

RESEARCH REPORT – KEY FINDINGS

**The real Living Wage in the
London Hospitality Sector:**
opportunities and challenges



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Executive Summary

This report explores the opportunities and challenges of the implementation of the real Living Wage (rLW) in the hospitality sector in London.

Hospitality makes a vital contribution to tourism and the cultural life of the capital, and employs about 540,000 people in its main sub-sectors. Yet it remains one of the sectors with the highest proportion of jobs that pay below the real Living Wage in London: 54% of jobs in Food and Beverage Services activities pay less than the London Living Wage, 28% of jobs in Accommodation, and 35% of jobs in Sports activities, Amusement and Recreation. (This compares to 13.5% of all jobs in London being paid below the London Living Wage).

At the same time, hospitality businesses in the UK have been facing unprecedented financial challenges, linked to Covid, Brexit, and a high increase in food prices and energy costs, alongside above inflation minimum wage increases and other government-mandated changes to workers' terms and conditions. And despite the sector showing signs of recovery following the end of the Covid19-pandemic, it still experiences an ongoing staffing and recruitment crisis. One reason for this has been the end of the ready supply of young hospitality workers from Southern and Eastern European countries post-Brexit, a development that has particularly been felt in the capital. This is compounded by the fact that living costs in London are exceptionally high, which should make decent pay (as reflected in the higher rLW set for London) an essential pre-condition for hiring and retaining staff.

Set within the tension between persistent low pay in the sector on the one hand, and job shortages within the context of higher business running costs and high living costs on the other, our research seeks to explore the viability and value of hospitality employers publicly committing to paying at least the London Living Wage rate as calculated by the Living Wage Foundation. To this end, we conducted in-depth interviews with 17 rLW-accredited London hospitality employers covering a range of different services (hotels, bars, restaurants, events venues, staffing agencies) as well as 15 workers employed in the London Hospitality sector, and complemented this by a background interview with a representative of a trade body.

Our interviews with the **hospitality employers** show that there are clear opportunities that come with rLW adoption. For example, it helps employers to position themselves as an 'employer of choice', thus improving their ability to recruit and retain good staff, and some see rLW adoption as a way to help improve the image of the industry. Even where employers already pay at London

Living Wage levels they see value in seeking rLW accreditation, as it comes with various reputational benefits, including the ability to credibly portray themselves as a reputable employer and trusted brand, and because it helps provide assurance to their employees that they are committed to paying a wage rate that helps employees meet their needs in the long-term. Our findings also show that rLW-adoption is not without challenges, as it requires employers to carefully consider the balance between service charges and a higher base pay, the maintenance of pay differentials, and the incorporation of the rLW in annual budget planning, among other things. Our findings also make clear that employers only fully benefit from rLW adoption, if the rLW is part of an overall approach of managing and rewarding employees well.

Our interviews with the **hospitality workers** highlight financial and psychological benefits that those working in hospitality experience if they are paid a rLW as opposed to just a minimum wage. Our findings also show that workers will only feel the full benefit of the rLW if they are offered sufficient and guaranteed hours; and if other aspects such as a good work environment, good additional benefits and development opportunities are available to them. Our research indicates that paying a rLW to hospitality workers has positive effects for their employers as it is likely to affect their intention to stay with the employers. The employee interviews also highlight provisions needed to run a safe and inclusive night-time economy in London.

Based on the insights gained from our research, the final section will propose a number of recommendations to promote rLW adoption in the hospitality sector aimed at hospitality employers, industry bodies, the Living Wage Foundation, and policy makers and government.

Introduction and Background

Hospitality is a diverse sector comprising coffee shops, hotels, serviced apartments, bars, pubs, restaurants, leisure parks, nightclubs, contract caterers, entertainment, wedding venues, bowling alleys and visitor attractions (UK Hospitality n.d.). UK Hospitality, the sector's main trade body, estimates that the industry provides employment for about 3.5 million people in the UK, contributing £93bn annually to the economy, and representing 10% of UK employment and 4% of GDP (ibid.).

In 2022, according to the Business Register and Employment survey, there were 411,000 people working in Food and Beverage services in London, 72,000 in Accommodation and 56,000 in Sports Activities and Amusement and Recreation activities, equating to close to 9.5% of all employment in the capital (ONS 2023a).

Despite the importance of the sector for the economy, hospitality remains – for 12 consecutive years - the sector with the highest proportion of jobs that pay below the real Living Wage¹ (Richardson and Witteveen 2024). This appears to perpetuate the long-standing perception of hospitality being a low-wage industry and risks reinforcing the view that work in hospitality is for a transient workforce (Walmsley et al. 2019), providing “temporary, demanding and unrewarding” jobs (UK Hospitality 2022). The contribution of hospitality to tourism and the cultural life of the capital is particularly vital, and the very high cost of living in London makes decent pay absolutely essential (as reflected in the higher rLW set for London). However, data from the Annual Survey of Hours and Earnings (ONS 2023a)² relating to the above three hospitality-related industrial groups in London, shows that 54% of jobs in Food and Beverage Services activities pay less than the London Living Wage³, as well 28% of jobs in Accommodation, and 35% of jobs in Sports activities, Amusement and Recreation. This compares to 13.5% of all jobs in London being paid below the London Living Wage. These figures indicate that people working in these sectors might disproportionately struggle to make ends meet.

At the same time, the past few years have brought unprecedented challenges to the hospitality sector, with Covid, high price increases of food produce and energy following the outbreak of the war in Ukraine, and Brexit being the most pertinent (UK Hospitality 2022 and 2023a). The Covid outbreak in 2020 led hospitality businesses to operate reduced services or to temporarily close down their operations, and a number of hospitality businesses closed their doors for good. The much-needed post-pandemic recovery of hospitality businesses was met with the new challenges of massively increased costs of food and energy, providing a substantial financial challenge to the sector. Many hospitality businesses face an additional challenge with the Allocation of Tips Act (2023) that has come into force in October 2024 (UK Government 2024a): they

¹ The real Living Wage is an independently calculated rate solely based on the cost of living and what workers would need to have a decent standard of living. There is a higher rate set for London, reflecting the higher cost of living there, known as the London Living Wage.

² The provided figures are the result of the authors' own analysis of the data using linear interpolation.

³ The London Living Wage rate used for this analysis is £11.95 per hour (the 2022-23 real Living Wage rate in London)

are required to ensure that all service charges and tips are passed on to qualifying workers, and they will be no longer allowed to deduct any administrative fees for processing the service charge, which is set to increase businesses' operating costs by not insignificant amounts (Modern Hospitality 2024). Given many hospitality businesses' reliance on minimum wage business models and/or employing zero-hour contract workers, they are also disproportionately affected by higher-than-inflation minimum wage increases (UK Hospitality 2023b)⁴, as well as by other changes in employment law, such as the recent changes to calculating holiday pay for those on irregular work contracts (UK Government 2024b) and further changes related to zero-hour contracts and statutory sick pay in the impending Employment Rights Bill (UK Government 2024c). Furthermore, Brexit (in combination with Covid) has led to a shortage of young hospitality workers from Southern and Eastern Europe; a development that has particularly been felt in the capital.

Nonetheless, the sector is recovering, and in London particularly customers and tourists are returning to hospitality venues despite higher prices. However, the combination of Covid and Brexit has led to a recruitment crisis, with many businesses desperately seeking to fill their vacancies. Persistent staff shortages can lead businesses to reduce their opening hours and/or provision of services, which in turn might adversely affect customer experience (UK Hospitality 2022). The latest UK-wide figures provided by UK Hospitality for early 2023 indicate that while there has been a like-to-like annual sales growth of 1.4%, the industry experienced 20.6% year-on-year inflation, 12% year-on-year wage increases, and 9% of roles are vacant and open for application.

Set within the tensions between (increased) costs of running hospitality businesses and persistence of minimum wage business models on the one hand, and job shortages on the other, our research explores the opportunities and challenges of the adoption of the real Living Wage (rLW) in the London hospitality sector. Our study builds on existing studies into the implementation of the voluntary LW by employers (e.g. Werner and Lim 2016, Werner 2021a, Werner 2021b). Adoption of the real Living Wage in the context of our study means both a) committing to pay at least the (voluntary) real Living Wage rate to direct and indirect employees⁵ AND b) seeking accreditation for this commitment from the Living Wage Foundation (Werner 2021a). Adopting the real Living Wage in hospitality also means not relying on tips and service charges to make up for low wages, but to guarantee an hourly wage rate to hospitality workers that helps them make ends meet.

Currently (October 2024), there just over 200 rLW-accredited employers in the London hospitality sector, indicating that there are hospitality businesses that see value in publicly committing to paying their direct and indirect staff, as a minimum, a wage rate designed to meet basic living costs. For our research we conducted in-depth interviews with 17 of these employers, covering a range of sizes and sub-sectors. We explored their

⁴ In 2024, legal minimum pay increased by 10% from £10.42 to £11.44 per hour, and the age threshold for workers entitled to receive the highest minimum wage rate was reduced from age 23 to 21. Further increases in the legal minimum wage in the years to come will, as per the [new remit of the Low Pay Commission](#), include an element of cost of living *alongside* economic and employment effects, but the real Living Wage will remain the only rate that is based solely on living costs.

⁵ Which in London means committing to the higher London Living Wage

motivations for adopting the rLW, how they implemented it, what other measures they put in place to reward and manage their staff, and what benefits they received from rLW adoption and accreditation. During our data collection period, the Living Wage Foundation announced the new 2023-24 real Living Wage rate, which for London meant an increase of £1.20 per hour to an hourly wage rate of £13.15. This provided us with the opportunity to probe into how rLW-accredited employers would cope with, and manage, such a relatively large wage increase. The insights we gained from the employer interviews were complemented by the views of 15 employees working in London hospitality, and, for background, by an expert interview with a representative of a trade body.

Our research highlights in particular the context and challenges of UK hospitality businesses operating in London. The ultimate aim of this report is to show that adopting the rLW is a viable and valuable commitment for hospitality businesses in London, and beyond. To this end, our report will conclude with a set of customised recommendations for hospitality businesses and their stakeholders.

Research Design and Method

This research adopted a qualitative approach, with interviews as the main means of data collection. All interviews followed a semi-structured format in order to cover a range of topics, to enable respondents to talk about issues around LW adoption and implementation that they felt most strongly about, and to allow for other issues to emerge.

For this research we interviewed 17 accredited hospitality employers, one industry body representative and 15 hospitality workers.

The employer interview sample comprised a range of different types of hospitality services and organisation sizes. Interviewed employers had either their entire operations or at least part of their operations in London.

In terms of types of hospitality services, the interview sample consisted of five hotels/accommodation businesses (most of which also offered other hospitality services such as restaurants and conference facilities), five bars/pubs/restaurants, three entertainment/events venues, two pizza bakeries, one coffee shop, and one staffing agency. Most employers were private sector businesses, while five of them were social enterprises/third sector organisations. Three of the hotels and one of the entertainment venues were owned by foreign companies.

The employer sample included three micro (less than 10 employees), four small (10-49 employees), and nine medium (50-249 employees) businesses, as well as one large business (250+ employees). As the vast majority of London rLW-accredited employers in hospitality are micro and small businesses, the sample contained an over-representation of medium and large businesses, but this helped us understand better the challenges of LW adoption in larger organisations.

The vast majority of the interviewed employers received Living Wage accreditation in the past four years, with only four employers having their accreditation dated between 2014 and 2019. Interviews with the hospitality employers and the industry body lasted between 20 minutes and one hour, with an average interview length of 40 minutes. All interviews were conducted with senior level managers/directors or with the organisation's owner-director. A few interviews were conducted as group interviews, with several directors present.

Thirteen of the fifteen interviewed hospitality workers were approached via the participating hospitality employers. Two workers were recruited via the wider Citizens UK⁶ organising network and they did not work for a rLW-accredited employer. Three worker participants worked in hotels, seven at events venues, three at multi-use hospitality venues, one at a pizza bakery, and one at a restaurant. Ten of the participants were male, and five were female. Nine interviewees were British, three were originally

⁶ Citizens UK is a community organising charity led by community leaders and workers. Citizens UK saw the start of the Living Wage campaign in 2001 which eventually led to the establishment of the Living Wage Foundation.

from continental Europe, and three from other overseas countries. Interviews lasted between 12 minutes and one hour, with an average interview length of 25 minutes.

The interviews took place between July 2023 and February 2024. They were conducted either on Zoom, on the phone or in person, and were recorded for transcription. The recorded and transcribed data was treated in line with Middlesex University's research ethics protocols. Respondents gave their written consent to take part in the study. They were assured that their data would be treated in a confidential manner and anonymised for the purposes of this report. The project was approved by the Management, Leadership and Organisations research ethics committee.

The Employers' Perspective

The interviews with the hospitality employers probed into the following areas: motivation for rLW adoption, how the rLW was implemented and how employers dealt with any challenges arising from rLW implementation, what other ways of managing and rewarding staff was used alongside the rLW, and benefits of LW adoption. The responses to these questions are set out below, followed by some further reflections on opportunities and challenges for LW adoption by employers.

Motivation for adopting the real Living Wage

Not surprisingly, given the recruitment crisis, a large number of interviewed employers stated that they adopted the rLW as it felt it would **help them with recruiting and retaining staff**.

Some stated specifically that they felt it would help them as they 'restarted' their business post-Covid, as two participants from mid-sized hotels explained:

We stayed open all the way through the pandemic ... so I think we saw the staffing challenges, maybe a little bit earlier than some other hotels that would stay closed ... [and] we couldn't get people for ... these entry level positions, and having what we saw, this staffing crisis and everything else, we said, okay, that was the right time to make that leap [to adopt the Living Wage].

We were just coming back from very difficult years with Covid, and with Brexit recruitment was very hard, and we thought that would be maybe [help] to try to attract more people.

Some respondents said that rLW accreditation would help them in particular with recruitment as they wanted to be seen as an **'employer of choice'**.

Especially after Covid, we really wanted to become ... an employer of choice. So we wanted to look after people. We wanted to make sure that they felt [they were] in a healthy environment first of all, which is obviously more connected to the culture, the ethos, the core value of the company and the workforce. And to tackle that [it is] also very important to make sure that individuals have correct financial income that they can sustain themselves and their family.

Another employer, who runs a large events venue in London stated that they looked to adopt the rLW to make sure they attracted sufficient staff, especially during days where other similar venues would have demand of staff, too.

So being able to attract stewards and catering staff and cleaners, particularly when we had clashes. So like [venue x] had a big event or [venue y] did as well. We obviously wanted to try to get them to work for us.

Another employer, which runs pop-up pizza bakeries, especially emphasised that paying the rLW was important to retain good staff, as they as a business **invested in their staffs' skills training**:

We always knew that if we wanted to get good staff and keep good staff that we'd have to pay them well, so, ... once we've trained people in those skills, we want to keep them.

Apart from motivations related to recruitment and retention, a number of employers also mentioned a **moral imperative** for adopting the Living Wage, citing that it was “*the right thing to do to pay a proper wage for [their employees] work*”, that paying the rLW “*should be the norm*”, or that it was important to “*make sure that you can sleep at night and know that you're not trying to take advantage of [your staff]*”. Another employer talked about adopting the rLW as a means of “*valuing staff that are often undervalued*” as without “*these super, hardworking individuals [the business] couldn't do anything*”.

One of the employers, who ran a pizza bakery as a social enterprise providing skills training for young people, argued that not paying a rLW would feel like cheating.

I didn't feel that we could justify being a business that said that we were growing and profitable, and doing great things without paying our staff London Living Wage because it felt like, actually, you're cheating. It's cheating, that's not growing a business. If you're not paying ... properly and we also felt that actually it's reputationally, it's really important to pay staff properly and to look after them.

The sense that the rLW ought to be **part of the organisation's ethos** was also mentioned by other employers. A retreat centre stated this:

We're meant to be running along three sort of ethos things which are worship, hospitality and service, that is sort of the driver and the engine ... for the way that we are and so I think we'd see the wage as a part of everything that we do, to pay people fairly, and I think importantly, to pay people in a timely fashion.

For the coffee shop in the sample the rLW was part of their ethos of serving specialist graded coffee and the sustainability principles they had developed around that:

The [coffee] beans, because they are graded that way most of the time they are traceable, and the farmers can get paid up to like three times to what they can get paid in the commodities market ... And so [in line with] the ethos of serving that [speciality] coffee, making sure that whoever works for us gets paid well as well, and then on top of it, everything else we do is along the same sustainability principles, like, for example, ... whatever we use in the shop is either reclaimed or recycled.

Some employers emphasised that adopting the rLW was **part of their efforts to change the industry** by bringing new business models to the sector. A hotel, which operates an innovative lean business model, for example said this:

If we are a company that wants to change the industry, ... we, as a company, want to be known not for the wrong things, but for the right things. So it was more a decision we wanted to make and say ‘Hey, listen! If we wanna make a change in the world, we cannot pay minimum wage’. It's that simple.

Similarly, an employer that had developed new models of running restaurants, stated this:

In the hospitality industry, living wages are rarely implemented for various reasons, and this is something I wanted to address. The essence of [our company] is to rethink and modernise the industry rather than simply replicating past practices. Our goal is to revolutionise business concepts. I saw [our company] as a prime example of how to improve on issues where the hospitality industry has traditionally fallen short.

However, not all decisions to adopt the rLW in our sample were driven primarily by values and ethos or recruitment/retention reasons; some reported that they brought in the rLW in **response to union demands**, as recounted by this employer:

Some of the [venues] became unionised... They were talking about conditions and pay and eventually... Head Office met with the representatives of [the union], and they... agreed that [the company] would pay the Living Wage.

Motivation for Accreditation

About half of the employers we interviewed stated that they already paid at or above London Living Wage rates when they sought rLW-accreditation. We then probed more specifically into their motivation to seek rLW-accreditation.

The following response indicates that employers may see both **reputational value in accreditation** as well as the **ability to communicate about a still unusual practice in the industry**

It was just a sort of element of “we're doing this, anyway”. We might as well just tell people that we are [paying the rLW] and have the badge available to use in an industry that's notoriously not good for paying a decent level. I think when you are doing something that to a degree bucks trends, then then you should take the little bit of credit that comes with that.

These sentiments were echoed by other employers, such as this one

Well, it seemed to me that if we were fulfilling the requirements of a London Living Wage employer, we should celebrate it and make it known that we are. It's very rare. Still, I believe that most hospitality employees are not London Living Wage.

With this employer emphasising that accreditation allows them to communicate how they treat their staff to their customers:

We already were essentially doing it and paying the London Living Wage. And so we felt we should get accredited because people should know, our guests and stakeholders that use us, that we treat our staff well, and we pay the London Living Wage, it was very much about informing our guests.

Another employer highlighted their ability to advertise with their rLW accreditation that they were supportive of the Living Wage Foundation's aims:

I just wanted people to know that we do support. And that we care enough to make sure that anyone in hospitality is getting paid enough, because I don't think they are.

Some employers used it deliberately as an **external communication tool**. For example, the following employer, a staffing agency, felt that rLW-accreditation was a good way

to communicate that they were a reputable employer that was compliant with all regulations, something that they felt a number of their competitors were not:

“In recent years, we have seen a sharp rise in individuals opening recruitment agencies [for the hospitality sector], often in their back rooms and often paying cash in hand. Such payments are not adequately monitored and frequently fall below the Living Wage. Often these practices go hand in hand with other gross failures in statutory compliance. Having our Living Wage accreditation on our letterhead and website reassures our existing team and new staff that we are a reputable employer, and one that can be trusted ... Paramount to us is that we look after both candidates and clients - without our excellent candidates we don't have clients and vice versa. With so many agencies and partners to choose from and with the legislative face of our industry constantly evolving, our clients want to know that the partner they have chosen is trustworthy and compliant. Our Living Wage accreditation goes a long way towards reassuring our clients that we treat our staff fairly.

Another employer, who ran a bar, felt that rLW-accreditation was important and helpful when interacting with other organisations such as the Local Council, for example.

I believe recognition is crucial. Our primary motivation has always been to pay our staff fairly and gain acknowledgment from councils, government, and local residents. The hospitality industry can struggle with its image, so improving this perception among customers, as well as current and future staff, is important. Achieving Living Wage accreditation significantly enhances the reputation of both the industry and individual businesses. The Local Authority highly values this accreditation and frequently mentions it in our interactions, recognising us as a fellow London Living Wage employer.

For other employers, rLW accreditation served more as an **internal communication tool**, as the following two employer quotes show

That we are Living Wage is massively important for us, because not only is it a very good attraction tool, it also makes people believe that they're working for a company that actually do care about them. And we obviously show them this in more ways than just Living Wage, but I think it's a great start.

I think you as an employee, you are trusting more, and you are more loyal to a company that is trying to show interest in your life, in your financial ability, and everything. I think it's nice from an employee point of view, to see that there is an attention on that

Finally, the value in seeking official rLW-accreditation lay in the fact that it was an independent benchmark that **provided assurance to staff**:

I think, [it] is an assurance for our employees, knowing that when the [new Living Wage rate is announced], they're going to get a raise so they will manage even in the future.

And it would be something that their organisation would feel obliged to continue with even if the manager who had initiated the rLW-accreditation were leaving the role or the business, thus creating a sense of **accountability**.

I'm not gonna be around forever. I might change jobs or whatever it might be. The accreditation also holds you accountable. So if I'm not there and my succession is maybe less convinced about this, there is a component that they need to fulfil that agreement we

have. And once you're on it, I think it hurts if someone takes you off something right? So it's a bit of pressure in that sense also.

Implementation of the real Living Wage

As mentioned in the previous section, about half of the interviewed employers already paid the London Living Wage or above prior to seeking rLW-accreditation. In those cases, initial rLW implementation did not require them to make any changes to their business, they only needed to **ensure that their contractors were rLW compliant**:

We always kind of paid staff in that way. There might have been a couple of anomalies such as when we use agencies, etc. ... So we made a couple of changes to make sure that everyone was being paid Living Wage. So if we book an agency staff, then we stipulate that they need to be paid a certain amount

One employer, who runs an events venue, said that as a result of making sure contractors paid the rLW, they decided to bring them quasi in-house:

There were a few third parties that that weren't quite there. But we've changed who we're working with, etc. So we're only working with Living Wage employers. We changed the relationship to bring a case for a sort of in-house. So the caterer that did our three course dinners and hot lunches and things like that, they're now based here permanently, so they can rustle up some sandwiches for ... smaller events. So that was the change we made.

For others, adoption of the rLW was part of the business' 'reboot' post-Covid, so **rLW implementation became part of a range of changes made to their businesses**, which made rLW adoption easier. One hotel employer, for example, explained how the rLW was introduced along-side more multi-skilling of staff and bringing house-keeping inhouse:

[We had a smaller team] after the pandemic. And so ... we tried to encourage more ... multi skilling to get people take on different responsibilities ... In the middle of all that we'd take housekeeping back in house. So housekeeping used to be outsourced. And we put that back into our own operation ... for lots of different reasons [we decided] to bring that back into our control... There was 12 months or so, while we just had this huge amount of change in our team ... asking people to take on different responsibilities, bringing housekeeping back in house and then going to Living Wage ... we uplifted all the staff, ... so probably across the board for our team, we probably added 7 to 8%. But again, because of the timing of when we did it, it wasn't a direct 2 plus 2 calculation, because we've had that turbulent year with Covid and we still had furlough. And we've had all sorts of other stuff going on. That meant our payroll budget for that year when we implemented it was already very low, because we've had furlough earlier in the year, so that that definitely helped us. ... And by the time you start a new year again, it's in your budget.

Others reported that while the uplift they did to accommodate the rLW was **adding to their costs** it was **something they accepted**:

And so it was probably like another kind of 10% or something on top ... that obviously increases our wage bill, but then we need that to be able to fulfil the events. So yes, a bit

chicken and egg, like we need to pay to get the people [staff], and then we need to have the people to be able to book the events. So, yeah. (Events venue)

It came out of the bottom line, basically. You have less profit. Luckily, London has always been a very profitable market for the hotel industry in general, I would say, and the percentage of our payroll was [relatively low]. So therefore, we also had a bit of leverage in that sense to do it. But we didn't try to save money elsewhere. And yeah, the good thing was that after the Covid measures were lifted, unexpectedly the 'revenge traveller' showed up and the room rates went through the roof. So the increasing room rates were crazy, so therefore we also didn't really notice [the increased cost of the rLW]. But that was not intentional. That was also not expected. It was much more than we expected. (Hotel)

The following two sections report on specific implementation challenges that hospitality businesses adopting the rLW might encounter and set out how the businesses we interviewed have dealt with it.

Tips and Service Charges

One of the arguments frequently made against the implementation of the rLW in hospitality is that unlike in other industries staff can earn often substantial additional income from tips and service charges. This is now acknowledged in the Allocation of Tips Act (2023), which came into force in October 2024 (UK Government 2024a) and requires all employers to fully pass on any tips and service charges to qualifying staff, and to allocate them in a fair and transparent manner. However, such income is not guaranteed unlike an hourly living wage, which may make budgeting for life essentials more challenging, and more difficult to obtain a rental contract or a mortgage. (And, as one employer told us, tips and service charge were not considered in employees' income when they applied for furlough during the Covid19 pandemic, indicating that they are not generally understood to constitute formal income). Hospitality businesses wishing to receive rLW-accreditation are, therefore, required to pay the real Living Wage as an hourly base pay rate to their staff, with any service charges and tips constituting additional income (as such mirroring the *legal* requirement that staff need to be paid the legal minimum wage as the hourly base pay rate).

Some hospitality businesses might try and change their 'tips and service charge' policies to accommodate the increased cost of the rLW. One employer we interviewed mentioned that they initially tried to do this by raising the cost of the meals and omitting service charge. But this led to resistance from employees and resulted in the employer bringing service charge back, on top of paying the rLW. Of the other employers in our sample, some just raised the base wage rate and still kept service charge in place (of which eligible employees would receive a portion in addition to their rLW guaranteed wage). Others opted not to apply service charge at all with a few even actively discouraging tips in their business. Those who fell in the former group tried to design a 'tips and service' charge policy that was as fair as possible, based on hours worked and length of service, but some recognised some tensions arising from this. One hotel employer, for example, said that in their organisation only those in the food and beverage section of the business received tips and service charge, which led to some unhappiness on the part of entry level staff who worked in other parts of the business. The employer sought to address this discontent by slightly raising the base pay for those outside 'food and beverage',

which was still not without any tension. Another employer acknowledged that additional income based on 'tips and service' charge may reduce pay differentials between frontline and managerial staff in the organisation.

These were some of the reasons that some employers in our sample were not keen on tips and service charges, as this coffee shop owner explains:

I feel we would be incorporating a lot of hostility, because in other shops that's the problem. Like, if one person is on the bar, they may get more tips versus when the other person is on the bar. So then the tips are divided equally, so it creates a lot of negativity, like "I do most of the good service". So just to avoid all that hassle, we just didn't move forward with it.

Adjusting pay grades and incentives

An issue that employers frequently encounter when implementing the rLW is the need to adjust pay grades.

RLW implementation may affect pay differentials across the entire scale, a challenge that previous rLW research has highlighted (e.g. Werner and Lim 2016). Some employers we interviewed decided to **make adjustments only on the lower tiers of their pay grades, others adjust the pay of all staff**. The following provide two examples, both from hotel employers, as to how they decided to implement the rLW into their pay structures.

The first hotel decided only to **adjust their lower pay tiers**, however, in order to keep sufficient differential between these lower tiers, they decided to review and restructure job roles.

The only challenge that we had was to create layers within the team ... I'm gonna take the kitchen as an example because it was the most problematic one for us. ... Within the scale of the kitchen, you have kitchen porter, commis, demi chef de partie, sous chef, and then head chef. The entry level ones were the one more problematic because there should be a gap in between your kitchen porter, your commis, your demi chef de partie. But we couldn't do that because if we're going to raise from the commis onwards it means that we're going to have an escalation of a really high payroll. So we kind of went the other way around it. We didn't recruit commis anymore. We developed our kitchen porters into kitchen assistants. So any sort of prepping work chopping the chives and then cleaning the peas, preparing the mushrooms, and then oh, I can carry on with a long list. ... The prep work was developing the kitchen porters, which we thought was a good investment for their growth. And they like that they enjoy because it's something different rather than just doing the usual tasks. And then went straight into demi instead of having the kitchen porter [and] commis. That was the biggest challenge for us... So the management level or mid management above never was impacted by this. Because we always managed to create a good gap in between, it is only on the entry level slash junior level that we needed to be mindful. For instance, the kitchen porter or commis, or the runner and the waiter, the junior waiter, because again, from the waiter to the head waiter, you've got a good gap in there, but from the junior waiter, which is the first couple of steps into taking a smaller section, and maybe not having massive responsibilities with payments or with allergies and stuff like that and your runner, then you do have a bit of a problem, because the

runner is not customer-facing whatsoever, the waiter is. The waiter has responsibility over the allergies. The runner doesn't. So we've done the same thing as we've done in the kitchen. We cut out the runner altogether. And the junior waiter does the two jobs. And we spread across the workload.

The second hotel (which uses a lean management concept), by contrast, gives an example of how they **adjusted their pay across all pay tiers**.

The beauty is, we have (only) three roles in the hotels. We have our front-line staff, ... we have our assistant hotel manager, ... we have our hotel manager. That's it. We don't have anything else. And what I basically did is increased everybody's salary. So I kept the percentile difference between the roles and made sure that everybody got the increase. Because yeah, in the end, if you have that percentile differences, you didn't only pay your front-line stuff not enough. But you also didn't pay the best enough. So and I think we have always been fair. But we could do better. And therefore I just increased that [for all], and with the same percentage. So that that was pretty easy for us to do. And that's the advantage, I think, of our lean business model we have. The first time I think the increase was almost 9%. That was the first step. And then every year we annually, of course, do the indexations.

Another hotel replaced a **previously existing incentive and reward system** for upselling, which in the opinion of the manager was not very well-designed, and was withdrawn during Covid, with paying the rLW. However, once the rLW became normalised the manager was considering the (re-)introduction of a new additional incentive system, but in a way that would be fair to all their staff.

[Our previous owners] the one thing they did allow was to do with topping up [people's wages] up with incentives. So we had all sorts of incentive schemes running. ... Like it was upselling through the beverage, you sell water bottles and wine with a meal in the restaurant they got an upsell incentive, it was loyalty card involvement, ..., upsell on rooms,.. there was all sorts of stuff. But I never really liked it because it was very uneven, across the departments. It favoured one department over the other, and it was always very messy, so obviously when we had lockdown, and when we were on furlough we stopped all incentives ... So the staff kind of accepted that, and then we never reintroduced that after Covid so even today, we don't really have those sort of short-term objectives for the team members. And that was a little bit of trade off, what we were spending on, that we put it towards the Living Wage, which benefits everybody. But it does mean some departments don't get same cash incentives and perks that they used to do. [And in employee surveys] there's a lot of comments still about wanting the department incentives back. And I get it. And again, I say, it's a moving feast, [the staff were] kind of okay with that at the time, because they could see they were getting a big pay rise. After a couple of years they're used to the pay rate where it is now, and pay rates have been increased in the market as well. So now they're looking for that next thing, and you know, the incentives were good. They did drive results [and] we're kicking around with a couple of ideas, because we do want to bring something back around incentives, but we do want something that's equitable across all the departments, which is easier said than done.

Annual Adjustment

Implementation of the rLW does not stop with the initial adoption. The rLW is recalculated annually based on the actual cost of living, meaning that employers must accommodate a potential rise in the rLW rate. Employers are given six months to adjust to the new rates. These annual rate rises require employers to **make adjustments to their finances and budgeting, and informing any price rises**, as these employer quotes show.

We have to do lots of financial modelling, ... but we'd have to increase anyone's wage anyway, because of inflation, so it wouldn't be any different.

Our prices rise in March every year. We usually put our prices up by inflation. But the wages are a consideration in that as well.

One employer emphasised that when an organisation signs up to the rLW, it becomes a non-negotiable in the annual budget:

When you implement something like Living Wage, those lines in the sand that you have to draw as an employer or as a leader are non-negotiables. And there are certain costs that you have to accept, and that's your labour cost, your rent, your rates, your stock costs, ... And a lot of the exercises in an operations business is reducing those costs. Right here is our benchmark, how can we lower that next year? How can we cut, squeeze, and cut and reduce costs? If you sign up to Living Wage you know that you cannot do that. You know that you have to have a fixed cost for a year. And then not only that, it's gonna go up and it's gonna go up every single year and by different increments one year. ... And we have to accept that, and we have to embrace it and understand it. But knowing that at least helps us build budgets, etc., and forecasts. So it is an impact. Of course, it is a cost. But it's one that we accept. It's a non-negotiable. We factor it in every single year, and not only does it affect those people directly who are on that wage, we pay our duty managers one pound higher than Living Wage every time. So it affects that then we have our assistant managers who have to be higher than the duty managers and the general managers have to be higher than the AMs, so that Living Wage is a baseline upon which we can start to understand and factor in a budget and forecast all of our labour costs.

One employer stated, however, how **each annual increase in the rLW posed a challenge for them as they sought to maintain pay differentials** for their employees.

The thing that we always find challenging [are the] rates higher than the Living Wage. So management rates, supervisor rates. And that every time the Living Wage rate goes up we also have to increase their rates by proportional amounts which might already be quite high. That's the thing that we find really challenging. It's not the base Living Wage rate. It's that staggering.

Finally, some regarded the adjustment of the wage rate as an **opportunity to engage with their staff**:

Well, this is something that we're doing every year. We have to change everyone's contract. I could tell you the most recent one. We've done a meeting with every single department to explain what it means, to explain how that's going to improve their finances, and then essentially, we change that contract. Luckily, whenever a contract is

change that is not detrimental of the employees is easy, because they don't need necessarily legally to consent. So we just need to do lots of letters and lots of documents and then send it to them. But we always do a meeting first, so that they understand, ...especially with the housekeeping department. They don't all speak English. Some of them speak Spanish. Some of them speak Romanian. So you need to translate. I rather do that verbally first, so that everybody has the opportunity to ask a question in their own language, and I always have a mother tongue of the language of the group present within the meeting, so that they can ask, what does it mean how it's going to affect what's gonna happen? Why is it happening also? Because, although we're lucky that staff turnover is not too high, you always have new people, and perhaps the old ones don't remember. Then we are a Living Wage-accredited employer, so it's good to refresh their minds as well.

Dealing with a big jump

While we were collecting our research data, the Living Wage Foundation announced the new rLW rate for 2023-24. For the London Living Wage rate, this meant an increase from £11.95 an hour to £13.15 an hour, an increase of about 10%. At that time, we had conducted interviews with 14 employers already and were to interview three more. While we were able to ask the remaining three employers directly how they were going to accommodate the new rLW rate, we contacted the other 14 employers via an online survey, to which 12 of them responded. (This data was collected prior to the Government announcing a similar increase of the legal minimum wage (from £10.42 to £11.44) in tandem with a lowering of the age threshold for the maximum minimum wage from 23 to 21 years).

Not surprisingly, those employers that had as their base rate an hourly rate already significantly higher than £11.95, found it easier to deal with the 10% increase:

We've been paying quite significantly above it, for some time. I think the latest change that's going to come in will still be, I think, 5p an hour under what we'd be paying for a while. (multi-use hospitality venue)

Everyone who works for [us] is already making more than £13.15/hour right now. As I have mentioned before, I would like everyone to be around £15/hour and that's what we are targeting. (coffee shop)

Others, in particular those whose entry level pay was at £11.95 or only slightly above, found it more challenging with the rate increase, especially also in view of everything else getting more expensive.

In the survey we gathered responses as to how employers sought to accommodate the large rate increase:

[We will] change team structure and responsibilities, change contracts, conduct meetings with staff

We are reviewing differentials between bands as the new rate now means the FTE is c£27k

We will implement it from February 2024 but we will probably need to consolidate some pay levels which are currently above LLW to offset the increase which was larger than we expected

We won't make changes to pay structures, however we would have historically raised rates for management staff and others being paid higher rates in proportion with the Living Wage rise, and we will not do so this year. We will also be holding back the increase until March 2024 when we will implement our annual pricing increase in order to afford the increased rate.

Overall, these responses indicate that a large increase of the rLW rate may have some **wage compression effect** and **impact on pay differentials, as well as staff structures and responsibilities**. At the same time, the concurrent similar increase of the legal minimum wage rate, meant that every employer in the sector had to deal with similar challenges as rLW-accredited employers. The latest announced rise (October 2024) of the hourly London Living Wage Rate, comprising of an increase of 5.3% (from £13.15 to £13.85), is less stark than the previous one, and, therefore, rLW-accredited employers will likely find it easier to accommodate this latest rate rise.

Accreditation process and communication

The implementation of the rLW is not complete without submitting an application to the Living Wage Foundation and providing required information. Many respondents remarked **how easy and quick** the process was, after they had ensured that they met the criteria for rLW-accreditation.

It was a pretty quick process, I think, from introduction to having the paperwork signed was a matter of weeks.

I believe we became accredited about six weeks after we went on the path to try and be accredited.

A few weeks, I guess at most ... We're not a huge business. It wasn't particularly complex to do. And we looked at it already a while ago, so we knew where we were falling short with a couple of the third parties that we were working with. So we we'd already made that change and double checks. ... So it was relatively straightforward because we didn't need to make too many changes, or do too much in order to sort of satisfy the criteria.

Once accreditation has been received, employers then decide how they wish to **communicate their accreditation to their stakeholders**. Our respondents varied in how they felt they should publicise their rLW-accreditation. Much of this depended on whether rLW-accreditation was regarded as an external or internal communication tool, as highlighted in an earlier section (see pp. 13) informing decisions about how and where to place the Living Wage employer logo and/ or whether and where to mention rLW-accreditation, e.g. on the company website, in email signatures, in promotional materials, or in prominent places on the company's premises.

Some explicitly highlighted the fact that **they communicated about their accreditation at industry or other business events or meetings**, in order to raise awareness about the rLW and get other employers interested, or also talk about wider issues:

So it has actually been really good opportunity to speak to people as well. Because I'm kind of part of organisations with kind of other bars and license premises in the area to speak to them about actually becoming accredited. So some of them kind of have an appetite for it. ... And it's a platform for us to kind of talk to people about, I guess other

things as well, about kind of like the ethics of doing business and you know it puts us in a slightly different category from somebody who isn't kind of recognising Living Wage, I think, but might still be paying the same amount of money.

The real Living Wage part of a wider approach of how to manage and reward staff

In our interviews, we asked the employers what other benefits and rewards they provide to their employees, partially with a view to exploring what benefits and rewards might change or cease to exist if an employer adopts the rLW. However, aside from the few incidents, which we reported in the previous section⁷, the vast majority of employers talked about benefits and rewards that they sought to provide to their staff *in addition* to the rLW, where the rLW is seen as part of a package that makes up good people management in their organisation.

One employer put it like this:

Actually, interestingly, I feel like signing up to the London Living Wage makes you really committed to noticing all the things that you want to benefit your employees with. So it's not like, 'oh, we're doing the Living Wage and then we can't take you on a staff trip'. It's like, okay, how much actually do we now need to factor into people's enjoyment beyond a wage.

A number of employers talked about the importance of **a good culture**, which they sought to create in different ways, and some mentioned **parties and celebrations** they had with their staff:

We have regular kind of parties and things like that. We have a tab on the bar down the road which they can go and use.

We do a paid for Christmas party and summer party ... so yeah, definitely put some effort into those moments of celebration and celebrating staff.

As is to be expected, a lot of the employers mentioned that their staff benefited from **offers related to their hospitality business**. This ranged from free food and drinks during work hours, to extensive discounts for (worldwide) hotel stays and restaurant meals (including for friends and family).

Others mentioned an **employee assistance programme** they had in place, with one mentioning **Hospitality Action** as a charity they had signed up with for that purpose.

Other assistance for staff included a subsidised cycle to work schemes, discounted gym membership, a taxi scheme (to enable people get home safely at night), a financial assistance scheme, and a preventative healthcare scheme. A number mentioned the provision of full uniforms and a laundry service for the uniforms.

⁷ Related to one employer's exchanging service charge with the rLW (see p. 16), and another employer's upselling incentive scheme (see p. 18).

A number of employers mentioned the **training** opportunities they provided to their staff. While training, of course, improves the employability of staff, one employer, for example, emphasised that they were teaching their staff transferable skills:

If [our day staff are] unqualified, we put them through a training programme, and then they could work for other venues as well as us (events venue)

Others emphasised that they offered training as part of staff's personal development and ensuring their psychological and physical well-being.

We run internally master classes once a month. We started straight after Covid, we used to do fun stuff like meditation classes, we were a bit worried about the psychological stress and the anxiety of coming out (of Covid). We were paying a teacher doing mindfulness classes ... breathing techniques or how to de-clutter your mind, how to use these little techniques at work or outside work, to feel a little bit less stress and relax, and then chill out a little bit. Then we've done wine tasting. And ... the staff wanted something more practical like, how do you read a profit and loss statement? How do you look into revenue? And so on, and so forth. So we kind of tailored all of that inviting different speakers. The next master class is going to be done in partnership with a breast cancer charity that we support ... So we gonna do a master class, on how do you check yourself? How do you make sure that everything is fine? What should you be looking at if you see certain things where are the alarm bells and stuff like that. (hotel)

A number of employers also mentioned **bonuses and incentives** they provided to their staff, talking about their **employee of the month** schemes, and schemes where **employees received a bonus** if they, for example, were mentioned for excellent service in hotel guest feedback.

For a few employers, however, the idea of bonuses and incentives went beyond such standard schemes that seeks to motivate employees. One hotel employer, for example, sought to foster a culture of **empowerment** in their organisation:

We believe in empowerment, and that's how we started as of day one when we started in our first hotel ... We really wanted to create an environment in which people could be themselves. So one of the things that we did first was, make sure that 'you can have tattoos, you can have piercings, you can have purple hair. We don't look at your background, so we don't look up what you studied, but we really look at who you are as an individual', and we built a whole framework around that training and courses to make sure that [they develop] self-confidence. That's what we do. 'A lot of [us] were told by our parents to listen to our parents, by teachers to listen to our teachers and by managers to listen to the manager. And we're trying to teach you to listen to yourself and make your own decisions.' And that was unheard of in hospitality really, and actually still is.

This approach was then translated by the company into an opportunity to earn a 10% bonus each month:

So they can make up to 10% each month additional bonus. It's dependent on a couple of KPIs that we determined. So half of it is dependent on the KPIs ... that they can influence themselves ... and half of it is dependent on their own assessment of how they worked that month.

Another employer, a pizza bakery, specifically talked about giving their employees more **ownership** in the business.

So we are looking actually at next year of, in terms of expanding the business, of actually getting, [staff that has been working for us for a number of years] actually getting them to run events so they kind of take a share of the profit as well.... And we're going to trial things this coming year but that's a sort of another way of doing it is by just incentivising things more for staff, letting them kind of just actually be part of the business as opposed to just being employees.

As a final aspect of how to reward and manage staff a number of employers mentioned what could be regarded as **'good pay practices'**. These practices included **paying staff correctly and on time**, and **offering holiday provisions, pension schemes, and parental leave BEYOND statutory requirements**.

Sick pay, beyond the current (low) statutory requirements, was mentioned by a number of employers. For some, rather than it being a formal policy, full sick pay was something they simply paid when the need arose.

So usually we just pay the full amount. So if you're sick for a week we just give, ... we just give them the whole thing. And we know that they're sick. That's why they're not working. So that's kind of a trust thing, that we trust them.

One hotel employer mentioned some more notable practices that they sought to implement with regards to pay. One was about **rewarding staff for the (voluntary) extra time they spent in the workplace**:

We notice a lot of our employees show up earlier to the job because they want to get briefed and stuff like that, which is really nice and kind and we appreciate it but it isn't paid, because officially, your shift starts at 7 till 3. And we will start paying those, it's 20 min in total extra as of next year as well. Then we can also say, okay, everybody will come. Because now you get this conversation between people saying, "Hey, but that that person is always late". "Well, technically, they're not. But you're just early." And then we can say "Okay, everybody shows up", what is it, 10 min prior to the shift we do a briefing together. We take a coffee together, and then we start working and other things.

And another one of their practices revolved around concern over the impact of working night-shifts on employees' mental health.

And what we will do next year, is we will make it mandatory for staff working nights to work a maximum of four nights and then with that four nights they will make the same salary as those working day shifts who will work five days, to really look after their mental health, because we do see not only in the UK, but in in all countries we do see that employees working nights increasingly suffer from mental health issues, especially the longer you work in the nights the more negative the impact is. In some countries ... it's mandatory, you cannot work more than those shifts by law. In the UK that protection is not there, and we feel a little bit we need to protect people against themselves. We understand you need the money. So therefore we say "Okay, instead of working five nights and therefore making a bit extra you can have a choice. You can work either day or night,

but you make exactly the same”, to hopefully make people choose their own well-being over financial gain in that sense.

Benefits of real Living Wage adoption

A key aim of our research was to identify the benefits perceived by London hospitality employers to have resulted from adopting the rLW. While it is clear that benefits are perceived by our participants, it should also be noted that many employers emphasised that it was not the rLW alone that brought these benefits, but their overall approach of managing and rewarding their employees (of which paying the rLW was an important component).

Some emphasised the **importance of rLW for the culture and atmosphere in their organisation:**

So the Living Wage in and of itself, it doesn't solve all the problems, but it's a good foundation. It's a great foundation upon which to build a fantastic culture.

I kind of feel like it helps us contribute to an overall atmosphere of caring about our staff.

The ability to **better retain** staff was still a frequently mentioned as a benefit by the employers (even if they did not always solely put this down to the rLW).

I think the reason that people come back summer after summer and Christmas after Christmas is because they know that we pay a good wage and [if they were to] try and find a job elsewhere, it's probably not going to be the same basic rate. So you know ... if you're paying more than what they can get next door, it always massively helps.

So there are definitely people who stay longer with us because they've bought into our mission and values. So I think Living Wage is one part of that bigger package.

I think our labour turnover has been a lot better. It's been a lot lower. We've got a very stable team in our property. ... I feel that we've got that ability in the team now for the long term. ... So I think we've definitely seen lower labour turnover. Again, is that a direct result of the Living Wage? I don't know, but I'm sure it's part of it.

Some employers provided a specific figure with regards to the reduction of labour turnover in their organisation.

It has been better, checking how it was last year, I would say that it is 20% less of turnover this year. [It's] related to many factors, but [the London Living Wage] has influenced it as well.

Our average length of employment is two and a half years, which in hospitality is normally one year. That's like the average length of service. So I think there are a number of different reasons why people stay with us for a long time, I do think paying more is a factor, but also the working environment that we create.

So I think last year it was around about 70% overall in in the company, ... from what I understand, the hospitality industry in general is operating at sometimes over a hundred percent turnover. So we retain employees a lot better.

And one employer highlighted what companies could save in costs if they retained staff better:

So [by interacting with other hospitality employers] we have been trying to drive home the fact that if you invest in people in the first instance they will stay. If you look after them they will stay. Instead ... you're expecting them to work their socks off, and they don't stay. So you have to go through the process all over again. So when they start talking about their budgets being out of control, I think their budgets would be much more under control if they forward thought rather than in the short term.

An improved ability to **recruit** staff and **recruit a better calibre of staff** was also mentioned by a number of employers.

Well, simply put, I think we get higher grade of applicants of candidates when we have general assistant vacancies. And we can attract candidates who are looking for something a bit more stable. I mean our brand aligns with the Living Wage. In any case, because we're slightly higher end ... [and] we have Living Wage, and therefore we get a better calibre of candidate. ... I've had testimony for many, many candidates over the years that they have partly applied to [our company] because we're a Living Wage employer.

Paying a high wage means that in theory, you have more people interested in the role, I suppose. And so essentially, you get higher quality of candidates.

And also like the quality of applicants as well as obviously attracting more people, we attracted more quality applicants.

At the same time, some employers acknowledged that it was still a challenge to recruit at the rLW rate given the current market conditions.

I don't know how others ... do it without paying the Living Wage. I sincerely don't know how they do it, because it's already difficult enough to recruit with 11.95. ... It still is difficult, despite committing to a higher pay rate. But that is very much the labour market being in a very difficult state post-Brexit.

We also probed into whether the employers felt that adopting the rLW had an impact on the **quality of service** in their business. While not all saw a link between rLW adoption and service quality, or they put their service quality down to other factors, some drew some interesting connections.

Some said that paying a higher rate gave them more confidence to give staff feedback or to have **higher expectations** towards them.

For me, I think subconsciously, there might be a confidence level that they wouldn't leave us because of the pay. Right? So if I'm giving them certain feedback ... they do understand that I'm telling them to do something to improve the quality and standards right? ... I want them to improve. So I think they understand that

We have very high standards with how we want our teams to serve, and that comes from the top essentially. But it also comes from our customers because our customers come in, and they expect a certain level of standard. What I would say is, we have no qualms whatsoever to ask our employees to reach those high standards. ... We have no problem

in asking our teams to reach the best standards of service. Because we feel they're getting paid pretty well.

Another employer believed that being paid a rLW might unconsciously translate into an **unspoken agreement** on the part of the staff to deliver a good service because of the appreciation the employees receive

I think if you commit to [paying the London Living Wage] there is a kind of unspoken agreement that there is a level of appreciation and respect [on the part of the staff] and understanding that you have a job that is meaningful. And that kind of agreement I think enables self-worth, which probably does give people a bigger sense of being part of the team and feeling that they're valued and therefore deliver better on their job.

This employer, who runs an events venue, highlights how a **high level of staff retention** among the venue's caterers leads to a **more consistent level of service**:

One of the real benefits we've certainly [had] with the caterers is that they have got a real core of regular repeat colleagues that have been with them for quite a long time, which you know in catering in general that's quite a rare trait. ... The team they know the property. They know the standards that that caterer expects. The managers, they're not briefing entirely new teams every single time. So you know that that repeat and retention is there.

In similar vein, this employer, who runs pop-up restaurants, explains how experienced well-paid staff may be able to **deliver the service more efficiently**, thus saving on number of staff required for a job.

There might be situations where having an additional person on the rota would be feasible if everyone were paid a minimum wage rather than a living wage. However, this raises the question of the quality of the workforce: someone content with a minimum wage versus someone earning a living wage. The argument would suggest that a higher wage leads to better quality workers who stay for longer and require less training, potentially eliminating the need for an additional person.

Apart from benefits with regards to retention, recruitment and quality of service, employers also stated **reputational benefits** arising from their rLW-accreditation. We already touched on this in an earlier section (see *Motivation for Accreditation*) where we explored employers' motivation to seek accreditation if they already meet the rLW criteria.

I believe [rLW-accreditation], as a brand, it is very well respected and I think, in hospitality, which has a reputation for being quite exploitative and quite casual, and certainly light on employee rights, I think it's a good thing for us to be associated with.

There is absolutely a strong reputational benefit. I think reputationally for our customers as well. People who choose to [use our venue rather than another one], are people who are choosing an ethical consumer approach. So for our customers it is really important. So reputationally, it's huge.

In the following example, an employer running an events and conference venue, repeats the argument that people want to deal with **trusted brands** and rLW can help signal trustworthiness.

No one's booking a conference because we're a Living Wage employer. However, people do book conferences because we have a good reputation. We've got great online reviews and presence. We've got various levels of accreditation, whether it's green tourism or Meetings Industry Association or Living Wage accreditation. You know, I think, as a package they go together, and a lot of event organisers book [event spaces like ours] because they know that they're kind of established, trusted properties that you know. And again, especially after the last couple of years, where event organisers have had a lot of difficulties with cancelled events and not getting deposits back and all of that type of thing ... that dented confidence quite a lot. So I think people do look to trusted brands and trusted organisations and accreditation like this only helps with that kind of reputation, I think.

Reputational gains arising from the rLW can also be used for **achieving other organisational aims**. This employer, who runs a bar, explains how rLW accreditation have helped their efforts to apply for BCorp accreditation, and for an Arts Council grant during the pandemic.

At the moment we're kind of in the middle of a BCorp application, for instance, and that's a big bonus for us to be a Living Wage employer making that application. ... We made some Art Council funding applications during the pandemic. I'm sure that also helped us then. So in terms of recognition, I think it's important in terms of like ethics, and being able to say what we believe in.

rLW-accreditation also offers **credibility and validation**, from which employers benefit

I think it did a lot a lot for our credibility. [Our parent company have a] culture they have built around what they call 'Fair play'. And, I think the Living Wage really ties into that and really supports that spirit. So I think it was definitely beneficial. I think getting the accreditation was important, not just doing it [but] actually signing up.

Basically, it's like a proof that you're doing it because a lot of people can say that they're doing it. So for us like taking that accreditation is just part of validating as to what we were already doing

One employer commented on the reassurance derived from committing to pay a rate determined by experts, rather than having to determine a fair wage rate for themselves (see also Werner, 2021a):

It's also given us a bit of sort of stability with the pay conversation. Before we used to be getting people coming and going "Oh, you know the hotel down the road. They just had a 10 pence per hour increase..." There was always this kind of ongoing conversation of who was paying what in the market. And you know those things still happen. But we could then say, "Well, look, other hotels will choose what they want to pay. But we pay Living Wage. We don't decide it is decided by the Living Wage Foundation. You know what it's gonna be, it's going to be announced every November, you'll get it by April latest. That's it. And if that doesn't meet your requirement, then feel free to go out in the market and have a look around."

This is not a universally shared view, but does offer some evidence that not all employers are resistant to making a commitment to paying an externally-set rate (and that in fact some employers may readily embrace this).

An interesting, somewhat unusual benefit, was raised by another employer, who argued that the rLW would **reduce theft** committed by staff, as this appears not an uncommon occurrence in hospitality:

I also think that if you pay them well, they're not going to steal from you. You know, there's a lot of theft in hospitality. ... It's harder now without cash. If you go cashless like we've been, it's much harder to steal cash. But there is also a lot of giving away of drinks to your mates and things like that.

Finally, employers talked about a sense of **moral benefit** that rLW-accreditation gave them, as it instilled a **sense of pride or happiness** in them (see also Werner, 2021), and gave them satisfaction that they had **done the right thing**.

Interviewer: Do you think being an accredited Living Wage employer has been beneficial for you as an organisation? – Employer: Yeah, definitely, definitely. I mean, I was quite proud... so yeah, I'm very happy ... we did it.

So I think it changed more how we, as leaders, feel about treating our staff. And we felt, okay, we actually now pay them a fair salary. They don't have to struggle.

Some further reflections on opportunities and challenges

The previous sections have shown that **there are real opportunities deriving from a public commitment to rLW adoption**, be it a signal that fits well with a company's desired image to be regarded as an 'employer of choice', a means that helps create a more stable and committed workforce, a way to signal legal compliance and various other positive reputational effects, or using rLW-accreditation as a way to seek and change the image of the industry.

As any other hospitality employers, rLW-accredited employers operate in a challenging business environment, shaped by post-Covid, Brexit and high price rises. Our research has shown that the post-Covid period was seen by many of our employers as a chance to 'reboot' the business, and adopted the rLW as part of this reboot; thus turning a challenge into an opportunity. At the same time, the need to deal with challenges such as the steeply rising costs of energy, food etc., and shortages in the supply of hospitality workers deriving from Brexit in particular, pose challenges for rLW-accredited employers and non-accredited employers alike.

As we have seen, many of our interviewed employers perceived that rLW adoption helped improve recruitment and retention, but some felt that paying the rLW was essential to stay competitive at all, rather than offering the competitive advantage it may previously have offered:

What I would say in our market, I think most of the people are paying London Living Wage, because [that is] the only way to survive in the market. ... To be a competitive business you must at least pay the London Living Wage.

Challenges were seen in the **ability of larger competitors to pay more for staff** than they themselves⁸, for example:

Bigger hotels can afford to give a lot more, they're paying housekeepers for example 13.50 an hour.

Others expressed frustration with **the way in which some competitors advertised posts, without pay transparency**, and some interviewees felt this put them at a disadvantage as they sought fair and transparent pay practices.

So most businesses will advertise like 40, 50 grand oh, and actually in brackets it says 'up to' and what they've done is put on there like the maximum amount somebody could be earning if the business was maxed out, and they were earning the total possible service they could.

A few employers specifically raised the issue that **people's expectations with regards to workplace terms and conditions had changed** post-Covid, which added to the challenge of hiring committed staff.

I think, after Covid, the labour force changed, the priorities shifted. And what we see is people are less loyal to a brand, less loyal to a company, they are more focused on their own well-being so, they also [come] with a different set of expectations.

The market has changed a lot, the mentality has changed a lot. So people are looking for a much more work-life balance and it's difficult sometimes, because our hotel, we are open 24/7, so to meet the expectation of the employees, but at the same time still provide the service. I think as well retention is not so easy, because I believe our industry is seen a bit as a side-job, like "I'm starting and sometimes I'm working, so yesterday I went out, I'm gonna call in sick", or "this is just a stepping stone".

It has become more important for rLW-accredited employers **to show that what they offer is not simply a specific wage rate, but a genuine commitment to their staff, and that they offer rLW as part of a wider attractive package for employees** consisting of a good work place culture, additional benefits, skills development etc.

Finally, some respondents mentioned challenges related to hotels specifically. Many hotels have a complex structure – often having three parties involved – which raises the question who should be responsible to push for rLW implementation.

In most hotels you do usually have at least three parts involved. You usually have a property owner, a management company or an operator, and the brand and all three of those have got different interests. ... The owners are sometimes real estate companies ... but sometimes they're a pension fund, sometimes they're a high net-worth individual ... Then you'll generally have an operator which are very often third-party management companies. ... Actually, there's a whole list of them who are white label operators and they just [take] revenue and a percentage of profit from the hotel, and they're just providing management services to the owner. And then you've got the brand which is what the customer sees and the brand just generally take a franchise fee. So where does the power

⁸ And, conversely, other employers remarked that they found themselves in competition with employers that engaged in off-the books and other kinds of illegal practices.

lie in that balance, who makes decisions about Living Wage ... You know, it's really the owner who takes the risk of paying Living Wage or get the benefit ... but a lot of the owners don't want to get involved in that level of decision making.

The Hospitality Workers' Perspective

Thirteen out of the fifteen hospitality workers we interviewed were employed by a rLW-accredited hospitality organisation. They provided us with valuable insights into what it was like to work for an rLW-accredited employer, while the remaining two interviewees provided us with additional helpful insights into workers' experience working for unaccredited London hospitality employers. All interviews, however, brought up issues that are part of working in the hospitality sector more generally. Seven of our interviewed workers occupied entry level roles; six worked in mixed roles which were part entry level, or they worked in roles just above entry level and had worked in entry level jobs in their current organisation before; and two held roles that were paid above entry level. Five interviewees worked part-time, and four worked in zero-hour contract jobs that were almost full time, the remaining six workers had full time jobs. Two of the part-time workers were overseas students, who only worked the legally allowed maximum of 20 hours a week. With regards to full-time/part-time status we did not apply an objective definition but asked the interviewees about their perception as to whether their job was part-time or full-time. Interestingly some considered a job giving them work for 30 hours a week a part-time job, while others considered this already a full-time role.

During interviews we asked about how the workers benefited from being paid a rLW, what other benefits they received in their workplace and what other aspects were important for worker well-being. We also explored how being paid the rLW affected their relationship to their employer, and intention to stay with their employer.

Benefitting from being paid a real Living Wage

Our interviews probed into how hospitality workers benefited from being paid the London Living Wage. A number of our interviewees explained how they **financially benefitted** from being paid a rLW.

With the help of the London Living Wage obviously I can breathe a little bit more... I can save for something else, something bigger, something for a rainy day. Because at the moment the cost of transport in London is a little bit ridiculous. (...) And unfortunately that means it eats into our budget and therefore we don't have much to spend on ourselves. And this London Living Wage gives us an opportunity to at least have a little bit of fun. [Interviewer: So I guess it also helps with paying rent and bills.] *It does. It depends obviously on how you perceive it to be, whether it's on the fun side or whether it's on the actual living side. (...) But, yes, it would help pay the rent, it would help get you through the month.* (full-time worker)

*Definitely, I was able to **save more money**, and the **standard of living is better**, and we **can afford the rent** and all that. So it's much better compared to, let's say, my friends, who get paid less.* (full-time worker)

*Yes, I believe it does [make a difference] because it brings more money in. ..., **It allows you to take care of yourself**. It allows you to take care of your expenses, the things that you need to do in general. It allows me to also **be able to help my family out** slightly. Of*

course, I'm not able to help them as much as I want to, but I'm still able to give at least. So, yes, I believe it's all right. [Laughs] It could be better but it's all right. (zero-hours worker)

One of our interviewees, who worked at assistant manager level, made this observation about her more junior colleagues, highlighting the security a higher wage gave to them and that this also enabled them to truly take advantage of the perk of free hotel nights that the employer offered:

*Sometimes we go out together after a shift, and it has never been a problem. Who's going to pay or who's not going to pay or like, oh, do we have to split it? We don't have to split it. So **I see them a lot more secure in the ways of having money**. I think they can focus on other things other than just money. ... And they travel a lot. So they have money to think about that like, we have this like really great benefit working for [our company], and that we have free accommodation all over the world ... So that's like a super cool benefit. And they do travel. So that means **the company promotes that, like you should go out you should experience. You should see other hotels all around the world. But the guys want to as well and then they can because they have enough money***

Another respondent, whose employer upgraded workers' pay from minimum wage to rLW (but trading this for service charge), commented that this gave them better continuous income, enabling them to **take time off work** and **budget income better**.

It did guarantee you got paid better for holidays, ... Before it was like, I really can't afford to take time off because at minimum wage, I can't afford to pay my bills. Because you didn't get service charge when you were on holiday. ... The one advantage was if you did have to take time off, it was much better in that, if you took a day off, you actually got paid a full day and stuff like that. So you could – and you could budget a bit better. (full-time worker at multi-use hospitality venue)

Another employee, who works part-time at an events venue, highlighted how a part-time job paying the rLW enabled them to pursue other life-projects.

*You know, [my previous job] wasn't paying my bills. So I found this job and, yes, I've been very lucky here, they've looked after me quite well ... And then obviously the money is a big incentive because they are considerably a higher payer. ... It's working very well for me at the moment. I don't particularly want to have a full-time job because I've got other things going on, so at the moment this is ideal for me. ... **It gives me the opportunity to pursue the things I really want to do**, you know?*

In terms of benefits, some respondents highlighted the **psychological benefit** that a higher income gave them

I actually suffer from depression and anxiety and [a good wage] is a necessary thing just to keep me sane.

***I don't get stressed** about money, and how I'm gonna get to pay the bills and do the shopping and all that.*

The assistant manager already cited above, provided this observation about her team members and herself:

*The most important thing in here for the guys, for the team members but for me as well, **that we can actually come to work and enjoy what we are doing rather than like worrying about like, oh, my God, am I going to be able to make ends meet?** the freedom I think that gives us to be able to come here, and actually that this doesn't have to be the most important thing.*

The following quote, however, emphasises that it is not just the pay but also the **hours offered** that will make a difference to the worker.

If I didn't work here, especially if I didn't do the hours that I'm doing now, consistently, I would definitely struggle significantly more. I definitely would. So it does help me ... there's others out there earning significantly lower.

And this also affects particularly those whose **working hours are limited** by student visas. The following quote, however, shows that the rLW enables the student 'to get by'.

I can't do more than 20 hours, so I think the amount is just fine. My bills and yes so it's just fine. If it was less than that, I don't know. I don't think I could cope, really. That's just because housing is expensive and transport. And it would just be unimaginable. Honestly.

Rewards and benefits for staff beyond the real Living Wage

In our research we also explored the other rewards and benefits hospitality workers received from their employers, and the extent to which they might accept trade-offs between different benefits

Tips and service charges

Some industry experts argue that the rLW in hospitality is not required as the opportunity to earn substantial income through tips and service charges makes up for paying workers only the legal minimum. This contrasts with the approach promoted by the Living Wage Foundation, which says that the hourly base pay should be the rLW rate, with any tips and service charges being paid on top.

One of the workers we interviewed (an overseas student), who is not employed by an rLW-accredited employer, explained that their base pay was below the rLW, but with service charge it added up to £15-16 an hour. However, they then argued that a higher base pay may be preferable, if hours were guaranteed, especially as service charge was somewhat unpredictable.

*If I take into consideration the service charge and everything that that gets included in the salary and minus the tax that has been deducted, it bumps up to around 15 to 16. Technically, the base salary is 10.90, the service charge bumps it up to there. But that that also changes every time, because sometimes the restaurant wasn't that busy. Or they were given me less hours. So that changes completely. ... **£11.95 is not a bad trade off if you get proper hours, if you get three days of work or four days of work, let's say with***

proper 20 hours and £11.95 is not at all a bad wage. Like you can pay your rent, you can still, carry yourself out with your groceries and your other expenses. So I don't think that's a bad trade off. ... 11.95 is not a bad base pay if you and only if you ... complete 20 hours a week. [The service charge is] very unpredictable, a high risk high reward type of thing like. But yeah, they try to mitigate that with one clever trick, that they don't give you services for the days or the hours you have work, but they give you from out of a pool, and that pool has been collected [from] all the service of that entire week....

They then reflected about the situation of some other hospitality workers who they knew and went for a place that paid a steady wage around the rLW rate but without service charge and observed that they to stay around for longer, and also felt happier in such a place:

*I know two people, where they got a bigger pay commitment without the service charge they went then for the bigger commitment without the service charge and stay there for a longer time.... [The] pay was much better and it did not have any tips on anything, but it was still better, they chose that. They chose **“With this uncertainty. I would rather go to a place where there is certainty and they were promised hours as well. And the pay was also, I think, 12, I think, 11.95 or 12. That's not much of a difference. So, and they were actually happy ... they changed to a place where they are guaranteed a certain amount, and that certain amount is somewhere near the London Living Wage.***

As tips or service charge are a seemingly inevitable part of the culture in the hospitality industry, it means that they might also still be present in rLW-accredited work places. However, they would be seen as an ‘extra’ income.

We do get tips, actually. Some people leave them with reception or with the dining room, like I said. And then we just share them between all the employees. ... This is as an extra to what we get.

However, a decent base pay is vital where tipping is impractical such as in pop-up ‘no cash’ food places:

We don't really have [a tip jar], ... you know, we're already getting compensated quite well from the business, so I don't really expect to get bonuses or anything like that. ... Most of the festivals, I'd say about 70% of the festivals we do, we don't take cash, so. I think the days of tipping in cash have gone out of the window because half the people who are coming, our customers, they don't even have cash on them, so yeah.

And one interviewee said that in their workplace, an events venue, tipping was actively discouraged by the employer.

Tipping can happen but it's not advised by the [employer] to receive or take any tips, they don't encourage it whatsoever... It may be due to how things are presented; it may be due to the standards that they want things at. Because in terms of the [employer] may believe that they're paying the staff enough... So if they're still asking for tips it may seem to their clients that they're not really paying these guys enough.

Other rewards and benefits

In addition to tips and service charge (in some places), our interviewed workers talked about a range of other **hospitality related benefits** they received in their workplace. This ranged from free meals and drinks, to the provision of uniforms and shoes, to free hotel nights (for hotel workers). With regards to the latter it was particularly appreciated by some that their employer allowed them to stay at the hotel overnight if there were, for example, issues with public transport (e.g. rail strikes) or other kinds of disruption.

In terms of ‘**good pay practices**’, provisions varied from place to place. Some interviewees benefited from a good **sick pay** provision, while other workers, especially those on zero-hour contracts, do not receive any sick pay. The drawback of not receiving sick pay was highlighted by an interviewee who did not work for a rLW-accredited employer but worked as a chef with a skilled-jobs pay rate on an agency contract for events venues:

I don't get sick pay. I don't get holiday pay, that's the downside of it, meaning I'm back to square one. So meaning I [cannot] afford to be sick. I cannot afford to be distracted. I cannot even afford to injure myself away from work ... That's another downside, because in hospitality a lot of minor incidents are gonna happen. They always say you can report it, we look after you this and that, but it's not always the case, cause they say they're gonna provide PPE. So to make sure they keep you safe. But it's not exactly what it is. I don't know how many times ... I do get a lot of burns and cuts, this stuff. But let's say you burn yourself, and you can no longer work that day, you only get paid for the time, the hours that you clock in and out. It's not like they're gonna pay to compensate you and nothing. But if you were a contracted person, then do you see they got a package for them, but as a casual worker, I start a seven o'clock. I come, and I burn myself or cut myself ... I need to go hospital. "Fine. Go. Thank you. Oh, we're sorry" They gonna call the agency, next guy ... the next day, you're available to come back to work without really talking, complaining too much cause if you complain too much, that's it, they don't want you again.

Other good ‘terms and conditions’ that workers mentioned included generous **holiday provisions**, **pay for travel** where work assignments happened further afield (e.g. festivals), **provision of a taxi** for early morning assignments, and the opportunity to **earn bonuses** based on performance. These, and the hospitality-related, provisions were generally seen as something that should not be traded-off against the rLW in their overall staff package:

I think they are equally important, because they serve as incentives as to want to put in your best.

However, some suggested that being paid the rLW was the more important part of their rewards package:

I would choose the Living Wage, because, like I mentioned before, it's made my life much easier.

Good working environment

A number of workers expressed appreciation for the provision of a good work environment by their employer.

*I mean it's a very good team, they've made a very good team, we work as a group, it's not them and us, it's one team, which is nice. So the managers look after the staff and in that way the staff look up to the managers and things like that, so it's a nice working environment. Because I have been in some places where it's very toxic but it's nice here. And I've been there for a long time, I kind of know what everyone earns and stuff, so I'm aware that they pay us very well and it's very nice and **they're the best bosses** in the world. They're great people, they run the business in a really nice way. It's very, very relaxed and everyone is very happy... It's not just the pay that I'm after, obviously, it's the level of respect that the workplace gives you and the people that you work for give you. I mean if someone is willing to pay you good money, it kind of shows that they have respect for you. But then on top of that, they obviously treat us really well, they're very understanding.*

*I think the people, the atmosphere, and the pay as well, because it's good. I just in general, I enjoy my job. I like going there. So I'm not stressed about it. The people are really great. ... **I feel like they value us more**, maybe because, you know, trying to accommodate us with the good pay. They care. ... They care not only through the pay, but also through different things. And I suppose we receive when let's say I had a bad situation a few months ago, and they really helped me with that.*

It's a very good place to work in and you kind of own the place. This is a good place, I mean they still care about that we eat, and this. So [the benefits and incentives], like, I say, gives you a sense of ownership like, "Okay, this is my hotel. Is that my guest? I need to make them happy".

I mean they are a really good employer, actually. ... They're just very conscientious, they look after you.

Other aspects important for worker well-being

Our interviewees identified a range of other factors as important for their wellbeing, including sufficient and guaranteed hours, good development opportunities within the company, and aspects related to working in the night-time economy.

Sufficient and guaranteed hours

As already highlighted above, being offered a decent number of working hours is vital if the rLW is to make a difference for hospitality workers. Although a number of workers might appreciate the flexibility that comes with zero-hour contracts / casual work as it enables them to pursue their interests outside work, they suffer if the place they are contracted with cannot supply them with the hours that they need to make ends meet. Recognising this, the Living Wage Foundation has developed [Living Hours](#) as a new standard of what employers can offer alongside a rLW.

Here the worker who is employed by a non-accredited employer, a restaurant:

I'm doing part time. So they try to get me get my [legal] maximum [of 20 hours] as much as they can. ... So if it is busy they can punch me in at any time at for a short shift for four hours any day. But the official [contract says] they will [guarantee me] only 16 hours.

The desire to be able to work more and guaranteed hours was also expressed by workers working for a rLW-accredited employer, an events venue:

Yes, I'd definitely prefer guaranteed hours. Because of the work we don't always have shifts throughout the year so there'll be long breaks where we're not getting paid unless you have another job on the side. So that inconsistency does hurt a lot, quite a bit.

Me, personally, at the current stage I'm at, I would prefer a contract because it brings stability a hundred percent. Because sometimes you don't know when next you're working, you don't know when next you're getting an income. But for others that are, for example, going to school, to university, they do prefer the zero-hour contract. But for me, preferably I would prefer a contract. ... At the stage I'm at, I'll be happy for full-time. Of course, in the future things may change, but yes, at the stage I'm at I'll be happy with full-time.

I'm in a fortunate position to be in most days of the week. However, there's some people in my team that are in it for one day or two days. So the way that they will look at this, it may not make a big difference to them from just getting the £11 to £13 when they're still working only two days a week. So in the long run it wouldn't make a difference really. ...[And] if this is the job that they're relying on then that's when it becomes a big issue. So if they were to try to look after their staff more, or try give us more guaranteed hours for everyone overall then I believe the overall workplace would be better to work in. So the perks, so if you let people know that, yes, you go in for five days of the week then the staff will be more focused on, "Right, I've got five days, I'm going to go in, I'm going to do this." And then you'll see people work harder and then things will work out more.

For some employers, such as an events venue that has no constant business or a restaurant with a specific shift pattern, providing guaranteed contracts might be a challenge, but it is nevertheless an aspect of worker well-being that requires attention.

Good development opportunities

Another important dimension contributing to worker well-being and satisfaction, as well as their intention to stay with their employer, is the opportunity to progress in their career and move beyond entry-level jobs.

[Interviewer: Do you think you'll stay in this industry?] I think so. I never thought about it but it's been 5 years. I really enjoy it. I think [my company] provides a lot of good development opportunities.

Well funnily I've just had a talk with my employer last week [with] my new boss, and trying to see what's next for me. And, yes, ... I think there is scope for growth. I also believe that there is a chance that I will move up or get promoted so we will see what the future holds for me. But for the time being I would like to stay in the hospitality sector, and I would like to see what options are available for me.

Conversely, the absence of such opportunities might lead employees to look elsewhere for jobs:

But I think in terms of the opportunities, at least in my department to be fair, but even the other departments, I don't think I'm going to be here any longer. ... I am looking to get something else and move on because the opportunities I think for a better role to get better pay is very, very limited.

Safety and Well-being in the Night Time Economy

Our research afforded us the opportunity to ask hospitality workers questions around being part of the Night Time Economy (NTE). The NTE are economic activities, especially in town and city centres, taking place between the hours of 18:00 – 06:00. Not all of our interviewees were NTE workers, but a substantial number were. NTE-related concerns usually revolve around worker safety and, related, availability of public transport to ensure people can travel safely home, or can travel home at all. Night time transport is a particular challenge in London, where the difference between day time and night time provision can be stark, and the distances involved are often substantial.

These concerns were present in the accounts of our interviewees. For example, one explained that it often took them a long time to get home after work, travelling across London. While they accepted this as a trade-off for having a good job, they would be very pleased if there were a more frequent night tube service:

Most days the shifts are past 6pm ... most days it will be a full 12-hour shift or, you know, like doubles, and definitely us starting up later on in the afternoon and finishing, you know, past 11, 12, sometimes past midnight. ... It's all about counterbalance, right, like if I was working for people that didn't have respect for me and I was in a job where I felt miserable, that would feel like more of a taxing thing. But because I finish my shift and I feel happy most times, or when I'm on my way into work, I'm not feeling miserable to go to this job and I'm working with my friends, like it's a different air about it. ... Sometimes I have to finish at 1 o'clock in the morning and it takes me an hour and a half to get from [one part of] London to [the part of] London, where I live, but I don't mind that. But if I was working somewhere else, that would be a contributing factor... I love working on Friday and Saturday nights where I know I can get the night tube back to my house. ... So if it was running more frequently, that would be more helpful. And definitely more safe. I know there are a lot of people that, it probably would be a contributing factor that they had to get buses and stand at a bus stop at 1 o'clock in the morning after their shifts, and they might feel unsafe, so it definitely would be a good thing.

Some workers we interviewed told us that in order to get safely home they ordered their own taxi and covered the additional cost of doing so.

There have been times, especially last season during summer where we – a couple of us ended up staying here working ... until two or three in the morning and then had to go home after that as well. ... I had to pay for Uber. I sometimes pay for Uber. If I'm leaving here 11 then it should be fine, but if it's later than 11 then I probably just get an Uber home.

I believe the latest I finish is probably around 11:30, 12-ish. ... Most of the time I need to take a cab home most of the time.

The challenges of travelling across London at night are compounded when employees have a late finish followed immediately by an early start, as one interviewee explains:

Oh, very difficult, yes, because of there's times where we finish at 11:00 and we have to be here for eight the next day. So the window to get home, settle, go to bed, and then wake up is very short, so it's difficult.

They also suggested that some recognition of this challenge in the allocation of shifts would make a big difference to their wellbeing:

I believe that there should be, well because it's zero hours it's very difficult, but there should be something in the contract there. There should be a certain amount of hours between your shifts, ... we don't have that privilege. So I believe there should be a certain amount of time for when your last shift ends to your next shift. So even if that means us coming in at 10 o'clock, at least we've had the amount of hours to get a good night's rest, eat, shower, et cetera, and then come back to work the next day without riding on four hours sleep, or five hours sleep, and having to go on our shift again which is difficult.

Another interviewee commented on the fact that the train times to get them back home was not in-sync with the ending of their shifts, and therefore the commute home was much longer.

When we finish late, there tend not to be any trains running or sometimes very few buses and such, just to get home. Now it's late at night, you could be male or female, you will feel unsafe travelling at that hour so you want there to be regular transport so that you can at least get home. And many times I finish at, say, 11 o'clock. I then have a debrief at the end of my shift so then I've already lost another 15 minutes. Then I have to go downstairs to get changed out of my uniform and by the time I leave the hotel it's half past 11. The last train to where I live is at 11:40 so I have 10 minutes to somehow teleport from the hotel to the train station just to catch the last train. If I'm lucky I can leave early to get it; if I'm not, I won't be able to catch it and therefore I need to take some buses home. Now if I take the train home I get home in about 30 to 40 minutes. If I take the bus home it takes me about two and a half hours. So that takes a whole while just to get home and therefore eats into my living life, and that's obviously not really nice. I lose nearly two hours of my life just sitting down on a bus. And that's meant to be not just my time off, that's also meant to be my everything. That is meant to be my day-to-day living, that is meant to be my time off, having fun. This is also meant to be for cooking, cleaning, you name it, everything that we do in a regular household. But for those suffering from mental health issues such as myself then I need sometimes those extra two hours so that I can stop and do nothing, as in let my mental health get better. And if I'm suffering also from something physical, for example, such as myself I've had four surgeries on my knees, I also need time to let my knees go and breathe, so it's not easy.

We then asked whether this was something they might discuss with their employer, for example to ask whether they could finish the shift a bit earlier, and they responded:

See, it's possible, but at the same time not possible. It's possible because they could change the hours in which you work, and they are flexible in doing so, but we can't all do that. And this is a collective team; we are supposed to work together, and if we all are the exception it's never going to work. So unfortunately it is a possibility, but also it's not really a viable option for any business.

The quotes above imply that workers would benefit from better public transport provision at night in London. However, there is also a question to what extent and how employers can support their employees in getting home safely, through travel allowances and taxi schemes, for example, or different shift patterns.

Intention to stay with employer

We also explored the question whether the rLW contributed to workers' intentions to stay with their current employer. There were some workers we interviewed for whom their job was a stop-gap, for example, they were looking to complete their studies or as they were preparing to set up their own business. But a number of responses indicated that being paid the rLW did have an impact on their intention to stay with the company (alongside other factors, such as happiness in the workplace or the offer of sufficient hours).

I don't know if I'll ever leave them to be honest... Definitely for as long as they decide to run the business for. I don't know how long that will be, like they might move on ... But it's hard to predict the future but from where it is right now, I would see myself staying with them for another five to ten years?

I do enjoy this job. And I'm planning to stay in this particular place for a long time.

The London Living Wage definitely does make a difference quite significantly for me. It did really make me come here. Especially I live really close to here; this is 20 minutes away from me, I did stick to here. So in that aspect the London Living Wage definitely persuaded me, or aided in persuading me, to stick to here compared to the other places, so it does make a difference to be fair.

Reflection

Above accounts of hospitality workers indicate that being paid the real Living Wage does make a difference to them, financially as well as psychologically. The interviews also show that the benefits of being paid the rLW are maximised where workers are offered sufficient and guaranteed hours, and sensible shift patterns. Employee participants described the positive impact of working for a rLW employer on their sense of wellbeing and job satisfaction, and it is clear from the interviews that non-financial benefits such as a good working environment and opportunities for progression are important too. All of these provisions would affect employees' intention to stay with their employer.

Conclusions and Recommendations

The aim of this research was to explore the opportunities and challenges of rLW adoption in the hospitality in London with the intent to show that adopting the rLW is a viable and valuable commitment for hospitality businesses.

Our study clearly demonstrates that hospitality businesses benefit from being an accredited rLW-employer, in particular, where rLW adoption is embedded in a wider ‘employer of choice’ and/or reputation-focused strategy. This may manifest in a better ability to attract and retain committed staff, in being able to provide a more consistent service, the ability to credibly demonstrate their commitment to their staff, and an enhanced brand reputation, among other things.

Our findings challenge some ‘received wisdom’ that may persist in the industry. For example, our research shows that rLW-accredited hospitality employers are not opposed to having their lowest wage rate set by another organisation (i.e. the Living Wage Foundation); on the contrary, committing to the rLW frees them from having to determine themselves what a fair wage rate is for their staff. Similarly, our findings challenge the assumption that it is sufficient for workers to be able to make up minimum wage base pay with tips and service charges. RLW-accredited hospitality employers recognise the importance of a stable and predictable income that will help their employees meet their living costs and as such they use the rLW rate as their base pay rate (with any service charge and tips considered additional income for their staff). It is of note that a number of our respondents remarked that adopting the rLW and rLW-accreditation can help improve the image of the industry, and that they held the opinion that the rLW should be the norm in the sector.

Other findings are more in line with recent good practice recommendations produced by industry bodies, such as an emphasis on ensuring the well-being of workers and the importance of providing opportunities for skills development and progression (UK Hospitality 2022).

Our report also highlighted that it is important that sufficient and guaranteed hours are offered to workers, if the rLW is to make a real difference to the workers’ finances. This may be easier to implement in hospitality settings that enjoy stable business and foot-fall throughout the year than in settings that are more dependent on seasonality (e.g. events venues). Nevertheless, the significant, positive impact that such provision would make suggests that this is a challenge worth addressing. In this regard, the new Labour Government’s impending Employment Rights Bill, which is looking to introduce “rights to guaranteed hours” (UK Government 2024c), will likely have a significant effect on employment contracts and practices in the hospitality sector.

This report, while providing rich insights into the hospitality sector in London, could, in the future, be complemented with further, larger-scale studies that would allow, for example, a deeper-dive into the specifics of each hospitality sub-sector to provide more nuanced insights.

The following set out a number of key recommendations, based on our research, for hospitality employers wishing to adopt the rLW, hospitality industry bodies, the Living Wage Foundation, as well as for policy makers and government.

Recommendation to employers

- Make a commitment to pay the rLW and seek rLW accreditation, to take advantage of the benefits identified in this report
- Embed this commitment within overall organisational values and employment benefits
- In particular, consider the rLW as part of a wider ‘employer of choice’ strategy designed to recruit and retain good quality staff
- Be cautious when making subsequent adjustments to other benefits e.g. service charge or bonus schemes (i.e. be sure that in adopting the rLW employees don't suffer a net reduction in pay)
- Plan for the impact of rLW implementation on pay differentials and review role responsibilities where necessary
- Monitor any cost savings from better retention rates
- Consider the need for employees to work sufficient and guaranteed hours when planning their rotas
- Consider shift patterns to avoid late night/ early morning combinations
- Where applicable, consider supporting staff in travelling at night safely, for example, through taxi schemes
- Provide opportunities for employees to develop skills, and progress in the organisation

Recommendations to Industry Bodies

- Acknowledge the rLW as one way of reducing the instability/unpredictability of high staff turnover in the industry
- Acknowledge that employees require a stable and sufficient income and that relying on tips and service charge to make up for low base pay is an inadequate substitute. This is particularly important in view of the facts that not all hospitality workers have access to tips/service charge top-up payments, and that tips and service charge are unpredictable and can vary substantially across the year
- Link rLW as a good employment practice to existing efforts to improve the image and attractiveness of the industry (e.g. Hotelier's Charter, UK Hospitality Workforce Strategy)

- Encourage hospitality employers to account for the cost of vacancies, and high turnover (e.g. recruitment and training costs, lack of experienced workforce), to prompt them to reconsider their pay policies, and wider terms and conditions

Recommendation to the Living Wage Foundation

- Emphasise the different ways in which paying the rLW reflects organisational values in a holistic way
- Emphasise the way in which paying the Living Wage is becoming increasingly normalised, and accreditation is a straightforward way for employers to communicate a) that they pay this and b) that it is important to them that they pay this
- Help hospitality employers to communicate the importance of the rLW by making available appropriate educational materials
- Consider how the ‘Living Hours’ campaign can be promoted within the hospitality sector
- Consider future campaigning to improve other aspects of workers’ ‘terms and conditions’, with sick pay being a particularly important one

Recommendations to Policy Makers and Government

- Policy makers have a role to play in setting the minimum wage at a level that employees can live on the income from their jobs. This is particularly important in London where living costs are exceptionally high
- Policy makers should consider the need to improve statutory provisions for sick pay and pensions to ensure workers’ financial security
- Policy makers have a role to play in supporting industry efforts to raise skills levels and professionalise entry level roles in the sector
- Metropolitan authorities have a role to play in ensuring that night-time transport provision is adequate to meet the needs of those working in the night-time economy

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