work, has obtained, for the research described in this work, either:

a. human research ethics approval from the Simon Fraser University Office of Research Ethics

or

b. advance approval of the animal care protocol from the University Animal Care Committee of Simon Fraser University

or has conducted the research

c. as a co-investigator, collaborator, or research assistant in a research project approved in advance.

A copy of the approval letter has been filed with the Theses Office of the University Library at the time of submission of this thesis or project.

The original application for approval and letter of approval are filed with the relevant offices. Inquiries may be directed to those authorities.

Simon Fraser University Library
Burnaby, British Columbia, Canada

Update Spring 2016
Abstract

The following capstone addresses the policy problem of income inequality and poverty. This is achieved by measuring the implementation effectiveness of one identified policy tool used at the local level to combat this societal problem: living wage policy. The methodological design of this study includes: a literature review of living wage research in Canada, the United States and the United Kingdom; a case study analysis of Vancity and the City of New Westminster; and policy options based on data analysis and literature review findings. Three policy options, or strategies, were proposed, outlining the level of implementation effectiveness available to organizations considering implementing living wage policy. This study recommends a tiered-implementation approach, consisting of an initial moderate implementation framework followed by a comprehensive implementation strategy. The study findings are of value to local organizations seeking an implementation assessment template for instituting living wage policy.

**Keywords:** Living wage; income inequality; poverty; policy; implementation
Dedication

This capstone is dedicated to the countless number of people around the world who continue to stand up and confront the negative implications of income inequality and poverty despite facing adversity and falling victim to deaf ears.

This capstone is also dedicated to my mom, Roxanne, for inspiring me and posing the question: how poor is poor enough?
Acknowledgements

First, I would like to sincerely thank Vancity and the City of New Westminster for agreeing to participate in my capstone. Their genuine support during my inaugural research project was deeply appreciated.

In particular, I would like to thank Catherine Ludgate, Manager of Community Investment at Vancity, for going above and beyond in helping me throughout the entirety of my research and showing me Vancity’s true commitment to community and the living wage.

I would also like to thank Joan Burgess, Director of Human Resources at the City of New Westminster, for her continued assistance and encouragement during my project.

I am grateful for the support Simon Fraser University’s School of Public Policy faculty and staff have given me over the course of my master’s degree. To my supervisor, Maureen Maloney, thank you for your guidance and sense of humour during these many long months. A good capstone is a finished capstone.

To my cohort, thank you for always providing a supportive shoulder to cry on, good conversation and welcomed laughter.

Lastly, thank you to my very best friend, Richard, for always being there.
# Table of Contents

Approval .......................................................................................................................... ii  
Ethics Statement ............................................................................................................. iii  
Abstract ............................................................................................................................ iv  
Dedication ........................................................................................................................... v  
Acknowledgements .......................................................................................................... vi  
Table of Contents ............................................................................................................. vii  
List of Tables .................................................................................................................... x  
List of Figures .................................................................................................................. xi  
Glossary ............................................................................................................................. xii  
Executive Summary .......................................................................................................... xiii  

## Chapter 1. Introduction ................................................................................................ 1  
1.1. Setting the Stage for Living Wage: Income Inequality and Poverty ................. 1  
1.2. Policy Problem ......................................................................................................... 2  
1.3. The Difference Between Minimum Wage and Living Wage ......................... 3  

## Chapter 2. Cross-Jurisdictional Comparison of Living Wage Policy:  
Canada, the United States, and the United Kingdom .............................................. 6  
2.1. Living Wage in Canada .............................................................................................. 6  
2.1.1. Living Wage and Vancity ...................................................................................... 8  
2.1.2. Living Wage and the City of New Westminster ............................................. 11  
2.2. Living Wage in the United States ........................................................................... 14  
2.3. Living Wage in the United Kingdom ...................................................................... 16  

## Chapter 3. Methodology ............................................................................................. 19  
3.1. Design ......................................................................................................................... 20  
3.1.1. Semi-Structured Interviews ............................................................................... 20  
3.1.2. Data Collection ..................................................................................................... 21  
3.1.3. Data Analysis ........................................................................................................ 23  

## Chapter 4. Vancity and the City of New Westminster: An Analysis of  
Living Wage Policy Implementation ............................................................................ 24  
4.1. Vancity’s Living Wage Implementation Experience ........................................... 24  
4.1.1. Linking a Triple-Bottom-Line to Living Wage Implementation Success .......... 24  
4.1.2. The Complexity of Implementation: Benefits, Challenges and a Targeted Strategy ................................................................. 26  
4.1.3. Pride and Advocacy Work: The Spillover Effects of the Living Wage .......... 28  
4.1.4. Living Wage Enforcement and Future Considerations ................................ 30  
4.2. The City of New Westminster’s Living Wage Implementation Experience ....... 31  
4.2.1. An Informal Implementation Process: Limiting Administrative Complexity ................................................................. 31
4.2.2. Identified Areas for Improvement: Suggestions for Future Living Wage Municipalities .......................................................... 33
4.3. Summary of Findings .......................................................................................................... 35

Chapter 5. Criteria and Measures for Evaluating the Effectiveness of Living Wage Implementation ................................................. 36
5.1. Effectiveness ..................................................................................................................... 38
5.2. Equity and Fairness ........................................................................................................... 38
5.3. Public Acceptance ............................................................................................................ 39
5.4. Administrative Complexity ............................................................................................ 40
5.5. Affordability ................................................................................................................... 41

Chapter 6. Policy Options ......................................................................................................... 42
6.1. Narrow Implementation Strategy .................................................................................... 43
6.2. Moderate Implementation Strategy ................................................................................ 43
6.3. Comprehensive Implementation Strategy ....................................................................... 44
6.4. Weighting and Ranking .................................................................................................. 44

Chapter 7. Assessment of Policy Options ................................................................................. 45
7.1. Policy Option 1 – Narrow Implementation Strategy ...................................................... 45
  7.1.1. Effectiveness ............................................................................................................... 45
  7.1.2. Equity and Fairness – Work Environment ................................................................. 46
  7.1.3. Equity and Fairness – Poverty Reduction ................................................................. 47
  7.1.4. Public Acceptance ..................................................................................................... 48
  7.1.5. Administrative Complexity ....................................................................................... 49
  7.1.6. Affordability ............................................................................................................. 49
7.2. Policy Option 2 – Moderate Implementation Strategy .................................................. 50
  7.2.1. Effectiveness ............................................................................................................... 50
  7.2.2. Equity and Fairness – Work Environment ................................................................. 51
  7.2.3. Equity and Fairness – Poverty Reduction ................................................................. 52
  7.2.4. Public Acceptance ..................................................................................................... 52
  7.2.5. Administrative Complexity ....................................................................................... 52
  7.2.6. Affordability ............................................................................................................. 54
7.3. Policy Option 3 – Comprehensive Implementation Strategy ........................................ 55
  7.3.1. Effectiveness ............................................................................................................... 55
  7.3.2. Equity and Fairness – Work Environment ................................................................. 56
  7.3.3. Equity and Fairness – Poverty Reduction ................................................................. 56
  7.3.4. Public Acceptance ..................................................................................................... 57
  7.3.5. Administrative Complexity ....................................................................................... 58
  7.3.6. Affordability ............................................................................................................. 60

Chapter 8. Recommendation ........................................................................................................ 61
8.1. Recommendation for Municipal Governments and Local Organizations in British Columbia ........................................................................................................ 61
8.2. Recommendation for the Province of British Columbia .................................................. 63
Chapter 9. Study Limitations and Future Research ................................................. 64

Chapter 10. Concluding Remarks ............................................................................. 66

References .................................................................................................................. 67

Appendix A: Consent Form ....................................................................................... 72

Appendix B: Semi-Structured Interview Schedule – Living Wage Policy Implementers ................................................................................................................. 74
List of Tables

Table 1.1. Minimum Wage By Province ................................................................. 4
Table 1.2. Living Wage Across British Columbia ................................................. 5
Table 3.1. List of Participants................................................................. 22
Table 5.1. Criteria and Measures Matrix......................................................... 37
List of Figures

Figure 2.1. Vancity’s Internal Living Wage Implementation Infrastructure ............... 10
Figure 2.2. City of New Westminster’s Living Wage Implementation Infrastructure ......................................................... 12
## Glossary

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Inequality</td>
<td>The unequal distribution of income among a population</td>
</tr>
<tr>
<td>Living Wage</td>
<td>An hourly figure based on two parents working full-time to support their family, guaranteeing a reasonable quality of life and the ability to meaningfully participate in society</td>
</tr>
<tr>
<td>Minimum Wage</td>
<td>The legal mandatory minimum requirement an employer can pay an employee</td>
</tr>
<tr>
<td>Non-Standardized Work</td>
<td>Jobs falling outside the purview of standard work arrangements, including temporary or fixed-term contracts, temporary or dispatched work, dependent self-employment, and part-time work, including marginal part-time work characterized by short, variable and unpredictable hours (“Non-standard forms of employment”, n.d.)</td>
</tr>
<tr>
<td>Poverty</td>
<td>The inability to obtain the necessities of life (Collin &amp; Campbell, 2008)</td>
</tr>
<tr>
<td>Unionization Rate</td>
<td>The proportion of employees who are union members</td>
</tr>
</tbody>
</table>
Executive Summary

As global wealth rapidly accumulates among a small handful of individuals, the majority of people face the harsh reality of growing levels of income inequality and poverty. In 2014, the wealth of 80 billionaires equaled the total wealth owned by the bottom 50% of the world’s population (Oxfam, 2015, p. 3). Canada is no exception to these gross disparities between the rich and the poor. In terms of income and wealth, trends show the gains of economic growth disproportionately benefiting the top quintile of Canadians. In 2012, the richest 20% of Canadian families captured nearly 50% of all income and held almost 70% of all net worth (MacDonald, 2014, p. 8). Since the 1980s, structural changes to the Canadian labour market, decreasing union density and the adoption of neoliberal policies have intensified these levels of income inequality between Canada’s richest and poorest people. One of the avenues local advocacy groups, politicians and businesses has looked towards to create a more equitable distribution of wealth and wellbeing in Canadian society is the living wage.

The living wage is an hourly wage figure based on two parents working full-time to support their family, guaranteeing a reasonable quality of life and the ability to meaningfully participate in society. Government transfers, deductions and geographical location are included determinants when setting local living wages. In Canada, living wages are calculated annually, taking into account basic necessities a household of two parents and two children would need, such as food, clothing, shelter, and transportation. Living wage calculations do not account for expenses like credit card, loans or other interest payments, savings for retirement or children’s university education, home ownership, additional expenses beyond basic entertainment or savings for emergencies.

The following capstone project examines the effectiveness of living wage policy implementation processes. By understanding the levels of implementation effectiveness and success, this capstone provides a policy framework for future policymakers to use, build upon and enhance the benefits accruing from the living wage, and understand the challenges and weaknesses that come with such a policy. The overall goal of providing a strong policy implementation framework is to address the policy problem at issue: income inequality and poverty. The goal of this study is achieved through the following
objectives: a literature review on living wage research in Canada, the United States and the United Kingdom; a case study analysis of living wage policy at Vancity and the City of New Westminster; and, recommended policy options based on data analysis and literature review findings.

Three policy options, or strategies, were designed to illustrate the level of implementation effectiveness available to British Columbian municipalities or private firms considering the adoption of living wage policy. Each policy option has been evaluated using five criteria: effectiveness; equity and fairness; public acceptance; administrative complexity; and, affordability. The purpose of the criteria is to assist in assessing the benefits, weaknesses and trade-offs between each policy option. First, a narrow implementation strategy is studied, highlighting the potential limitations or barriers policy implementers may face when instituting a living wage policy. Second, a moderate implementation strategy is presented, outlining the ways in which a living wage organization has been able to conquer many of the challenges found within the narrow strategy yet, as a policy option, has identified weaknesses. Lastly, a comprehensive implementation strategy summarizes the ideal policy implementation framework, underscoring how local organizations can fully actualize their commitments as living wage employers.

The final recommendation of this capstone is a tiered-implementation approach. Organizations contemplating the implementation of living wage policy are recommended to initially adopt Policy Option 2, a moderate implementation strategy, with the intention of achieving Policy Option 3, a comprehensive implementation strategy, within a reasonable set timeframe after attaining living wage employer certification.

It is the hope of the researcher that the following capstone has fully captured the benefits accrued from living wage policy, explained the weaknesses intrinsic to the policy, and facilitated an overall implementation assessment template for organizations to consider when implementing living wage policy.
Chapter 1.

Introduction

1.1. Setting the Stage for Living Wage: Income Inequality and Poverty

There has been growing global recognition of the acceleration in income disparity between the world’s richest and poorest people. Prior to the 2015 World Economic Forum, Oxfam released a report highlighting this wealth discrepancy with research showing the richest 1% of people in the world owned 48% of global wealth in 2014 (Oxfam, 2015, p. 2). This phenomenon has not occurred overnight. Rather, it has been a slow progression of policy, ideology and labour market shifts, resulting in our contemporary low-wage reality characterized by non-standardized work. Living wage movements have been a direct response to the rising concerns over income inequality and poverty.

In Canada, structural changes to the labour market, decreasing union density and the adoption of neoliberal policies have exacerbated income inequality between Canada’s richest and poorest people. De-unionization has resulted in the loss of bargaining power for workers’ rights, including earning a decent wage and job security. In Canada, unionization rates, defined as the proportion of employees who are union members, have been in steady decline since the 1980s, with the largest proportional drop throughout the 1980s-1990s (Galarneau & Sohn, 2013, p. 1). In British Columbia, the most notable example of de-unionization occurred in 2002 when the BC Liberal Party, the current government at the time, passed unprecedented legislation, the Health and Social Services Delivery Improvement Act, which resulted in laying off thousands of Hospital Employees Union (HEU) workers, privatizing HEU jobs and substantially cutting
wages from $17.50 per hour to roughly $10.00 per hour (Cohen & Klein, 2011, p. 69). This was also the largest mass firing of women in Canadian history.

Poverty also plays an important role when understanding the genesis of the living wage in Canada. Since 1999, British Columbia’s overall poverty rate has been one of the highest in the country (Cohen & Klein, 2011, p. 61). As well, high poverty rates are synonymous with high child poverty rates. According to Statistics Canada’s Low Income Measure (LIM) after tax indicator, twenty-six percent of British Columbian children between the ages of 0-17 live below the poverty line (First Call, 2014). Simply put, one in five British Columbian children live in poverty.

Canadians are recognizing the obvious growth of income inequality, poverty and the negative consequences attached to this reality. Results from a recent Broadbent Institute report found a large majority of Canadians, regardless of demographics or political preference, expressed support for a more equitable distribution of wealth in the country and believed government intervention through policy should be utilized to reduce inequality (Broadbent Institute, 2014, p. 1). One of the avenues local advocacy groups, politicians and businesses have looked towards to meaningfully address Canadian’s desire for a more equitable distribution of wealth and wellbeing has been the living wage.

1.2. Policy Problem

At its core, the policy problem being addressed in this capstone surrounds income inequality and poverty. In many ways, both income inequality and poverty stem from the low-wage floor we, as a society, have set for lower-skilled labour. Implementation of living wage policy by public and private organizations has been an attempt to address the societal disparities between rich and poor. The following capstone project will examine the effectiveness of living wage policy implementation processes. By understanding the levels of implementation effectiveness and success, this capstone will provide a policy framework for future policymakers to use, build upon and enhance the benefits accrued from the living wage and understand the challenges and weaknesses that come with such a policy. The overall aim or goal of providing a strong policy implementation framework is to address the policy problem at issue:
income inequality and poverty. This study also recognizes that living wage policy is but one tool from a toolkit of strategies to be used to address these societal inequities. The goal of this study will be achieved through the following objectives: a literature review on living wage research in Canada, the United States and the United Kingdom; a case study analysis of Vancity, the financial credit union, and the City of New Westminster; and recommended policy options based on data analysis and literature review findings.

1.3. The Difference Between Minimum Wage and Living Wage

There is a significant difference between the *minimum wage* and a *living wage*. This distinction is important to emphasize since the concept of a living wage is relatively new to Canadians and confusion can arise as a result of this unfamiliarity.

Minimum wage is the legal mandatory minimum requirement an employer can pay an employee. The Government of Canada’s Labour Program defines minimum wage as “a basic labour standard that sets the lowest wage rate that an employer can pay to employees who are covered by the legislation” (“Minimum Wage Database Introduction”, n.d.). Since provinces and territories determine their own minimum wage floor, the range of minimum wages across the country is quite wide. Below, Table 1.1 shows British Columbia with the lowest minimum wage in Canada at $10.45 per hour. In 2001, British Columbia had the highest minimum wage in Canada at $8.00 per hour (Ivanova, 2011). However, BC’s minimum wage rate was frozen from 2002-2011. Freezing the minimum wage for a considerable length of time, as British Columbia did in the 2000s, cuts the value of minimum wage by the amount of inflation each year (Battle, 2011, p. 8). Over time, this significantly adds up. Years later, if governments choose to intervene with an increase to the minimum wage rate, it may not be enough to counterbalance for past losses or maintain the minimum wage’s full value over the years (Battle, 2011, p. 8). In Canada, minimum wage rates are not tied to any sort of poverty measure determinant, such as the Low-Income Cut-Off (LICO), Low-Income Measure (LIM), or Market-Basket Measure (MBM).
Table 1.1. Minimum Wage By Province

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Effective Date (day/month/year)</th>
<th>Wage Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nunavut</td>
<td>01-Jan-16</td>
<td>$13.00</td>
</tr>
<tr>
<td>Northwest Territories</td>
<td>01-Jun-15</td>
<td>$12.50</td>
</tr>
<tr>
<td>Ontario</td>
<td>01-Oct-16</td>
<td>$11.40</td>
</tr>
<tr>
<td>Ontario</td>
<td>01-Oct-15</td>
<td>$11.25</td>
</tr>
<tr>
<td>Alberta</td>
<td>01-Oct-15</td>
<td>$11.20</td>
</tr>
<tr>
<td>Yukon</td>
<td>01-Apr-16</td>
<td>$11.07</td>
</tr>
<tr>
<td>Manitoba</td>
<td>01-Oct-15</td>
<td>$11.00</td>
</tr>
<tr>
<td>Prince Edward Island</td>
<td>01-Oct-16</td>
<td>$11.00</td>
</tr>
<tr>
<td>Prince Edward Island</td>
<td>01-Jun-16</td>
<td>$10.75</td>
</tr>
<tr>
<td>Quebec</td>
<td>01-May-16</td>
<td>$10.75</td>
</tr>
<tr>
<td>Nova Scotia</td>
<td>01-Apr-16</td>
<td>$10.70</td>
</tr>
<tr>
<td>New Brunswick</td>
<td>01-Apr-16</td>
<td>$10.65</td>
</tr>
<tr>
<td>Quebec</td>
<td>01-May-15</td>
<td>$10.55</td>
</tr>
<tr>
<td>Prince Edward Island</td>
<td>01-Jul-15</td>
<td>$10.50</td>
</tr>
<tr>
<td>Newfoundland and Labrador</td>
<td>01-Oct-15</td>
<td>$10.50</td>
</tr>
<tr>
<td>Saskatchewan</td>
<td>01-Oct-15</td>
<td>$10.50</td>
</tr>
<tr>
<td>British Columbia</td>
<td>15-Sep-15</td>
<td>$10.45</td>
</tr>
</tbody>
</table>


On the other side of the spectrum, the living wage is an hourly wage based on two parents working full-time to support their family, guaranteeing a decent standard of living and the ability to meaningfully participate in society. In Canada, living wages are calculated annually, taking into account the basic needs of a household with two parents and two children. Government transfers (such as the Canada Child Tax Benefit, CCTB) and deductions (such as income taxes and Employment Insurance premiums) are included in the living wage calculation. Geographical location is also a determinant in setting the living wage in a community.

In many ways, the living wage is a conservative estimate when addressing the hourly wage a family would need to cover basic necessities, such as food, clothing, shelter, and transportation. Living wage calculations do not include expenses typically present in family’s lives, for example: credit card, loan or other interest payments;
savings for retirement or children’s university education; home ownership; additional expenses beyond minimal recreational, entertainment and holiday costs; or, savings for emergencies or tough times (Ivanova & Klein, 2015). Currently, the living wage for Metro Vancouver is $20.68 per hour, for Greater Victoria it is $20.05 per hour and $17.27 per hour in the Fraser Valley.

Table 1.2. Living Wage Across British Columbia

<table>
<thead>
<tr>
<th>Region in British Columbia</th>
<th>Living Wage (Year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metro Vancouver</td>
<td>$20.68 (2015)</td>
</tr>
<tr>
<td>Greater Victoria</td>
<td>$20.05 (2015)</td>
</tr>
<tr>
<td>Fraser Valley</td>
<td>$17.27 (2015)</td>
</tr>
<tr>
<td>Kitimat</td>
<td>$20.61 (2015)</td>
</tr>
<tr>
<td>Revelstoke</td>
<td>$18.17 (2014)</td>
</tr>
<tr>
<td>Terrace</td>
<td>$18.17 (2014)</td>
</tr>
<tr>
<td>Regional District of Central Okanagan</td>
<td>$18.01 (2013)</td>
</tr>
<tr>
<td>Kamloops</td>
<td>$17.95 (2012)</td>
</tr>
<tr>
<td>Port Alberni</td>
<td>$17.22 (2014)</td>
</tr>
<tr>
<td>Prince George</td>
<td>$16.90 (2012)</td>
</tr>
</tbody>
</table>


Overall, there are acute differences between the definitional terms minimum wage and living wage. Understanding these differences becomes paramount when discussing the emergence of living wage movements and living wage policy. The following chapter will expand this understanding by exploring the development of living wage movements and living wage policy implementation in Canada, the United States and the United Kingdom.
Chapter 2.

Cross-Jurisdictional Comparison of Living Wage Policy: Canada, the United States, and the United Kingdom

Chapter 2 will provide an overview of living wage research in Canada, the United States (US) and the United Kingdom (UK). Both the US and the UK were chosen as areas of analysis based upon their well-established history with living wage movements and living wage policy implementation. Canada, on the other hand, has a relatively new history with living wage discourse. Exploring the initial building blocks of Canada’s living wage experience is imperative to understanding the effectiveness of living wage policy implementation for British Columbian municipal governments and local organizations. The literature review findings from the cross-jurisdictional comparison of Canada, the US and the UK later inform the policy options, analysis and recommendations of this capstone.

2.1. Living Wage in Canada

Academic literature on living wage research in Canada is in the methodological phase of development. Since living wage policy is relatively new, researchers have been focusing on the methodological framework of calculating the living wage (Ivanova & Klein, 2015), examining preliminary steps towards coalition building among the business community (Ptashnick & Zuberi, 2015) and advocating the poverty reduction benefits associated with instituting living wage policy (Ivanova, 2011). Advocacy groups and coalitions have played a large role in the success of pushing the living wage forward. Canada’s living wage movement has strong roots in British Columbia. In 2008, the Canadian Centre for Policy Alternatives, First Call: BC Child and Youth Advocacy
Coalition and Victoria’s Community Social Planning Council co-published its inaugural report entitled “Working for a Living Wage”. The report made a strong and compelling case connecting the effects of low wage work with poverty and the difficulty it places on families, children, and ultimately the taxpayer. After the report was published, First Call established a Living Wage Advisory Committee to oversee a provincial-wide living wage strategy, and a year later enough funds had been raised to hire a campaign organizer (“History”, n.d.).

From the growth of the living wage movement in British Columbia and across Canada, a National Living Wage Framework has been put forward in order to provide a consistent definition of the living wage, calculation methodology, and a method of recognizing those who become living wage employers (Canadian Living Wage Framework, n.d.). However, the certification models and implementation requirements in each province differ. Currently, British Columbia, Alberta and Ontario have the most active provincial living wage campaigns. The Living Wage for Families Campaign in British Columbia acts as an overseer for the living wage across the province.

A variety of organizations have taken on living wage policy, including municipalities, school districts, First Nations, and businesses. For example, School District #69 Parksville/Qualicum, on Vancouver Island, became the first school district in Canada to pass living wage policy for all School District employees in 2012 (Flynn, 2012). Ontario followed in British Columbia’s footsteps in 2013 when the Hamilton-Wentworth District School Board unanimously passed a living wage declaration. Noted in the minutes of the meeting, the Hamilton-Wentworth School Board acknowledged the erosion of the middle class, stating its adoption of living wage was to encourage local employers to take on the same initiative “given problems with high mobility, mental health and other adverse conditions which impact on our children and the cycle of poverty” (Hamilton-Wentworth District School Board, 2013, p. 2). Lastly, the Huu-ay-aht First Nation in Port Alberni, Vancouver Island, became the first band in Canada to adopt living wage policy in October 2014 (Canadian Press, 2014).

However, the concept and adoption of a living wage has been met with criticism and watered-down by implementation strategies. The Township of Esquimalt on
Vancouver Island experienced a contentious process (4-3 council vote in favour) when passing living wage policy in 2011. Three stipulations were attached to the living wage motion: (1) staff would develop living wage policy for full-time and part-time employees of the Township of Esquimalt but the policy would not directly apply to wages set in the Collective Agreement; (2) living wage policy would only be applied to contracts longer than six months or over $100,000 in value; (3) the living wage rate would be examined every three years (Corporation of the Township of Esquimalt, 2011). There was a clear division among councilors over the adoption of living wage policy. Many concerns surrounded collective agreement implications and increased costs incurred by taxpayers. Mayor Barb Desjardins was opposed to the implementation of living wage policy. Uncertainty over the unknown unintended consequences resulting from the implementation of living wage policy led several councilors, including the mayor, to vote against the motion. Prudence was used as justification for limiting the comprehensiveness of Esquimalt’s initial living wage proposal (“Living wage crawls forward in Esquimalt”, 2011). The experiences of the Township of Esquimalt highlight some of the criticisms and critiques argued by opponents of the living wage.

Overall, Canada’s emerging living wage research has demonstrated the importance of a unified methodological design, the variance of organizations adopting living wage, and the reasoning, benefits and challenges faced by organizations implementing living wage policy. With a British Columbian lens, the following two subsections will examine in detail the living wage implementation processes of Vancity and the City of New Westminster. The living wage experiences of Vancity and the City of New Westminster have been chosen to juxtapose the similarities and differences between a private business and a public entity implementing living wage policy in British Columbia.

2.1.1. Living Wage and Vancity

Vancity, Canada’s largest credit union, became a living wage employer in 2011. With approximately 2,500 employees and 1,300 suppliers representing 45 different sectors, Vancity had to establish a comprehensive implementation framework in order to effectively carry out their living wage policy. First, Vancity identified direct employees
who were earning below a living wage. In many ways, this was considered one of the easiest parts of the implementation process; only 2%, or less than 50 Vancity staff members, were affected by the living wage increase. The difficult hurdle was addressing Vancity’s 1,300 suppliers and creating policy that did not simply pay lip service to the living wage but also was followed with real action.

In order to meaningfully tackle this aspect of the implementation process, Vancity established a living wage working group. The working group began by identifying “strategic suppliers” as those who provided a spend on labour services in excess of $250,000 per year or those who delivered over 120 hours of service per year. As well, Vancity identified four key low-wage industries representing a large component of its contractual work: janitorial; security; catering; and temporary work agencies. Lower contractual cost thresholds were set for these four vulnerable sectors in order to capture a significant amount of contracts under Vancity’s living wage policy. Determining important criteria, such as whether a supplier provided labour services and whether the supplier was regionally located, assisted in focusing the scope Vancity’s living wage suppliers’ list. Overall, more than 90% of Vancity’s suppliers fell under the living wage policy.

As a further commitment to British Columbia’s Living Wage for Families Campaign, Vancity has extended its influence as a living wage employer to the broader community by working with local employers, encouraging them to join the Campaign. Vancity’s budgeted allocation cost for the first year of implementation was $1 million. However, it cost Vancity less than three-fourths of that amount to implement their living wage policy (Vancity, 2014, p. 7). From a $300+ million annual operating budget, living wage implementation costs were considered minimal.

During the initial phase of policy implementation, Vancity incorporated an impressive, multi-tiered structure of organizational oversight into their pre-existing business framework in order to ensure implementation success (Figure 2.1).
Senior Vice-President of Operations, Ellen Pekeles, was the original Executive Sponsor and Champion of the living wage on Vancity’s Executive Leadership team. Pekeles continues to hold this position today. At a high level, Pekeles played an important, hands-on role by advocating among her executive colleagues for the necessary resources to effectively implement living wage policy. As mentioned earlier, another layer of oversight in the initial phase of implementation was created through the living wage working group, consisting of representation from several Vancity departments affected by the new policy. The working group dealt with major decisions in relation to living wage implementation. Lastly, the four-member procurement review team was vital to answering and resolving immediate living wage questions from staff members and suppliers. This overall layering of triaged oversight significantly assisted in ensuring living wage implementation success and support among all levels of Vancity employees.
2.1.2. Living Wage and the City of New Westminster

In 2011, the City of New Westminster became the first city in Canada to adopt living wage policy. Through an unanimous city council vote, all direct and indirect city employees were entitled to a living wage. The policy was part of an overall poverty reduction strategy. Prior to this policy adoption, the City of New Westminster had established a poverty reduction coalition, initiated a study on the feasibility of living wage policy and conducted several staff reports. The initiatives undertaken prior to presenting council with a living wage motion increased support among councillors and the broader community. Once council had passed the living wage ordinance, municipal civil servants began the process of implementation. Three City staff members representing three departments, Human Resources, Purchasing, and Finance, were responsible for the implementation and oversight of the living wage (Figure 2.2).
Living wage adoption only impacted a small portion of direct City employees. From an overall workforce of 1000 people, ninety positions, or 9% of direct employees, required living wage adjustment. All 90 City positions were part-time, 17 of the positions accounted for library-shelving staff and the other 73 positions were auxiliary concession workers with the Parks and Recreation department. Since all City workers were union members of the Canadian Union of Public Employees (CUPE), the vast majority of wages were already above the living wage. The overall implementation cost to the City was approximately $20,000; this living wage cost adjustment amounted to less than 1% of the City’s total annual $80 million operating budget.

When assessing policy trade-offs, municipal staff had to consider the internal and external implications of implementing living wage policy. Internally, staff first identified that existing wage-setting policy was determined through the collective bargaining process outlined in their membership obligations to the Metro Vancouver Labour Relations Bureau. The Bureau is responsible for overseeing all negotiations in relation to members’ collective agreements and providing coordination oversight with respect to decisions affecting wages and benefits among Metro Vancouver municipalities. The
overarching goal of these oversight measures is to prevent municipalities from making decisions that would adversely affect the wage and benefits decisions of other municipalities. Recognizing these obligations, the City of New Westminster addressed the potential wage-setting concerns by submitting a report to the Bureau outlining the City’s proposed living wage policy. In the end, the Bureau approved the City’s report. By receiving Bureau approval for the living wage adjustment, the City of New Westminster set an important precedent, laying the groundwork for other Metro Vancouver municipalities to consider living wage policy adoption in the future.

To address the external implications of living wage policy, the City conducted a survey among City service providers. The survey asked the following three questions: (1) would a firm anticipate the value of its contract with the City to increase should the City adopt a living wage; (2) what percentage increase could the City expect; (3) and, would the adoption of a living wage alter the firm’s decision to bid on City work. Forty-two firms (74%) from a total sample size of 57 service providers responded to the survey. These 42 firms represented $6.7 million of the City of New Westminster’s budget in 2009. Results found that 34 service providers (81%) did not anticipate an increase to the value of City contracts. Of the 8 remaining firms (19%) that did indicate an increase to City contract costs, the potential increased dollar amount ranged from $97,000 to $135,000 per year depending on the hourly living wage rate. From those same 8 firms, only two vendors noted that the living wage policy would alter their decision to bid on City contracts. Overall, survey findings indicated some increased cost to contractual work. Interestingly, after the implementation of living wage policy, the City’s purchasing department noticed minimal changes to the bidding prices of contracts and little to no change in the number of contract bids received by the City.

In terms of enforcement, the City of New Westminster’s living wage policy found a balance between utilizing limited administrative resources and upholding their commitments as a living wage employer. All competitive bid documents put forth by the City included a sample living wage declaration outlining the requirements of City service providers to pay their contracted or sub-contracted employees working on City premises a living wage. The City also reserved the right to audit firms if a notification of breach in living wage compliance was received. Living wage information signs are also present at
City worksites for employees or the public to contact in case of an issue. Due to administrative constraints, living wage monitoring and enforcement is based on a complaint-driven model.

Overall, with limited administrative cost to the city, City of New Westminster staff was able to establish a living wage policy template, ultimately providing a forward-thinking implementation process for future Canadian municipalities to consider and build upon.

2.2. Living Wage in the United States

The genesis of the United States’ (US) living wage movement and subsequent living wage policy adoption began over 20 years ago. First emerging in 1994, Baltimore became the first city in the United States to implement a living wage law. Since then, more than 140 jurisdictions across the US have implemented living wage policies. There is a great deal of variance in living wage policy across regions. Over the past twenty years, academics have provided an abundance of empirical evidence on the effects of US living wage implementation. This section will highlight select cases of US living wage literature.

First, it is important to acknowledge the context for widespread living wage policy adoption across the United States. Since the late 1960s, there has been a steady erosion of effective federal and state minimum wage laws. Between 1968 and 2001, the federal minimum wage fell by 37% relative to the average cost of living as well as diminishing by 80% relative to average productivity growth (Pollin, 2005, p. 3-4). In parallel with falling wages, income inequality has increased in the country over the same timeframe (Kim & Tebaldi, 2013; Rezvani & Pirouz, 2013; Pollin, 2005). As such, living wage ordinances have been used as a local policy tool to reversing stagnating wage floors.

United States implementation research has attempted to isolate the relevant factors involved in identifying successful living wage policy implementation. In Fighting for a Living Wage, Stephanie Luce outlines three key elements in determining the
outcome of policy implementation: the clarity of the policy; the level of conflict involved with the policy; and, the capacity of municipalities in carrying out the policy (2004, p. 96). Clarity includes a clear definition of the policy problem, theory and goals surrounding the policy proposal. Conflict refers to the level of conflict arising between legislators, administrators and external organizations during the policy implementation process. Lastly, capacity highlights the ability of municipalities and staff to successfully execute full policy implementation. The majority of implementation factors used by researchers in the policy implementation field encompass these three broad categories.

US research has also examined the various economic implications resulting from living wage policy implementation. Various case studies have suggested higher living wages have had relatively small effects on employer costs or employment levels (Brenner, 2005; Adams & Neumark, 2005; Altman, 2012; Pollin et al., 2008). More specifically, research examining the effects of Los Angeles’ living wage ordinance on employers found a reduction in turnover rates in the largest low-wage occupations of approximately 35% as well as a decrease in unscheduled absenteeism (Fairris, 2005). It has also been noted that increased labour costs incurred by the employer could be offset from indirect benefits resulting from living wage policy, such as the potential for higher productivity levels among workers (Pollin et al., 2002; Pollin, 2005). In terms of workers’ benefits, a study examining Boston’s living wage ordinance found modest increases to employee effort and morale although it was cautioned this alone could not make up for increased labour costs (Brenner, 2005). Also, living wage research has highlighted some of the unintended consequences associated with living wage policy. Research by Fernandez et al. (2014) suggests a correlation with living wage ordinances and modest reductions in property crime, including robbery, and burglary. Limitations identified in the literature emphasize that living wage ordinances typically only impact a small portion of the population and the benefits realized from the increased wages are represented by an even smaller portion of the overall workforce within a given municipality or private firm (Brenner, 2005).

Overall, US literature has isolated the methodological requirements for assessing the effectiveness of living wage implementation processes. As well, US research has identified key social and economic variables shaping the context and results of living
wage policy, including: a reduction in turnover rates and absenteeism; small effects on employer costs and employment levels; indirect benefits of higher productivity and morale among workers; and, a modest correlation to reduced crime. A major limitation noted in the literature highlighted that living wage ordinances impact a small portion of workers. By understanding living wage implementation processes and the social and economic consequences resulting from living wage policy, policymakers can build upon and improve future living wage policy. To further broaden the scope of understanding, the next subsection will examine similar factors influencing living wage implementation processes in the United Kingdom.

2.3. Living Wage in the United Kingdom

The United Kingdom’s (UK) living wage movement began in 2001 led by the broad-based community group The East London Communities Organisation (TELCO). The primary objective of the movement was to address growing concerns over declining wages and deteriorating work conditions in East London (Wills, 2001, p. 1). Initially, the UK living wage movement specifically targeted publicly funded institutions, pushing for the inclusion of living wage clauses into contracted work. Dissimilar to the US living wage experience, coalition building became an integral aspect to the success of the living wage campaign in the United Kingdom. During the beginning phase of the living wage movement, the York University Family Budget Unit collaborated with UNISON, one of the largest unions in the UK, and the community-based coalition, TELCO, to establish a realistic, minimum income threshold for workers raising a family in East London. Evidence gathered from this study was then used to directly target London’s public and private sectors in adopting living wage policy (Coulson & Bonner, 2015, p. 4).

After the initial success of gaining widespread interest and support from London-based employers, the Greater London Authority (GLA) established the Living Wage Unit in 2005, determining an agreed hourly rate for the entirety of London, now known as the London Living Wage. By 2011, a coalition of living wage campaigns had formed across the country. In that same year, Citizens UK, a community-based coalition, brought together these grassroots campaigners, prominent employers and the Scottish Living Wage Campaign to determine a standard model for calculating a national living wage
across the United Kingdom ("History", n.d.). During this process, the Centre for Research in Social Policy (CRSP) at Loughborough University was responsible for calculating the Minimum Income Standard (MIS). The MIS was used as the basis for setting the living wage outside of London, reflecting the income needed by a worker to afford a decent standard of living ("A Minimum Income Standard for the UK", n.d.).

Citizens UK was also responsible for launching the Living Wage Foundation. Interestingly, one of the primary tasks of the Living Wage Foundation is providing accreditation to employers who have satisfied the implementation timetable by awarding them with the Living Wage Employer Mark. They also offer a Service Provider Recognition Scheme to third party contractors who pay their staff the living wage and offer a living wage option in their tender submissions ("What We Do", n.d.). Through the accreditation process, 70% of employers in the London Living Wage Program found that receiving public recognition as Living Wage Employers enhanced consumer awareness of their organization’s commitment to corporate social responsibility and ethical standards ("How Living Wages Benefit Employers", n.d.). The GLA Economics living wage unit produced a study in 2012 indicating similar findings to US literature on living wage policy. The study reported evidence supporting positive effects on reputation, recruitment and retention, worker morale, and increased productivity (GLA Economics, 2012). However, negative effects or trade-offs were also mentioned in relation to living wage implementation, including having to re-negotiate contracts, increases to wage and production costs, and diminishing profits. As well, UK living wage research has indicated positive mental health benefits correlated with the living wage, including higher psychological wellbeing (Flint et al., 2014; Wills & Linneker, 2012) and positive responses in relation to family life (Wills & Linneker, 2012).

The literature suggests that living wage movements led by broad-based community organizations are a response to the erosion of unions and their effectiveness in collective bargaining and maintaining stable levels of union membership (Lopes & Hall, 2015; Wills, 2008). In particular, research by Lopes & Hall (2015) illustrates how community organizers were able to mobilize an apolitical, migrant workforce at the University of East London (UEL). The findings from this study suggest building community alliances, particularly with faith organizations, led to high levels of political
social capital among UEL cleaning staff. Workers reported better working conditions and treatment from management, and just as important, feeling respected.

Dissimilar to both the United States and Canada, post-secondary institutions across the United Kingdom have challenged the status quo and adopted living wage policy. In 2013, 17 universities, 5 colleges and five students’ unions were accredited as living wage employers (“The Living Wage in the UK Higher Education Sector”, 2013). The emergence of contracted university labour in areas such as cleaning, catering and security, has created a two-tiered workforce in UK universities. Typically, these labour-intensive, contracted industries are synonymous with low-wage conditions and intensified workloads (Wills, 2008; Wills et al. 2009). As a coalition, UNISON and the National Union of Students (NUS) launched a campaign in 2012 advocating for the post-secondary education sector to pay all workers on campuses a living wage (“The Living Wage in the UK Higher Education Sector”, 2013). The campaign illustrated a sad irony. Educational institutions, often considered leaders in progressive thought and action, provided the necessary tools for students to enhance their chances in life yet failed to extend that same provision to university employees by paying them a living wage. This sentiment can certainly be extended to the Canadian context where several academics have highlighted this shortcoming in relation to Canadian universities (Wills, 2008; Aguiar 2006; McCarthy Flynn, 2012).

Broadly speaking, the United Kingdom’s success in implementing living wage policy across the country can be attributed to the involvement of grassroots leadership among local people, the participation of academic researchers, and employers collaboratively working together. Similar to US research, UK literature found positive effects on business reputation, recruitment, and retention of workers after implementing living wage policy. As well, workers’ morale and productivity had improved. There were identified trade-offs with the adoption of living wage policy, such as, the re-negotiation of contracts, increased wages and production costs, and decreased profits. Interestingly, UK living wage policy at universities and colleges is far ahead compared to its US and Canadian counterparts. Overall, the literature review findings from the UK have informed the policy options, analysis and recommendations of this capstone.
Chapter 3.

Methodology

The primary goal of this research is to understand the variables that influence and determine the level of implementation success when instituting living wage policy. In order to provide a British Columbian perspective to this research, Vancity and the City of New Westminster have been chosen as case studies to allow for a comparison of living wage policy implementation between a public entity and a private business. The juxtaposition of Vancity and the City of New Westminster demonstrates that living wage implementation is not exclusive or solely synonymous with municipal governments.

A qualitative framework was determined as the most effective method for examining the following research question:

“How effective has living wage policy been implemented in the City of New Westminster and Vancity?”

As well, a qualitative approach allowed the researcher to gain a deeper understanding of the role and influence of policy implementers during the policy implementation process. For this capstone, the determinants of policy implementation success could not be captured through a quantitative lens. Rather, the qualitative analysis of semi-structured interviews and literature review findings provided the most robust research for evaluating policy options and policy recommendations. Therefore, qualitative methods were chosen.

Researchers approach their work with a certain paradigm or worldview along with a basic set of assumptions influencing their inquiries (Morgan, 2007). This research project has adopted the set of assumptions and philosophies that come with the pragmatist approach. Pragmatism offers policy students and researchers the ability to
incorporate elements from both the post-positivist and constructivist paradigms with the overarching goal of creating a better world through recommended policy options. Within pragmatism and its focus on experience, ontological arguments about the nature of the outside world and our conceptions of the world are considered together, not in a dualistic manner (Morgan, 2014). Therefore, these philosophical attributes linked to pragmatism were considered the most appropriate methodological framework for this study addressing the effectiveness of living wage policy implementation. These set of assumptions influenced the overall design and interpretation of the capstone project.

The objectives of the research are the following: (1) assess the benefits and weaknesses of living wage policy implementation at Vancity and the City of New Westminster; (2) propose policy options and recommendations to enhance the effectiveness of living wage policy for future municipalities and businesses adopting living wage policy in British Columbia; (3) provide a methodological template of analysis for future municipalities and businesses who have adopted living wage policy.

3.1. Design

3.1.1. Semi-Structured Interviews

Semi-structured in-depth interviews were chosen as the primary qualitative method for this capstone research. An interview schedule was designed and used with all participants, outlining topics of inquiry and listing specific questions. The purpose of the interview schedule was to ensure all interviewees were asked the same types of questions and to provide participants the flexibility of interpreting issues in an organic manner (Bryman et al., 2012).

Participants were selected based on their involvement in the living wage policy implementation process at Vancity and the City of New Westminster. Recruitment of participants was established through primary contacts at Vancity and the City of New Westminster. The primary contacts informed potential participants of the capstone research project. Those potential participants who were interested in participating were then instructed to contact the researcher via email. This method of communication
contact ensured confidentiality of the participant if so desired. When participants contacted the researcher, a scripted email outlining the purpose of the capstone was then sent to the participants. A consent form (Appendix A) and interview schedule (Appendix B) were also attached to the email. Prior to the interview, the researcher organized a mutually agreed upon time for the interview. All participants provided a signed consent form indicating their agreement of participation in the capstone project.

3.1.2. Data Collection

The individuals who participated from Vancity and the City of New Westminster will be referred to as either policy implementers or participants. Interviews were conducted with five policy implementers from Vancity and two policy implementers from the City of New Westminster (Table 3.1). Due to scheduling convenience and the comfort of participants, interviews took place over the telephone. Having participants interview via telephone from their respective offices provided a familiar environment, which assisted in creating an open and organic conversation. To further enhance the internal validity and reliability of this study (Bryman et al., 2012; Yin, 2009), feedback was collected from participants after the initial phase of data collection and analysis. Participants' further suggestions and recommendations were incorporated into the thematic analysis section.
Table 3.1. List of Participants

<table>
<thead>
<tr>
<th>Name</th>
<th>Title and Relevance to Living Wage Policy Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Catherine Ludgate</td>
<td>Manager of Community Investment at Vancity – portfolio surrounds Vancity's commitment to social justice and financial inclusion</td>
</tr>
<tr>
<td>Ellen Pekeles</td>
<td>Senior Vice President of Operations at Vancity – team includes Information Technology (IT), Facility and Environmental Management, and Human Resources (HR). Pekeles is also the executive sponsor for the living wage at Vancity’s senior leadership table</td>
</tr>
<tr>
<td>Jeremy Trigg</td>
<td>Director of Facility and Environmental Management at Vancity – responsible for buildings, branches and related contracts</td>
</tr>
<tr>
<td></td>
<td>Legal Counsel, Legal Services Department at Vancity – provides legal advice surrounding contracts, clauses, and privacy</td>
</tr>
<tr>
<td>Maya Maute</td>
<td>Director of Procurement and Contracts Management at Vancity – accountable for supplier contracts</td>
</tr>
<tr>
<td>Joan Burgess</td>
<td>Director of Human Resources at the City of New Westminster – accountable for compensation and payroll at the City along with instituting living wage policy</td>
</tr>
<tr>
<td></td>
<td>Purchasing Department at the City of New Westminster – responsible for external contracts made with the City</td>
</tr>
</tbody>
</table>

The duration of the semi-structured interviews was approximately 30 minutes, with an average time length of 31 minutes. The length of the interview was extended only when the participant and researcher mutually agreed upon it. All interviews were recorded and transcribed verbatim.

The interviews were shaped by a predetermined interview schedule outlining key topic areas and questions (Banister & Bunn, 2011). First, policy implementers were asked to describe their position at their respective workplace and their role in the living wage implementation process. This established ease in the fluidity of conversation and determined the level of significance of the participants’ involvement in the policy implementation process. As suggested by existing literature, the interview schedule included important measurements of policy implementation success, such as key departments involved with living wage policy implementation, monitoring techniques, policy enforcement methods, and, departmental evaluation processes (Luce, 2004). Participants were also asked to express their thoughts on the successes and barriers that arose during the implementation process along with the costs associated with living
wage implementation. Lastly, the interview schedule included probing topics considering what could have been done better to enhance the outcome of implementation success.

### 3.1.3. Data Analysis

All interview data was analyzed using an inductive thematic analysis framework. An inductive approach was chosen in order to provide fuller detail by strongly linking identified themes to the data set (Braun and Clarke, 2006). Data collection and data analysis were conducted simultaneously (Richards, 2009). Throughout the data collection and transcription process, a basic coding framework was designed. Initial codes noted emerging patterns of meaning and text addressing the objectives of the study. After generating an in-depth coding framework, themes or coding patterns were created and categorized from the data set. During the entire analysis process, codes were subject to continuous comparison and interpretation in order to further understand and strengthen the relationships identified between codes and themes (Braun & Clarke, 2006).
Chapter 4.

Vancity and the City of New Westminster: An Analysis of Living Wage Policy Implementation

The overall results of the study present an enlightening comparison surrounding the implementation process of living wage policy between a municipal government and a private firm. As Canada's largest living wage employer, with more than 2,500 employees and dealings with over 1,300 suppliers, Vancity's implementation process adopted a different approach when compared to the City of New Westminster's workforce of approximately 1000 unionized employees and an estimated 100 contractual relationships per year. The shared experiences and differences between both cases provides useful insights into how living wage policy can be effectively implemented. This chapter will present the research findings of Vancity’s and the City of New Westminster’s living wage implementation experience. The chapter will conclude with a summary of findings.

4.1. Vancity’s Living Wage Implementation Experience

Four primary themes emerged from the dataset helping to explain and understand the effectiveness of Vancity’s living wage implementation process.

4.1.1. Linking a Triple-Bottom-Line to Living Wage Implementation Success

All Vancity participants emphasized the importance of social justice, financial inclusion and community commitment when discussing Vancity’s business model and the living wage. As a credit union, participants highlighted Vancity’s broader approach when conducting business, acknowledging the financial institution’s role in the local
economy and community. As Director of Facility and Environmental Management, Jeremy Trigg underscored:

Being a credit union alone and a cooperative is a different kind of a model to start with than a chartered bank. I think it’s fair to say that Vancity is known for it’s strong ties to our community.

As well, Ellen Pekeles, Senior Vice President of Operations, identified Vancity as a triple-bottom-line organization, stating:

...as a cooperative we are committed to creating economic, environmental and social impact through the work we do as a values-based financial institution. So, Vancity measures its success based on not only financial return but on social and environmental return.

Overall, the living wage was considered a good fit with Vancity’s values and business structure. Interestingly, the Board of Directors, the highest governing body at Vancity, and the CEO, initiated the preliminary support and groundwork for Vancity to become a living wage employer. This high-level support for the living wage carried through to Vancity’s Executive Leadership team and major departments. As participants highlighted, having a unified understanding of the living wage at all levels of leadership as well as establishing the living wage’s connection to Vancity’s social progressive philosophy had a definite, positive impact when it came time to implementing living wage policy across Vancity.

Participants emphasized the importance of communication as a significant component to the living wage implementation process. Explaining the concept behind the living wage and how it related to Vancity’s overall business philosophy allowed for institutional acceptance of the living wage. Vancity achieved its communication objectives through utilizing tools such as their internal employee website and posting personal stories of Vancity living wage workers, illustrating the human element to the living wage policy.

Passion and leadership were also substantial elements that emerged from the Vancity dataset. Not only was Vancity unified in its understanding of the living wage, there was a palpable passion from their policy implementers in making sure living wage
policy was successfully instituted and resulted in having a meaningful impact throughout
the entire Vancity workforce. When questioned about the role Vancity’s living wage team
plays in keeping “the living wage in check”, Catherine Ludgate, Manager of Community
Investment, replied:

I wouldn’t say it’s about keeping the living wage in check so much as a
strong internal team of advocates who are really enthusiastic in making
sure we continue to meet our commitment to being a living wage
employer.

Ellen Pekeles underscored similar sentiments:

I’d say one of the critical success factors was hiring a manager for
procurement that was so passionate about living wage and she in turn
hired people who were passionate about it.

Vancity’s socially progressive philosophy paired with the passion of Vancity’s living wage
policy implementers contributed to developing a coherent implementation process.
These attributes became particularly useful when determining how Vancity’s 1,300
suppliers, spanning across 45 different sectors, would fit into the living wage policy
framework. Overall, Vancity’s triple-bottom-line approach towards business has shaped
the organization’s philosophy, communications strategies and leadership, ultimately
providing the necessary building blocks for living wage implementation success.

4.1.2. The Complexity of Implementation: Benefits, Challenges and
a Targeted Strategy

All participants emphasized the complexity in navigating the first steps of the
living wage implementation process. With no prior examples of large-scale businesses
instituting a living wage framework, Vancity had to pioneer a path of understanding and
create its own original targeted strategy. All participants agreed the most complex
element to implementing the living wage was determining a strategy targeting their
suppliers. In order to narrow down 1,300 suppliers to a targeted living wage suppliers’
list, the credit union developed an impressive internal infrastructure of oversight. At the
ground level, Vancity’s procurement team was instrumental in the day-to-day workings of
implementing the living wage. Director of Procurement and Contracts Management,
Maya Maute, played a major hands-on role in discussions with suppliers and maintaining consistent messaging by attending all supplier conversations in relation to the living wage. Aside from the procurement living wage team that would meet regularly, Maute also highlighted in her interview that:

…there was another governance group within Vancity that was very present that I was a part of; we called it the working group.

Led by Catherine Ludgate, Manager of Community Investment, the working group consisted of people from all corners of the credit union, including: facility and environmental management; procurement and contracts management; communications; legal; and, the risk division. As well, Senior Vice President of Operations, Ellen Pekeles, spoke of her role as the executive sponsor for the living wage. As the executive sponsor, Pekeles acted as an advocate and champion for the living wage at a senior level on Vancity’s Executive Leadership team. Throughout the data, it is apparent a strong internal infrastructure of support was built to buttress the implementation of the living wage. The triage-like implementation system significantly assisted in identifying how to institute the living wage at Vancity.

Challenges did arise during the implementation process. All participants highlighted the importance of maintaining a working relationship with suppliers and understanding the potential challenges suppliers would face with Vancity’s living wage policy. Maute noted some suppliers were concerned with absorbing the increased costs to labour. During these conversations, Vancity assured suppliers they were not expected to hold contract prices constant, emphasizing that Vancity would pay the additional living wage labour costs. All participants mentioned the positive feedback they received from suppliers. In particular, unlike large firms, small to medium-sized firms showed strong support for the living wage. As Maute explained:

…the most resonance of the [living wage] topic was with the small to medium-sized kind of suppliers. They were the ones that still had a connectivity to the workforce; they had a strong presence in the region; and, they could really go past the business money part of it and understand the philosophy of it.
As well, a ground swelling of living wage support emerged among the four vulnerable, low-wage sectors (janitorial, security, catering, and temporary work agencies) that Vancity had identified when designing their living wage implementation framework. Participants stated local suppliers saw real positive economic benefits because of the living wage, including: increased worker retention; happier employees; stable income for employees; and, improved reputation in the marketplace. Interestingly, larger suppliers were not as receptive to Vancity’s living wage policy, considering it as additional administrative work.

By formulating a targeted living wage strategy, Vancity was able to overcome challenges, and reap the benefits of their efforts, creating a new path for large-scale businesses to follow.

4.1.3. Pride and Advocacy Work: The Spillover Effects of the Living Wage

The successes Vancity has had with implementing living wage policy has led to several spillover effects, positively impacting the internal workforce of Vancity and, more broadly, the community as a whole. Less than 50 internal employees with Vancity were affected by the implementation of living wage policy. This represented a small percentage, approximately 2 percent, of Vancity’s total workforce of 2,500 employees. However, this policy gained noticeable positive reaction from staff and a feeling of pride associated with working for Vancity. Ludgate noted the “swelling of pride” as one of the major successes of implementing the living wage. Similarly, Pekeles stated:

Internally, and maybe this is one of the surprises, the pride for our staff in being a living wage employer was awesome.

Pride among the Vancity workforce was an important spillover effect resulting from the living wage. During her interview, Ludgate identified herself as the living wage advocate for Vancity employees and noted if an employee was not being paid a living wage she would be promptly notified. This familiarity with the people one works with certainly contributed towards feelings of pride and support. When asked about employees affected by the living wage policy, Ludgate explained:
An outside video company came in and they had exactly that discussion with one of our security guards…who talked quite eloquently about what a significant difference it made in his life. I think he got a raise of four or five dollars an hour and talked about how it now allowed him to make food choices and look after his mom. But, it also made him feel much prouder. And, felt more productive. He actually felt very, very proud to now work here and be a member here in a more significant way than he previously found.

As mentioned in several interviews, familiarity and connection between people at all levels of the Vancity workforce, including Vancity contracted employees, assisted in maintaining living wage support and keeping channels of living wage accountability open. As well, this level of connection assisted in having challenging conversations surrounding pay-scale differentials among employees. Vancity’s human resources department, known as People Solutions, used mediums such as Vancity’s internal website and organized meetings to provide a platform for discussion on the living wage.

Growing public consciousness was another identified spillover effect of Vancity’s efforts. By becoming a visible and vocal living wage employer, Vancity has been able to engage the broader community in a living wage discussion. Community awareness was achieved as Vancity became more comfortable with their living wage framework and began setting living wage advocacy goals. Two specific goals were established. The first goal was to present a certain amount of presentations in a year that encouraged other employers to join the Living Wage for Families Campaign. The second goal involved how many employers officially became recognized living wage employers under the Living Wage for Families Campaign as a result of Vancity’s involvement. Two participants highlighted that Vancity continues to exceed both goals every year. At a local level, both internal advocacy goals engage the community and normalize living wage discourse.

For the credit union, their participation in the Living Wage for Families Campaign is considered very much as a journey. Annual recertification – and work with all suppliers to ensure they meet the prevailing living wage rate – is one part of the work. However, advocacy with other employers to join the Campaign and adding to the general public discussion about the living wage as one tool to fight poverty in communities is perhaps more important. The work to change supply chains and create market demands for living
wage suppliers is when the credit union will feel it has truly begun to tackle poverty in its communities.

Overall, Vancity’s success of becoming a living wage employer has resulted in an unanticipated swelling of pride among staff. As well, Vancity’s continued advocacy and educational work has encouraged local organizations in joining the Living Wage for Families Campaign and becoming living wage employers. As Pekeles summarized, “if you have the will, it’s worth it.”

4.1.4. Living Wage Enforcement and Future Considerations

Enforcement was an important consideration when Vancity first began designing their living wage implementation framework. During several interviews, participants identified three key enforcement mechanisms for encouraging and ensuring living wage compliance: (1) a cure period clause; (2) right of review; and, (3) issuing officer’s certificates. First, a cure period, common in most contracts, was built into supplier contracts allowing for flexibility between Vancity and the supplier to resolve the issue. A cure period is a negotiated timeframe where both parties can come together to resolve an issue. Second, contractual rights of review were also included in supplier contracts to enable Vancity to review payroll records. Payroll compliance is measured by asking suppliers for the aggregate payroll total divided by the number employees; this provides a quantifiable measure of accountability while respecting the confidentiality of workers. Third, all suppliers are required to annually sign an officer’s certificate, agreeing to the requirements of the living wage as set out by the Living Wage for Families Campaign. These enforcement mechanisms assisted in formalizing Vancity’s living wage policy, ensuring compliance among suppliers and keeping Vancity’s living wage employer commitments up to date.

As well, a preemptive method of enforcement occurs during Vancity’s internal open houses. As Ludgate explained, when a new contract is open in a particular area, Vancity holds an open house for potential suppliers to discuss contracting agreements:

We’ve now gone to a model where the procurement team has open houses when there’s time to open a new contract in a particular area.
We'll invite potential respondents to our team and hold an internal open house where they will talk about contracting with Vancity and our commitment to the living wage, and...point out the importance to us contracting with living wage providers.

Vancity uses this opportunity to explain the importance of contracting with living wage suppliers and describing the living wage language used in Vancity contracts. Vancity’s internal open house strategy is an effective tool in gaining further understanding of potential suppliers’ commitment to the living wage and suppliers’ likelihood of living wage enforcement.

4.2. The City of New Westminster’s Living Wage Implementation Experience

Similar to Vancity, the City of New Westminster has been a trailblazer in setting a path for future municipalities to look towards when implementing living wage policy. In 2011, the City of New Westminster became the first city in Canada to adopt living wage policy. As a public entity, the City of New Westminster has encountered differing implementation needs and challenges in comparison to Vancity. This section will examine how effective the City of New Westminster has been able to implement living wage policy. Two key themes have been identified from interview data on the City of New Westminster’s implementation experience: an informal implementation process: limiting administrative complexity; and, identified areas for improvement: suggestions for future living wage municipalities.

4.2.1. An Informal Implementation Process: Limiting Administrative Complexity

As the first Canadian municipality to adopt living wage policy, New Westminster municipal civil servants had the unique task of implementing living wage policy for all city employees and contracted employees working on city property. Director of Human Resources for the City of New Westminster, Joan Burgess, became the first line of contact when city council passed the living wage ordinance. Dissimilar to Vancity’s experience, Burgess highlighted that the City of New Westminster's living wage
implementation process was fairly informal. Part of this informality was borne from a need to limit administrative oversight. As Burgess noted:

One of the requirements was that it would not impose administrative work. We just don’t have the staff to handle it.

Overall, three city staff members were responsible for implementing the living wage, each representing their respective departments: human resources, purchasing, and finance. Burgess explained that the policy was:

...based on the research we had done and basically our own needs, operational needs. It was pretty straightforward.

The straightforward nature of the implementation process was in part due to the small portion of employees who were affected by the living wage policy. It did not require significant administrative attention. Of approximately 1000 city employees, 90 of those individuals required the living wage adjustment: 17 library shelvers and 73 concession workers in the Parks and Recreation department. Also, the living wage did not impact a significant portion of contractual workers; it was estimated that less than 5% of contracted workers were affected by the living wage policy. When council passed the living wage ordinance, the new policy workload was considered “just [becoming] part of our job.”

As municipal staff developed a living wage implementation strategy, administrative simplifications were discovered. According to the Living Wage for Families Campaign’s living wage employer guide, externally contracted staff working less than 120 hours per year were not required to receive a living wage. For the City of New Westminster, this clause created additional administrative work; monitoring different contracts and having to calculate whether contracted workers made the 120-hour threshold would have become an onerous task. To simplify matters, municipal staff decided that all contracted employees working on City premises for more than one hour per year were entitled to the living wage. By adjusting the threshold of work to one hour rather than the suggested 120-hour threshold, staff made the City’s living wage policy far more rigorous and universal while at the same time simplifying their administrative workload.
4.2.2. Identified Areas for Improvement: Suggestions for Future Living Wage Municipalities

At times, municipal civil servants can have a difficult time implementing the policy decisions handed down by councils (Luce, 2004). There are varying reasons for implementation limitations, such as structural constraints linked to minimal administrative resources and time or opposing ideologies between city councils and city staff members. However, in the case of the City of New Westminster, city staff was able to adequately implement living wage policy in a short amount of time and with limited administrative resources. This was a major achievement for the City of New Westminster, establishing a precedent for future Canadian municipalities to model after and build upon. This section will highlight identified areas of policy improvement within the City of New Westminster’s living wage policy and provide key considerations for future municipalities implementing living wage policy.

As the Director of Human Resources, Burgess suggested two areas where the City of New Westminster’s current living wage policy could be enhanced: increased oversight of contractors, and, consideration of developing a more formalized policy as the City enters re-negotiation agreements with the Canadian Union of Public Employees (CUPE). When framing the City of New Westminster’s experience in relation to advice for future living wage municipalities, Burgess stated:

I would like to see us [the City of New Westminster] have more oversight of contractors. I think they should be submitting confirmation of what they’re paying their workers; a little bit more protocol or policy processes in place. And, as we re-negotiate our CUPE agreement, I could see us starting to formalize this a bit more, considering how many staff we have to oversee and deal with it.

Due to administrative constraints, living wage policy enforcement is based on a complaint-driven model; City contractors and subcontractors are not routinely supervised as to whether they are paying a living wage to employees working on City premises. Formalized contractual language was also noted as an area for improvement. Of significant note, during the initial stages of implementation assessment, the City’s good relationship with CUPE allowed for smooth living wage negotiations during the collective bargaining process. In the City’s preliminary living wage reports, there was concern with
regard to an upwardly cascading wage adjustment affect among all positions. In other words, if unionized workers earning below a living wage were going to see a pay increase then it was hypothesized that other unionized workers would demand the same proportional income increase. This concern over pay-scale differentials did not come to fruition because City staff had maintained an open dialogue with CUPE and explained the overarching goals and philosophy behind the living wage. Having a good, working relationship with CUPE made living wage implementation at the City of New Westminster efficient and streamlined. The City of New Westminster’s positive rapport with CUPE underscores the importance of maintaining good relations with significant stakeholders, especially when considering the feasibility of living wage implementation.

When discussing policy challenges, Burgess identified an unexpected consequence of the living wage implementation process:

I think in terms of pushback or challenges, the only challenge we really faced because we were the first [municipality to implement living wage policy] was from other municipalities; colleagues were phoning and saying what the heck are you doing because our council will now want to do this. So, we got a little flack that way but nothing really serious.

Although the negative comments from some Metro Vancouver municipal civil servants had limited impact on the City of New Westminster’s policy implementation process, it is important to draw attention to the polarizing effect living wage policy can have among municipal governments and internally among municipal staff. Assessing the required level of administrative complexity and the needed support of civil servants responsible for the implementation process are key considerations when measuring the effectiveness of living wage policy implementation.

Lastly, a further identified consideration during the interview process was the breadth of services provided by the City of New Westminster. By having a significant portion of City employees in relation to contractual labour, it was relatively easy for municipal staff to monitor and enforce living wage policy. Other Metro Vancouver municipalities who contract out a larger portion of their services may encounter a higher degree of administrative oversight and complexity when considering living wage policy among their contractual workforce.
4.3. Summary of Findings

The data presented above highlights several important themes, giving insight into the policy tools necessary for effective implementation of living wage policy. As suggested by research in the United States, living wage implementation success can be measured in terms of certain administrative variables (Luce, 2004). Vancity demonstrated a sophisticated internal infrastructure for establishing the living wage across a large-scale institution. Most importantly, Vancity’s business philosophy as a triple-bottom-line organization significantly contributed to entrenching their success and furthering their advocacy work through setting and exceeding internal measurable goals. The City of New Westminster implemented living wage policy with relative ease. However, due to limited administrative capabilities pushing for a rigorous implementation model was not realistic. This experience is similar to many municipalities in the United States (Luce, 2004). Overall, this research has identified key elements involved with gauging the levels of living wage implementation effectiveness. Findings from the preceding sections will be used to inform policy options on living wage implementation strategies in the subsequent section. Lastly, this data has served as a starting point for furthering the study of living wage policy from a Canadian perspective.

Currently, there is no substantial academic body of literature on the Canadian experience of the living wage. It is the hope of the researcher that some insight has been shone on the intricacies of living wage implementation in Canada. Both Vancity and the City of New Westminster were the first Canadian large-scale business and municipality to adopt living wage policy. As trailblazers, they set a path for others to look towards, model after and further build upon the efficacy of the living wage implementation process.
Chapter 5.

Criteria and Measures for Evaluating the Effectiveness of Living Wage Implementation

The following set of criteria and measures (Table 5.1) will assess the strengths, weaknesses and trade-offs between policy options outlined in the subsequent chapter. To determine appropriate criteria and measures for this study, literature review findings and data analysis from interviews were used in conjunction with one another. This chapter explores the rationale for selecting each criterion and their respective measures.

Although each criterion is a separate indicator determining the successfulness of an aspect of a policy option, the following five criteria should also be examined in concert with one another. The intricacies of measuring living wage implementation effectiveness are complex and require awareness of overlapping issues. Therefore, it is important not to silo criteria, but rather consider the individual implications in tandem with the broader trade-offs of all criteria presented in each policy option.
# Table 5.1. Criteria and Measures Matrix

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Definition</th>
<th>Measure</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Effectiveness</strong></td>
<td>Degree of implementation coverage across workforce</td>
<td>• Is living wage applied to all full-time and part-time direct employees?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Is living wage applied to contracted and subcontracted employees?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Degree to which a living wage employer sets lower cost contract thresholds for identified low-wage sectors</td>
</tr>
<tr>
<td><strong>Equity and Fairness</strong></td>
<td>Impacts on work environment</td>
<td>• Degree of policy support from employees already earning above a living wage</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Degree of support from policy implementers</td>
</tr>
<tr>
<td></td>
<td>Degree to which living wage contributes to poverty reduction</td>
<td>• Does the living wage policy specifically target low-wage sectors?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• What percentage of given overall workforce is impacted by living wage policy?</td>
</tr>
<tr>
<td><strong>Public Acceptance</strong></td>
<td>Community impact and buy-in</td>
<td>• Degree of living wage advocacy work done by living wage employer in community</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Degree of participation with the Living Wage for Families Campaign and local coalitions</td>
</tr>
<tr>
<td><strong>Administrative Complexity</strong></td>
<td>Effectiveness of administration</td>
<td>• Are rules and regulations established to determine coverage and application of living wage policy?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Is a particular department or staff member assigned to implementation?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• How easy is information to obtain?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Are all departments and staff notified about the living wage policy?</td>
</tr>
<tr>
<td></td>
<td>Effectiveness of monitoring</td>
<td>• Does city/business staff regularly review contracts?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Degree of contracted payroll record review by living wage employer</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Are worksites regularly monitored?</td>
</tr>
<tr>
<td></td>
<td>Effectiveness of enforcement</td>
<td>• Do employers have protocol in place for suppliers/contractors that are in noncompliance?</td>
</tr>
<tr>
<td></td>
<td>Effectiveness of evaluation</td>
<td>• Does staff write implementation evaluation reports?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Does staff set internal goals</td>
</tr>
</tbody>
</table>
5.1. Effectiveness

The purpose of living wage policy is to elevate the wage floor to a point where a full-time worker can earn an adequate standard of living. When evaluating policy options, the criterion assessing the degree of policy coverage across a given workforce becomes an extremely important indicator of good policy implementation. Living wage coverage will be measured by determining whether the policy applies to direct employees of the living wage employer and whether the policy extends to contracted and sub-contracted workers.

Another key determinant of living wage implementation effectiveness depends on whether a living wage employer identifies low-wage industries that represent a significant portion of the organization’s contractual workforce. By identifying these key low-wage industries, the living wage employer can then assess the proportion of contractors truly impacted and captured under the living wage policy. Therefore, the degree to which a living wage employer engages with setting lower cost contract thresholds for identified low-wage sectors will be used as a measure of implementation effectiveness. Interview data has informed this aspect of the effectiveness criterion.

5.2. Equity and Fairness

In order to address whether living wage policy implementation has been effective, it is important to examine how it has impacted the broader work environment of the organization. Gauging the level of support from employees already earning above a living wage and among policy implementers helps to measure the internal impacts felt by
the rest of the workforce after policy implementation. It has been suggested by interview data and literature review findings that the stronger the internal buy-in or support throughout an organization, the stronger the support will be for thoroughly implementing living wage policy. To evaluate each option, data from interviews and living wage research are considered.

As well, living wage policy is an important tool when considering an overarching poverty reduction strategy. In order to determine the degree to which a policy option is assisting in poverty reduction, it is necessary to understand whether the policy is specifically targeting low wage sectors within its workforce and measuring the percentage total of the overall workforce affected by the living wage. These two measures give an indication of the impact each policy option has in terms of contributing to poverty reduction within an organization’s workforce. A more rigorous poverty reduction impact will include living wage employers targeting all direct employees and contracted low-wage sectors within their organization. As mentioned in previous chapters, living wage policy is considered a complementary tool from a toolkit of policies assisting in the overall societal objective of poverty reduction.

5.3. Public Acceptance

US and UK research has suggested that non-governmental organizations and coalitions can play an important role through formal and informal mechanisms, assisting with furthering public support and acceptance of living wage policy (Lopes & Hall, 2015; Wills, 2008; Luce, 2005). Informal mechanisms can include rallies, lobbying, press conferences and public reports. The most common formal mechanism consists of establishing a living wage working group comprising of city or business staff and community-based volunteers and/or living wage coordinators responsible for living wage accreditation (Luce, 2005, p. 43). These formal and informal mechanisms can become particularly relevant to municipal councils requiring community support and buy-in to proposed policies.

The measures for this criterion were specifically informed from the abovementioned literature review findings and data received during the interview
process with Vancity and the City of New Westminster. As a criterion, public acceptance will measure the degree of living wage advocacy work done by living wage employers in the community and the degree of participation by living wage employers with British Columbia’s Living Wage for Families Campaign and other coalitions. These measures will assist in gauging the level of public acceptance among each policy option.

5.4. Administrative Complexity

By far, administrative complexity is the most important criterion when evaluating the overall effectiveness of living wage policy implementation. Administrative complexity will be determined using four criteria: administration, monitoring, enforcement, and evaluation. Each administrative complexity criterion has been modeled after Stephanie Luce’s (2004; 2005) living wage implementation evaluation matrix.

The administration criterion refers to the initial steps taken to implement living wage policy, such as establishing clear rules and regulations outlining the stages of implementation, assigning staff members or a department to be held responsible for the implementation process, and providing accessible information. Research has suggested that the degree of success of living wage policy implementation is strongly connected to the initial administrative groundwork (Luce, 2004).

Monitoring examines the procedural process taken to ensure compliance of the rules and regulations under the living wage policy. Measures to determine monitoring effectiveness include staff reviewing city/business contracts, requesting payroll records, and worksite visits.

Enforcement refers to firms who are noncompliant with living wage policy. This is measured by whether staff has a protocol in place for suppliers or contractors that are in noncompliance with the living wage policy.

Lastly, the evaluation criterion examines whether city or business staff continue to assess living wage policy implementation over time. Evaluation is determined by
measures including the completion of evaluation reports and whether organizations have set internal goals exceeding living wage policy expectations.

Overall, the abovementioned administration complexity criteria reflect the important administrative elements needed to determine the success of living wage policy implementation. Past research has highlighted the significance of these administrative criteria (Luce, 2004; Luce, 2005). Stephanie Luce’s research paired with interview data from living wage policy implementers have informed the level of administrative complexity for each policy option.

5.5. Affordability

There is a financial cost to implementing the living wage. However, this implementation cost becomes a question of affordability and whether a municipality or private firm can afford the increased labour costs within their overall annual budget. Based upon data analysis from Vancity and the City of New Westminster, the cost of implementing a living wage represented less than 1% of their respective total annual operating budgets. With this in mind, each policy option will have a budgetary cost estimate of less than 1%. Based upon the robustness of the implementation strategy for each policy option, the budgetary cost will range within the 1% operating budget cost threshold, reflecting past research results on living wage budgetary implications.

A second measure will address living wage policy’s impact on the feasibility of receiving bids from contractors. Interview findings have indicated that this measurement is a key consideration when assessing the financial costs associated with living wage implementation.
Chapter 6.

Policy Options

As a subfield of organizational theory, implementation research is concerned with the timeframe after a bill or policy has been enacted. Simply put, it is how policy translates into action (McLanahan, 1980). Over the past 50 years, implementation researchers have developed a large list of factors determining policy outcomes (Luce, 2005). Before examining living wage implementation policy options, it is important to first define measures for successful policy implementation. This is a complex task since several variables need to be taken into consideration when determining success. Due to the relative newness of living wage policy in Canada and the fact that very few municipal governments and private firms have collected applicable outcome data, it would be narrow to base implementation success solely on outcomes. Therefore, direct criteria aimed at understanding the implementation processes and outcomes of policy options along with indirect criteria related to unintended consequences resulting from the policy options will be used together in the following section to assess the effectiveness of living wage policy implementation success.

Based upon interview data analysis and supporting academic literature, three policy options have been designed to demonstrate varying levels of policy implementation effectiveness: (1) a narrow implementation strategy; (2) a moderate implementation strategy; and, (3) a comprehensive implementation strategy. The policy options listed below were designed to assist British Columbian municipal governments and local businesses with identifying the benefits, weaknesses and trade-offs involved with implementing living wage policy. The intention of the three options is to provide a broad scope of considerations and an assessment template illustrating varying degrees of policy implementation. Local organizations can then determine which policy strategy fits best to their organizational capacity and needs. Following the assessment of the
policy options section, a recommendation will be provided, outlining the suggested route of action for future organizations to take in effectively implementing living wage policy. As shown in the above criteria and measures matrix (Figure 5.1), each policy option will be evaluated using five established criteria: effectiveness; equity and fairness; public acceptance; administrative complexity; and, affordability. Each criterion is evaluated using specific measures. These criteria will also assist in assessing the trade-offs between each policy option.

In Canada, living wage methodology differs by province. For the purposes of maintaining consistency with the assessment of the following policy options, a British Columbian perspective has been adopted. More specifically, the Living Wage for Families Campaign’s employer guideline requirements have been incorporated into the analysis of policy options as well as the living wage calculation methodology determined by the BC branch of the Canadian Centre for Policy Alternatives. It will be assumed each strategy has received “living wage employer” status from British Columbia’s Living Wage for Families Campaign. It is also assumed that each policy option has been met within the two-year timeframe the Living Wage for Families Campaign gives organizations to implement living wage policy.

6.1. Narrow Implementation Strategy

A narrow implementation strategy refers to a municipality or private firm who has become a certified living wage employer and is in the preliminary phase of implementing living wage policy. Within this policy option, certain barriers have created an environment where policy implementers have had to institute a narrow, or limited, living wage implementation strategy. The subsequent policy analysis section will address these implementation limitations and trade-offs.

6.2. Moderate Implementation Strategy

A moderate implementation strategy refers to a municipality or private firm who has received their living wage employer certification and has had some time to adjust to
instituting their respective living wage policy. This policy option aims to set the implementation groundwork needed for a living wage employer to further assess and enhance the comprehensiveness of its living wage policy in the future. There are potential policy weaknesses within the moderate strategy; these limitations will be examined in the following section.

6.3. Comprehensive Implementation Strategy

A comprehensive implementation strategy involves a municipality or private firm who has been a certified living wage employer for a few years and has gone beyond the requirements set out by their local living wage campaign. Under a comprehensive strategy, major weaknesses and limitations found within the narrow and moderate implementation strategies have been addressed.

6.4. Weighting and Ranking

Since the implementation process of living wage policy is complex, requiring the equal consideration of various variables, all five criteria will be weighted equally when assessing each policy option. A ranking order of “high”, “medium”, and “low” will be used to understand the benefits, weaknesses and trade-offs between the policy options. In a hierarchal fashion, a “high” ranking indicates a successful option, “medium” signifies an adequate option with minor improvements, and a “low” ranking confirms a weak policy area in need of immediate improvement.
Chapter 7.

Assessment of Policy Options

Chapter 7 will present three policy option strategies available to British Columbian municipalities and private firms considering the implementation of living wage policy. The five criteria outlined in Chapter 5 (effectiveness, equity and fairness, public acceptance, administrative complexity, and affordability) will assess the benefits, weaknesses, and trade-offs of each policy option.

7.1. Policy Option 1 – Narrow Implementation Strategy

7.1.1. Effectiveness

The narrow implementation strategy has a low degree of effectiveness since the living wage municipality or firm has only extended their living wage policy to full-time and part-time direct employees as required by the Living Wage for Families Campaign (“A guide to becoming a Living Wage Employer”, 2015). This policy option neglects to rigorously cover contracted or subcontracted workers. Past examples of narrow implementation strategies include the Town of Esquimalt’s living wage policy which stipulated it would not directly apply to wages set in collective agreements and would only be applied to a portion of contracted workers who met the Town’s contract value threshold. Without setting a targeted low-wage strategy for contractual labour, akin to Vancity, there is a high likelihood of the majority of contracted workers falling out of the purview of the living wage policy. Since contracted and subcontracted employees are not truly covered under a narrow implementation strategy, the measure determining the degree to which lower cost thresholds are set for contracted low-wage sectors is moot.
However, in a narrow implementation strategy there may be genuine cause for reduced living wage coverage. According to the Living Wage for Families Campaign, legitimate reasons for exempting contracted or subcontracted work are the following: contracted employees provide less than 120 hours of service per year; or, ad hoc contract work, such as repairs for maintenance, can be excluded from living wage enforcement. Living wage employers are also permitted to exclude a small portion of students, trainees, and interns who are in practicum placements. As long as the students or trainees do not represent a core amount of the workforce total (no more than 10% of the total workforce; for small not-for-profits where the total staff makeup is five workers, no more than 20%) then this exemption does not impact a firm’s status as a living wage employer.

In the future, the narrow implementation strategy could attempt to cover contracted or subcontracted workers falling under these exemption areas. This option could also consider paying all students or trainees in practicum placements a living wage in the future.

7.1.2. Equity and Fairness – Work Environment

There is a low level of equity and fairness under a narrow implementation strategy. This option shows a low level of living wage support among policy implementers and workers already earning above a living wage.

Literature review findings and interview data have suggested that low workforce support for living wage policy is partly attributed to conflict arising from a lack of communication, leading to an overall disagreement with the policy itself. This is most evident during the first step of implementation: when a municipal government passes policy. Again, as in the case of the Township of Esquimalt, council’s vote was split on the living wage policy proposal. As a result, council conflict can then have a negative spillover effect onto the work environment of municipal staff and their ability to effectively implement living wage policy. On the other hand, city councils may overwhelmingly support the new policy and unanimously pass the ordinance, however, municipal civil servants may “resist implementation when they perceive such laws as increasing
regulation for business, harming to the business climate, creating higher costs for contracted out services, requiring more staff for enforcement, or hamstrung their use of economic development incentives to attract or retain business” (Luce, 2004, p. 101).

Ideological elements may also impact the work environment. For example, in Eugene, Oregon, the executive director of Human Resources and Risk Services Department emphasized one of the negative drawbacks of the living wage was that it disturbs the market-based system of pay, increasing the wage floor for the lowest workers and not continuing that differential to other pay scales (Luce, 2004). Interview data from the City of New Westminster and Vancity also highlighted similar sentiments, noting potential concern that the policy may create a feeling of unfairness between different pay-levels among employees.

Ultimately, under a narrow implementation strategy, the lack of policy support among a workforce adversely affects the overall work environment resulting in stalled or watered-down policy implementation strategies. Attention must be given to the level of buy-in or policy support among city councilors, policy implementers and the broader workforce in order to achieve a harmonious work environment.

7.1.3. Equity and Fairness – Poverty Reduction

As a poverty reduction tool, living wage policy has a significantly limited impact under a narrow implementation strategy. Since living wage policy is only extended to full-time and part-time employees under this policy option, a small proportion of the total direct workforce is affected. For example, when examining the City of New Westminster as a living wage employer, only 90 positions required living wage adjustment out of a total city workforce of 1000 people. This surmounted to 9% of direct workers impacted at the City of New Westminster. Similarly, Vancity’s living wage policy affected less than 50 employees from a total workforce of 2,500; meaning less than 2% of the direct workforce was impacted. Overall, organizations that are currently adopting living wage policy already pay the majority of their staff above the living wage, as exemplified with direct employees at the City of New Westminster and Vancity.
On a surface level, this policy option does not give the appearance of meaningfully contributing to an overall poverty reduction strategy. However, it is important to identify the exponential effect that can take hold as more employers adopt living wage policy. Even with a narrow implementation strategy, this option is contributing to increased public awareness of the living wage. As more municipal governments and private firms listen to public demand for living wage policy, the exponential effect, represented in the aggregate total of living wage employers, will inevitably assist in a provincial-wide poverty reduction strategy. The importance of living wage policy contributing to an overall poverty reduction strategy has been noted the British Columbia Poverty Reduction Coalition’s 7-point poverty reduction plan and in a recent Canadian Centre for Policy Alternatives’ technical report on the federal budget (Klein & Yalnizyan, 2016).

7.1.4. **Public Acceptance**

This policy option has a low degree of community impact. By implementing a narrow implementation strategy, the living wage employer is only concerned with making sure the living wage is carried out to its direct employees. No additional work is taken in the form of advocacy work to promote the living wage among the local community. The organization’s degree of participation with the Living Wage for Families Campaign surmounts to receiving notifications on changes to the annual living wage rate and the implications those changes mean for certification. As well, recognition of the organization is given on the Living Wage for Families Campaign website and periodic publications, providing minimal community exposure to the organization’s living wage employer status. Living wage advocacy work may be considered difficult to complete for some living wage employers, such as municipal civil servants, since non-partisanship may be a requirement among employees. However, knowledge sharing with others could be a consideration for those municipalities who would like to enhance their narrow implementation strategy with a more robust approach. Overall, there is limited impact in terms of community advocacy work on the part of the living wage employer.
7.1.5. **Administrative Complexity**

Under a narrow implementation strategy several problems exist when executing the administrative tasks needed for effective policy implementation. Thus, this policy option receives a low rating. First, no clearly written rules or regulations determining coverage and application of living wage are available. Also, there is a lack of staff dedicated to the living wage portfolio and, consequently, it is difficult for living wage employees, contractors and the public to obtain information on living wage policy. As found in US research, limited staff can be attributed to political decisions limiting the availability of funds to hire or assign staff (Luce, 2004). Because of a lack of administrative staffing for living wage implementation, not all pertinent departments and staff are notified by the new policy. Overall, there is a lack of administrative accountability. As a consequence of minimal administrative effectiveness, the following administrative criteria are adversely affected: monitoring, enforcement, and evaluation. As a policy option, the narrow implementation strategy does not take into account contracted or sub-contracted workers. For this reason, there is minimal monitoring with no regular review of contracts or payroll records. As well, since there are no contractual workers covered under this policy option, there would be no protocol in place for contractors who are noncompliant with living wage policy. As a narrow strategy option, there is a lack of oversight in terms of evaluating living wage implementation progress. Since full-time and part-time direct employees are the only subgroup of workers affected by the policy, evaluation reports are seen as redundant and unnecessary. With this option, the living wage employer sets no internal goals. Reasons for this could include a lack of political will or insufficient administrative resources.

7.1.6. **Affordability**

Overall, there is a high degree of implementation affordability. The costs associated with the implementation of this policy option are minimal. Under this strategy, living wage employers should anticipate an annual increase to the living wage. Annual living wage calculations, made by the Canadian Centre for Policy Alternatives, take into consideration changes to regional living expenses and to government transfers and deductions (“A guide to becoming a Living Wage Employer”, 2015). Based upon
quantitative data compiled during the interview process with Vancity and the City of New Westminster, implementation costs surmounted to well below 1% of their respective total annual operating budgets. However, it is important to recognize that these statistics may potentially be misleading. Only a small proportion of Vancity’s and the City of New Westminster’s workforce were affected by the living wage policy. Vulnerable sectors with a heavy reliance on low-wage labour would most likely have a proportionately higher cost to living wage implementation. That being said, for this policy option, total implementation costs falling under 1% of an organization’s annual operating budget is a realistic estimate since direct employees are the only sub-group of workers benefiting from the living wage policy; contracted employees are excluded from this policy option. Due to limited administrative complexity and workforce support for the policy, implementation costs would be closely scrutinized and therefore would most likely be minimized. Another consideration under this policy option surrounds costs associated with wage structures. As mentioned under the Equity and Fairness – Work Environment criterion, there is minimal “buy-in” or support for this policy; workers earning above a living wage may want to maintain their relative wage differential with those benefiting from the living wage increase. This is a significant wage adjustment consideration for those implementing a narrow strategy and would entail reexamining the affordability of this policy option.

7.2. Policy Option 2 – Moderate Implementation Strategy

7.2.1. Effectiveness

The overall effectiveness of this policy option is more rigorous than a narrow implementation strategy, however, there are identified areas of improvement. The moderate strategy covers all full-time and part-time direct employees along with contracted and sub-contracted employees. By extending living wage coverage to contracted labour, this strategy aims to specifically target low-wage employment and elevate wage floors to a living wage.

Under this strategy, the living wage employer has identified low-wage sectors representing a significant portion of its contractual labour and has begun setting low
contract cost thresholds in order to capture a larger proportion of its contractual workers within the purview of the living wage policy. Through this process, the living wage employer can gauge the level of effectiveness by calculating the amount contracts impacted by the policy in proportion to the total sum of all contracts. However, within this policy option, those workers falling under the 120-hour and ad hoc exemptions and student practicum placements still do not qualify for the living wage.

A potential weakness or consideration of this policy option is its impact on shifting the size dynamic of contracted firms. Over time, larger contracting firms who have the ability to absorb increased costs to labour and still offer lower-priced contract bids may crowd out small to medium-sized contracting firms who are unable to take on those same incremental labour costs and maintain pricing. This is an unintended consequence living wage employers should be cognizant of when implementing a moderate strategy. Having good working relationships, open to discussion, with all contracting firms can help mitigate the negative consequences of crowding out certain firms, especially small to medium-sized firms, when implementing a moderate strategy.

7.2.2. Equity and Fairness – Work Environment

This policy option would score a medium ranking in terms of the policy achieving a positive work environment for all employees. With a moderate implementation strategy, policy implementers have made a modest attempt to inform key departments and staff about the living wage policy. As interview data from the City of New Westminster suggests, living wage policy might not have been the initial recommendation given by policy implementers to council, however, once council had passed living wage policy, municipal staff implemented the policy to the best of their abilities and available resources, all the while taking their role as policy implementers very seriously. As well, municipal civil servants may not notice any work environment impact because policy implementation is just considered a part of the day-to-day responsibilities of effectively running the city bureaucracy.
7.2.3. Equity and Fairness – Poverty Reduction

Similar to the narrow strategy, the moderate implementation strategy covers all full-time and part-time workers under the living wage policy. However, by taking the policy a step further and including contracted and sub-contracted workers, the number of total workers affected by the implementation of living wage policy would represent a larger proportion of an organization’s workforce. Ultimately, expansive living wage coverage would correlate with higher levels of poverty reduction among a living wage employer’s workforce.

7.2.4. Public Acceptance

The moderate implementation strategy completes a medium level of community buy-in initiatives for the living wage movement. The organization takes advantage of the publicity opportunities offered by the Living Wage for Families Campaign certification, such as displaying living wage employer plaques and living wage window decals, utilizing the Living Wage Employer electronic logo on municipal/business websites and letterhead, and receiving recognition on the Living Wage for Families Campaign website and periodic publications. Moderate implementation strategies also include knowledge sharing with future living wage employers, the public, and researchers. Although these ready-made public buy-in tactics are used under a moderate implementation strategy, there is no further initiative taken by the living wage organization to further community support for the living wage movement. Reasons for this lack of continued community engagement could be due to limited time and resources, responsibilities to maintaining non-partisanship as a civil servant, or minimal interest.

7.2.5. Administrative Complexity

With a moderate implementation strategy, all four administrative complexity criteria have a medium-high level of sophistication. Under this policy option, key administrative responsibilities are delegated either to one person or department who oversee living wage coverage of direct employees and contracted workers. Relevant departments and staff within the organization have been notified of the living wage policy and information is relatively easy to obtain. However, as noted under the Equity and
Fairness – Work Environment criterion, there may be limitations surrounding “buy-in” or communication with staff. In order to minimize these potential limitations, it is imperative all employees know the overarching purpose of a living wage and are coordinated in their implementation efforts. As noted by Luce (2004), there is no constant formula for staff-to-covered contract ratios; it depends on the size of the living wage organization. “In Tuscon, for example, one person, oversees implementation on approximately fifty contracts, while in Los Angeles, four and a half staff oversee implementation on approximately a thousand contracts” (Luce, 2004, p. 81).

In terms of monitoring living wage policy, the moderate implementation strategy includes living wage clauses and language in new or renewing contracts. However, monitoring worksites is not routine. If a complaint does arise, the living wage employer does address it. Interview data from the City of New Westminster suggested monitoring of living wage contracts through a complaint-driven model was necessary in order to keep administrative costs down; there were a limited number of employees and full-time monitoring was not considered an efficient use of scarce resources and time.

Within a moderate implementation strategy, there is an enforcement mechanism in place for noncompliant contractors who are not paying contracted workers a living wage. As suggested by Vancity interview findings, contracts could include a cure period in which the living wage employer and the non-compliant firm can come to a resolution without resulting in the termination of the contract. Also, interview data from the City of New Westminster highlighted all contractors sign a living wage declaration stating the intentions of the City’s living wage policy and the City’s right to audit the firm should the City receive notification of breach in living wage compliance. There are potential enforcement limitations within this policy option. Despite the inclusion of an enforcement clause in a contract, there may not be the political will or resources to follow through. Research in the United States points to Buffalo, New York, as a case where city leaders did not provide a living wage ordinance with teeth. This led to city civil servants refusing to enforce the living wage (Luce, 2004). In order to prevent a similar case like Buffalo, enforcement should be delegated to a specific staff member or department, typically procurement, to ensure complaints are streamlined and effectively dealt with. Under a moderate strategy, enforcement is done on a complaints-received basis; if the living
wage organization receives a complaint, they would deal with it swiftly. Since monitoring resources are limited, the level of enforcement across an entire workforce may not be as effective. This is a particularly acute issue for large organizations who are dealing with hundreds of contracts per year.

Evaluation methods are present within the moderate implementation strategy. Informal evaluation techniques, such as policy implementers talking with direct and indirect employees, are carried out on a regular basis. This can be a powerful tool when determining the effectiveness of the policy implementation process. Based on interview data, Vancity’s policy implementers were very involved with communicating to contractual workers about Vancity’s living wage policy. As a result, Vancity created and maintained a line of communication for workers to report questions, concerns or issues with relation to the living wage, acting as an important element in the overall evaluative process.

7.2.6. Affordability

This option has a high level of affordability for a living wage employer. As mentioned in the narrow implementation strategy, the foreseen cost of implementing living wage policy is minimal. Living wage employers should still anticipate nominal annual increases to the living wage as calculated by the Canadian Centre for Policy Alternatives each year. With a more structured implementation strategy, this policy option covers a broader range of workers, including contracted and subcontracted employees. However, it is estimated implementation costs would still represent less than 1% of a firm’s overall annual operating budget. As interview data with Vancity and the City of New Westminster suggested, implementation costs were not considered a financial burden, falling below 0.5% of their respective annual operating budgets. It is important to note, depending on the type of organization, such as an organization dependent on low-wage labour, implementation costs may exceed the 1% operating budget threshold.

Within the moderate implementation strategy, there may be concern or fear of the living wage policy impacting the feasibility of receiving bids on contracts due to
increased labour costs. However, larger employers, such as Vancity, have been able to clearly communicate with suppliers that increased labour costs would be absorbed by Vancity, not passed onto the contractor. As well, prior to policy implementation, the City of New Westminster conducted a survey asking service providers whether firms anticipated contract values to increase and did they foresee the policy altering firms’ decision to bid on City work. Survey results showed minimal increases to overall contractual costs and limited impact on a firm’s decision to bid on City contracts. To further solidify survey results, after living wage policy implementation, the City saw no noticeable change in the number of contracts received or differentiation in contract values. Overall, City contract cost structures were reasonably maintained.

As mentioned under the Effectiveness criterion, those living wage employers seeking to maintain current cost structures with contractors, and reduce overall implementation costs, may in the long-term be contributing to a crowding out effect among small to medium-sized contracting firms. This is a potential affordability consideration for living wage employers implementing a moderate strategy.

7.3. Policy Option 3 – Comprehensive Implementation Strategy

7.3.1. Effectiveness

This policy option provides a high level of implementation effectiveness. Under the comprehensive implementation strategy, the living wage organization has worked closely with the Living Wage for Families Campaign to determine coverage for all direct full-time and part-time employees as well as indirect contracted and subcontracted employees. A strong attempt to extend living wage coverage to sub-groups falling under the exemption clauses of the Living Wage for Families Campaign’s living wage employer’s guide has also been made. These employee sub-groups include workers falling under the 120-hour threshold of required annual work, ad hoc exemptions and student internships or practicum placements. Overall, universal living wage coverage is provided to all workers. Potential long-term crowding out effects, as identified within the moderate implementation strategy, has been addressed. This policy option incorporates
strategies similar to Vancity’s open house model where contracting firms of all sizes are invited to discuss contracting bids and expectations associated with upholding commitments to living wage policy.

7.3.2. Equity and Fairness – Work Environment

A comprehensive implementation strategy ensures a high degree of equity and fairness by providing a positive work environment for all employees. Within a comprehensive strategy, the majority, if not all, employees feel the implementation of a living wage is a fair and equitable policy solution to reducing drastic wage inequalities. A significant component to achieving an equitable and positive work environment is attained through an organization’s philosophy. The philosophy of an organization can assist in ensuring the “buy-in” or overall support of a policy. As interview data suggested, there was a definite connection between Vancity’s business model and the financial institution’s outlook towards the living wage. As a triple-bottom-line organization, Vancity’s measurements of success were not solely determined by financial return, but by social and environmental return as well. Having a business consciousness emphasizing the importance of social justice, financial inclusion and community commitment resulted in positive spillover effects in the work environment, especially when it came time to implementing living wage policy. During all five interviews with key living wage implementers from Vancity, participants remarked upon the unexpected feeling of pride among staff after becoming an official living wage employer. By building strong forms of social capital within a business framework, as exemplified by Vancity’s triple-bottom line, positive work environments can be enhanced with the implementation of living wage policy.

7.3.3. Equity and Fairness – Poverty Reduction

Building upon the moderate strategy, the comprehensive implementation strategies includes all direct and indirect employees, but the organization makes a concerted effort to identify vulnerable sectors, such as janitorial, security, catering, and temporary work agencies. As well, under this option, a designated policy implementer works directly with contractors to ensure contracted employees are being paid a living
wage. For example, Vancity ensured understanding and compliancy by having the director of procurement along with another procurement staff member attend every supplier meeting. This guaranteed strong communication between contractors and enabled a direct access point for suppliers to have questions answered and compliance concerns addressed. These incorporated levels of oversight within the comprehensive implementation strategy reinforce the strength of living wage policy as a tool assisting in the reduction of poverty.

7.3.4. Public Acceptance

This policy option strives for a high level of public acceptance. Under the comprehensive strategy, public acceptance of the living wage is considered an integral component to overall success of living wage implementation. There is close engagement with the Living Wage for Families Campaign; the living wage employer suggests recommendations to the Campaign in order to enhance and streamline the implementation process for future organizations interested in becoming living wage employers. Achieving a high level of public acceptance may take several years before tangible results are realized. Interview data with Vancity underscores these sentiments. After settling in as a living wage employer, Vancity was keen to take their living wage employer status to the next level. They did so by setting two internal advocacy goals: (1) giving a set number of presentations at conferences or meetings each year targeting potential organizations interested in adopting living wage policy; (2) having a set number of organizations that become living wage employers as a direct result of Vancity’s involvement. Intrinsic to these internal organizational goals is a strong commitment to knowledge sharing and advocacy work at the local level. The comprehensive implementation strategy integrates internal organizational goals, akin to Vancity’s targets, as important measurable deliverables determining the organization’s living wage policy implementation success. As well, the comprehensive strategy would likely see results similar to UK living wage research where living wage organizations found that public recognition as a living wage employer enhanced consumer awareness of the organization’s commitment to corporate social responsibility and ethical standards.
7.3.5. Administrative Complexity

Across all four administrative complexity criteria (administration, monitoring, enforcement, and evaluation), this policy option scores a high level of effectiveness.

A comprehensive implementation strategy understands the necessity for administrative accountability in order to achieve successful living wage implementation across a given workforce. Rules and regulations pertaining to an organization’s living wage policy have been sent to all staff members, notifying of them of implementation changes. As found in interview data, Vancity was able to achieve this through using their internal employee website and sharing stories with staff about the positive impacts earning a living wage had on those affected workers. For larger organizations in multiple regional locations, they will likely face the administrative challenge of dealing with several regional living wages. For example, Vancity has offices in Vancouver and Victoria, two cities with two differing living wages. To simplify administrative complexity, one living wage was uniformly applied to all Vancity locations regardless of geographical location. Vancouver’s living wage rate was chosen since it was the highest set living wage. This administrative strategy is a useful consideration for future living wage employers with multiple locations, however, it may entail incrementally higher labour costs.

In order to achieve a high level of administrative effectiveness, a departmental framework must be created with key people from impacted departments, such as: procurement, finance, facilities management, legal, communications, and risk management. Forming a working group with these various departments increases the likelihood of high administrative effectiveness. As well, from the working group, a “living wage champion” or advocate should be selected as a first line of contact for workers who may have questions or issues concerning the living wage.

Within a comprehensive strategy, contracts are regularly reviewed and clearly written living wage clauses are included in contractual agreements with service providers. A comprehensive strategy also requests access to payroll records from contractors in order to ensure living wage policy is truly being implemented. Requesting payroll records may present as problematic due to issues surrounding disclosure of
employees’ personal information. Based on interview findings, a potential solution to addressing this issue requires the living wage employer to ask contractors to disclose an aggregate amount of wages paid along with the number of contracted employees working on the living wage organization’s premises. Dividing the aggregate wage total by the amount of contracted employees you arrive at a number that should reflect the living wage per worker. No personal information is disclosed in this transaction yet payroll is being effectively monitored. Under this option, monitoring strategies, such as the payroll example mentioned above, are utilized regularly to ensure living wage compliance.

Under a comprehensive strategy, living wage organizations have included strong language within their contracts to service providers and have communicated the principles behind the living wage policy, including consequences for noncompliance with the living wage policy. If contractors are noncompliant, a two-step strategy is taken to resolve the issue. First, the contractor is contacted by the living wage organization and a discussion is had to resolve the discrepancy; this is often referred to as a “cure period” clause. From Vancity’s experience, this was the preferred and most effective strategy for dispute resolution. Since Vancity had established a strong communication framework and relationship with their suppliers, cure period discussion typically went well. Second, if discussions break down then the living wage employer will have to suggest to the non-compliant contractor that their contract will not be renewed after the completion of the current contractual agreement. Highlighting this punitive element as a result of living wage non-compliance demonstrates the living wage employer’s seriousness and commitment towards living wage policy enforcement. Another enforcement mechanism utilized under the comprehensive strategy includes issuing officer’s certificates to contractors, detailing the contractor’s commitment to fulfilling living wage obligations. Instituting this level of formality emphasizes the real cost that comes with non-compliance and enables the living wage employer to enhance enforcement oversight.

The evaluation process under a comprehensive strategy is considered an imperative and long-term criterion. Indirect evaluative methods, such as checking in and talking with employees, have been effectively established. Now, after one or two years of becoming a living wage employer, formal evaluation reports are written to direct supervisors, outlining the coverage and progress of furthering the effectiveness of living
wage implementation across the workforce; evaluation of service providers who have become compliant or non-compliant with the organization’s living wage policy are also included in the evaluative report. Based on interview data, some living wage employers aim to exceed the base requirements set out by the Living Wage for Families Campaign. For example, Vancity has set internal evaluative goals as measurements of success as a living wage employer. These goals include: (1) giving a set number of presentations at conferences or meetings each year targeting potential organizations interested in adopting living wage policy; (2) having a set number of organizations that become living wage employers as a direct result of Vancity’s involvement. These evaluative criteria reflect the organization’s commitment to living wage advocacy in the local community and further entrench the strength of the Public Acceptance criterion mentioned in the proceeding section.

7.3.6. **Affordability**

As mentioned in the previous two policy options, interview data suggests minimal implementation costs, surmounting to less than 1% of an organization’s annual operating budget. This policy option does recognize the potential for higher costs associated with taking on a more robust approach, especially under the Administrative Complexity criterion and the Public Acceptance criterion. That being said, it is not anticipated implementation costs would impede the overall affordability of living wage policy. The positive externalities, as mentioned in the above criteria, are considered by the living wage employer to offset the incremental financial costs incurred by elevating minimum wage floors to reflect a living wage. Living wage employers should be aware of the incremental annual increase to the living wage as calculated in the Canadian Centre for Policy Alternative’s annual living wage report. Cost concerns associated with providing proportional wage increases in order to maintain wage differentials among workers are not a major consideration under a comprehensive strategy. As outlined in the Equity and Fairness – Work Environment criterion, steps have been taken to communicate the purpose of the living wage with all employees and mitigate expectations of cascading wage adjustments.
Chapter 8.

Recommendation

8.1. Recommendation for Municipal Governments and Local Organizations in British Columbia

Based upon the analysis in the preceding section, it is recommended that potential living wage employers initially adopt Policy Option 2, a moderate implementation strategy, with the intention of achieving Policy Option 3, a comprehensive implementation strategy, within a timeframe of two to three years after attaining living wage employer certification.

By adopting a moderate implementation strategy, the living wage employer is committing to living wage coverage across the entire workforce, including coverage of contracted and sub-contracted workers. Optimizing living wage coverage will enhance the overall objective inherent to living wage policy: affording people a decent standard of living and ability to meaningfully participate in society. During this interim period, policy implementers will be assessing the level of administrative complexity and resources needed to fully complete the implementation process.

Elements of the comprehensive implementation strategy should be instituted during the Policy Option 2 timeframe in order to make the transition to Policy Option 3 seamless and streamlined. Complement components of Policy Option 3 that are included during the Policy Option 2 phase are the following: contractual clauses surrounding cure periods and rights of review; issuing officer’s certificates to service providers; building an infrastructure of communication among organizational departments responsible for living wage implementation; and, encouraging “buy-in” among employees through mediums such as sharing stories of those personally affected.
by the implementation of living wage policy, and hosting meetings allowing for discussion on living wage policy. Focusing on buy-in will be particularly important when addressing concerns over the unfairness of diminishing pay-scale differentials and not proportionally increasing wages for those earning just above a living wage. Having a strong commitment to communicating the ideals of living wage policy across all levels of a workforce will assist in establishing a stronger implementation framework. This might be difficult for municipal governments or smaller firms to achieve since allocated resources and time to living wage policy implementation may be scarce.

After the initial hurdle of implementing living wage policy has passed and the living wage employer has become comfortable with the day-to-day intricacies of the policy, the organization can then shift its moderate implementation strategy to a more comprehensive model. True universal living wage coverage among those workers who fall outside the Living Wage for Families Campaign employer’s guide requirements could be incorporated in the living wage employer’s policy purview. These outlying sub-groups of non-covered workers include: employees falling under the 120-hour threshold; ad hoc exemptions; and, student practicum placements or interns. Under a comprehensive model, fuller policy coverage and integrated levels of administrative oversight enhance the strength of living wage as a policy tool assisting with the overarching goal of societal poverty reduction.

As a living wage employer with a comprehensive implementation strategy, advocacy and educational work within the local community becomes an integral internal measurement of implementation success. Internal goals can include: giving a set number of presentations per year targeting organizations interested in adopting living wage policy; or, determining a set number of organizations that become living wage employers as a direct result of involvement from a current living wage employer. Through advocacy and outreach, awareness of the large-scale societal issues that living wage policy attempts to address, such as growing levels of poverty and income inequality, can be discussed and brought into public consciousness.

Added costs are unavoidable when implementing living wage policy. Real consideration of affordability becomes a serious criterion when potential living wage
firms have a heavy reliance on low-wage labour. However, this research has indicated minimal implementation costs for firms able to absorb the incremental increase to wage floors as a result of living wage policy. Overall, under a comprehensive implementation strategy, the direct and indirect benefits of the living wage far exceed the financial cost of implementing living wage policy.

8.2. Recommendation for the Province of British Columbia

British Columbia has an opportunity to once again become a leader in minimum wage policy among the provinces. It is recommended that the Government of British Columbia re-examine the current status quo of minimum wage policy and build towards implementing a provincial wage floor reflective of a living wage. Incrementally increasing the current minimum wage over a set number of years would be a realistic approach to achieving a provincial living wage. Very recently, cities and states in the US, such as Seattle, California and New York, have adopted living wage policy and have instituted an incremental approach to their living wage implementation strategy. As well, following the methodological living wage formula set out by the Canadian Centre for Policy Alternatives would provide the initial groundwork for assessing differing living wage floors based upon regional location in the province. Furthermore, the Government of British Columbia is in a position to harness the political and social capital inherent to living wage policy and use this momentum to their political advantage.
Chapter 9.

Study Limitations and Future Research

An important area of study is the examination of how living wage policy implementation impacts its intended target group: workers earning below a living wage. Due to time constraints and lack of access to surveying or interviewing living wage workers, the researcher was unable to robustly address the personal perspectives of employees affected by the implementation of living wage policy at Vancity or the City of New Westminster. To address this shortcoming, the researcher asked specific questions to Vancity and City of New Westminster policy implementers regarding the perceived experiences of employees affected by living wage policy. Literature review findings were also used as a supplement to this limitation. Future research, from a Canadian perspective, investigating the affects of living wage policy on low-wage workers would be a welcomed project in this policy area.

When analyzing the effectiveness of living wage policy implementation it is imperative to recognize the assumptions governing living wage calculations. The Canadian Centre for Policy Alternative’s living wage calculation is based upon the income earnings needed to sustain a family. It is assumed two parents, one female and one male, are both working 35 hours per week. The couple has two children, one girl and one boy, ages 4 and 7, respectively (Ivanova & Weiler, 2015, p. 8). Obviously, the methodological framework of a heterosexual, nuclear family is not applicable to every individual person impacted by living wage policy in British Columbia. As such, it is important to acknowledge this limitation within the living wage calculation and this capstone research. There are a myriad of living situations, which may dictate a higher or lower living wage adjustment. However, the Canadian Centre for Policy Alternative’s living wage formula does provide a strong, methodologically sound starting point.
Further research encompassing other representative household makeups within the living wage calculation would strengthen the overall legitimacy of the living wage formula.

Other areas for future research also emerged during the process of conducting this capstone project. Further study on the size of hired contracting firms and morale within contracted organizations is needed to fully understand the potential unintended consequences resulting from living wage policy implementation. If the living wage employer is unable or unwilling to absorb increased costs to labour through higher contract bids, then higher labour costs are passed onto the contracting firm. Examining the affect of living wage policy on differing sizes of contracted firms is necessary, particularly as the living wage movement in Canada continues to grow. As well, the morale of contracted firms, especially between those employees who are paid a living wage versus those who are not paid a living wage, would shed light on policy implications from the perspective of workers. Lastly, research addressing the repercussions of reducing pay-scale inequities as a result of raising wage floors mirroring a living wage is needed. During the interview process of this capstone, concerns highlighting the inequity or unfairness of raising wages for some and not others were discussed and noted as a potential drawback for instituting living wage policy. This concern becomes abundantly apparent when considering union structures or taking into account workers with higher seniority or higher educational attainment. Overall, the above-mentioned areas of further research were beyond the scope of this capstone project, however, future scholars have an opportunity to explore these identified areas and contribute to the growing academic literature surrounding the Canadian experiences of living wage movements and living wage policy implementation.
Chapter 10.

Concluding Remarks

The overarching premise of living wage policy is to provide an hourly wage that enables a person to afford a decent standard of living and an ability to meaningfully participate in society. Over the past 30 years, wages have been suppressed to a point where a growing majority of Canadians are having a difficult time making ends meet. The ideals associated with the middle class have been eroded. Poverty and income inequality are active societal problems that must be addressed if we, as Canadians, desire to live in a just and equitable society. Living wage policy has emerged as a policy tool in response to the above-mentioned societal problems.

Implementation of living wage policy does come with a financial cost. However, the cost of implementation should be thought of in terms of affordability. Based on this capstone’s research, living wage implementation does fall within the realm of affordability, representing a significantly lower proportion of an organization’s annual operating budget than originally anticipated. With this in mind, those organizations with a heavy reliance on low-wage labour should be cautious of higher costs associated with implementation. As noted by Vancity, as more and more municipalities and private firms adopt living wage policy, actual changes to supply chains where low-wage workers congregate will shift in response to market demand for living wage services. Overall, there is the possibility of creating a new minimum wage across the labour market as we slowly begin to move towards a more equitable distribution of wealth.

As policymakers, it is crucial to question the status quo and ask whether the current situation is working in the best interests of the majority of Canadians. Living wage policy does just that. It challenges our assumptions and dares to ask the question: how poor is poor enough?
References


Appendix A:

**Consent Form**

Measuring the Effectiveness of Living Wage Policy Implementation

*Who is conducting the study?*

My name is Sonja Luck and I am a student in the Master of Public Policy program at Simon Fraser University. As part of my degree, I am writing a thesis measuring the effectiveness of living wage policy implementation, specifically focusing on the City of New Westminster’s and Vancity’s living wage policy implementation process. The study is entitled “Measuring the Effectiveness of Living Wage Policy Implementation in British Columbia.”

*Why should you take part in the study?*

I am interested in your perspectives and ideas on living wage policy. Your feedback will contribute to further enhancing Canadian living wage literature.

*Your Participation*

Your participation is voluntary. At any time, you can request to stop the interview. You can also withdraw from the study and/or retract any statements up until the completion of data analysis.

Your interview will be recorded, transcribed and stored on an encrypted USB flash drive. The flash drive will be kept in a locked drawer for a maximum of two years and then destroyed.

Depending on your preference, I would like to interview you either by telephone or in person. The interview will last no longer than 30 minutes.

*Confidentiality*

Your confidentiality will be respected. Information that discloses your identity will not be released without your consent. However, depending on the medium of communication, absolute confidentiality cannot be assured.

If you do not consent to having your name and identity used in the research then your interview data will be used in generic terms.

Participants may agree to have their real identities used and associated with their quotes in this study.

*Organizational Permission*

Permission to conduct this research study from the City of New Westminster and Vancity has been obtained. Upon request, the City of New Westminster and Vancity can obtain a copy of the final study results after the completion of the project. There are no
foreseeable risks posed to participants and their affiliated organization with the releasing of study results to the City of New Westminster and Vancity.

Is there any way being in this study could be bad for you?

There are no foreseeable risks to you in participating in this study. If questions seem sensitive, you do not have answer any questions you do not want to.

Future Contact

You may be contacted within six months after the initial interview with follow-up questions. Additional contact in relation to the study will not be made after the six months following the original interview.

Who can you contact if you have questions about the study?

If you have any questions with regard to the research project and/or wish to obtain a report of the research results after the completion of the project, please feel free to contact Sonja Luck by email […].

Who can you contact if you have complaints or concerns about the study?

If you have any concerns about your rights as a research participant and/or your experiences while participating in this study, you may contact Dr. Jeffrey Toward, Director, Office of Research Ethics […] or […].

Study Results

The results of this study will be reported in a graduate thesis and may also be published in journal articles or used for educational purposes.

PARTICIPANT CONSENT AND SIGNATURE SECTION

Do you consent to having your name, title, and organization used when referencing your comments/quotes provided during the interview process for the study, entitled, “Measuring the Effectiveness of Living Wage Policy Implementation in British Columbia”? (Please check one)

Yes ______ No ______

Do you consent to participate in an interview for the study, entitled: “Measuring the Effectiveness of Living Wage Policy Implementation in British Columbia”?  

(Please check one)

Yes______ No_______

Signature of Participant_____________________________________________
Appendix B:

Semi-Structured Interview Schedule – Living Wage Policy Implementers

1. Policy Implementation Topics
   a. Administration involvement with living wage policy implementation
      i. What rules and regulations are established to determine coverage of living wage policy?
      ii. How many workers are covered under living wage policy? Both onsite and contracted.
      iii. Are there particular departments or staff assigned to living wage policy implementation/oversight?
      iv. How can workers or employers obtain information on living wage policy from your business/organization?
   b. Monitoring techniques of living wage policy
      i. What system is in place for staff to review payroll records?
      ii. What system is in place for staff to visit worksites?
      iii. Do employers file payroll records on request of living wage policy staff?
   c. Enforcement methods of living wage policy
      i. Are penalties or warnings applied to those contractors not in compliance?
   d. Evaluation processes of living wage policy
      i. Does staff write living wage evaluation reports?
      ii. Have there been attempts to deal with challenges/barriers that have arisen in living wage policy process?

2. Opinions on the successes and barriers/challenges that arose during the implementation process
   a. How has being publically recognized as a living wage employer impacted your business/organization?
   b. How did public involvement influence the living wage implementation process? Positive/negative?
c. What kinds of organizations, groups or coalitions were involved during the implementation process? Are they still involved in any way?

3. **Cost of implementing living wage policy**
   a. How much did you initially allocate to the cost of implementing living wage policy? What percentage of your budget does this cost represent?
   b. What was the actual cost of implementing the necessary administrative infrastructure?
   c. What are your thoughts on the overall cost of living wage policy?

4. **Thoughts on what could have been included, considered or done better during the implementation process**
   a. On reflection, what would you do differently?

5. **Thoughts and perceptions of the living wage, in general**