

● • WageIndicator

The Advantage of Paying a Living Wage

A presentation by Paulien Osse,
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Collect, Share, Compare. Aware.

WageIndicator JOURNEY

A timeline of our databases

Salary Check

Started in The Netherlands,
now in 75 countries

Labour Law

Started in Mozambique
now in 145 countries; + a
Labour Rights Index

Living Wages

Started with a model for
100 countries, now with
400 data collectors by foot
in 173 countries



WAGEINDICATOR'S METHOD

How do we calculate Living Wage estimates?
(and Living Income, Living Tariff)

As of October 2024, child care and private car cost are added as new components. This is **not included** in the basic basket of goods but as add-ons.

WAGEINDICATOR CALCULATES LIVING WAGES FOR

Typical* Families in a range

2 earning adults
No. of children is determined by national fertility rate

Lower Bound is seen as the global baseline

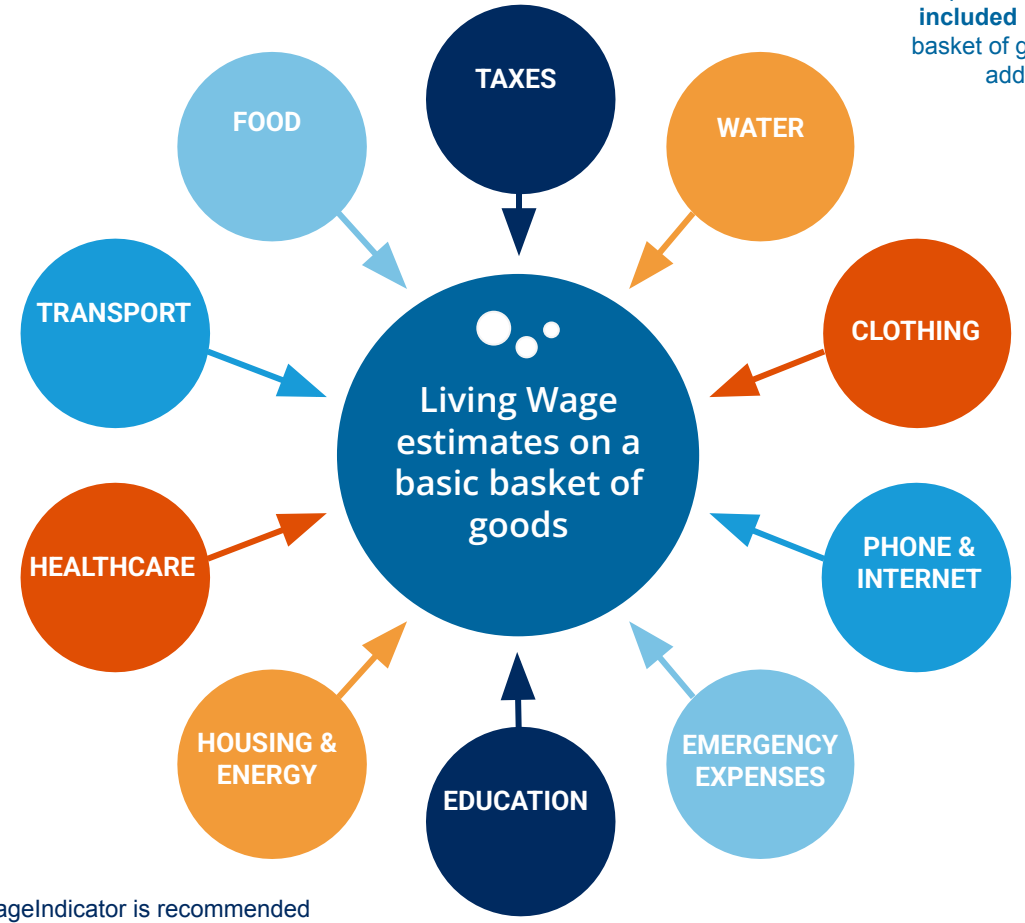
One works 100% of permissible hours, other's hours are based on national employment rate

*We also calculate for standard families

Single Income Earner for a Family in a range

1 earning adult. No. of children is determined by national fertility rate

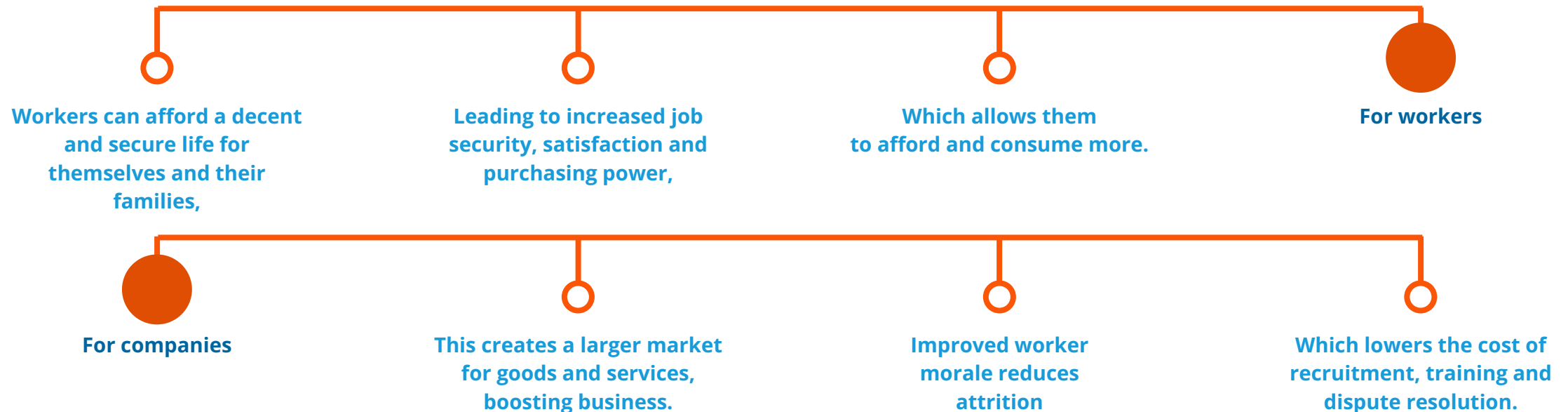
Lower Bound is seen as the best from a Human Rights perspective



WageIndicator is recommended by a.o. IDH, B-Corp, European Sustainability Reporting Standards

How do Living Wage payments benefit workers, employers, and the economy ?

It enables labour market transparency, allowing employers and workers to make informed decisions



Living Wage payment is also central to the achievement of multiple SDGs



How do Minimum Wage rates compare to Living Wages?

In most parts of the world, Minimum Wages do not cover the cost of living

How to report on adequate wages, by using the Minimum Wages/Living Wages data set?

	Compare with Minimum Wage and comply	For 'Typical Families' - lower bound 26/173 countries	For 'Typical Families' - higher bound 10/173 countries	For 'Single-earner families' - lower bound 1/173 countries	For 'Single-earner families' - higher bound 1/173 countries
	Minimum Wage*	Typical Family Living Wage* (lower bound)	Typical Family Living Wage* (higher bound)	Single-earner Living Wage* (lower bound)	Single-earner Living Wage* (higher bound)
Togo	52 500	228 310	296 442	374 213	540 331
Australia	3 968	2 055	2 613	3 750	4 872
Austria	1 500	1 115	1 556	1 947	2 686
Switzerland	3 375	2 076	2 493	3 545	4 262

*Wages by month expressed in local currencies, October 2024

How to start paying a Living Wage?

Experience and tips from the field

Tip 1

Check if you can afford it for all relevant locations. In some companies Living Wage compliance may require millions in others as little as 10 000, to make the whole firm Living Wage compliant!

Tip 2

If you know the cost of implementing a Living Wage you can make a plan for the coming 3 till 5 years and then continue double check, year on year.

Tip 3

See the challenge as a nice puzzle

- Include cost analysis and communication in your plan.
- Include: Human Rights, Compensation & Benefit, Procurement, Sustainability department and don't forget Leadership, Trade Union(s) and Works Council

It is a no brainer but prioritize straightforward countries and regions where salaries already align closely with the Living Wage. And then focus on more complex locations.

Tip 4

Invite country teams to come with ideas to close the bigger gaps. Search for positive business cases - in and outside the company - to get everybody on board also in these locations where the gap might be big. See it as an issue which has to be solved.

Tip 5

Conduct the Living Wage process in-house. Rationale: most of the expertise about improving wages exists within your organisation.

Think about:

- the yearly update of Minimum Wages
- the salary structure tool where you can include your data
- Negotiations with Trade Union(s)

Tip 6

Be smart and pragmatic. Aim for a Living Wage-compliant organisation soon, whether that means 1, 2, or 3 years. Recognize that "soon" may sometimes mean reaching 95% or 105% compliance, as Living Wage benchmarks are not static and will evolve. Avoid rigidly fixating on immediate, absolute compliance at 100%. Aggressive style will not help in this case.

Tip 7

You work on Living Wages, since you hope your employees will have a decent standard of living. Do the process together not once, but year-on-year with your:
Employees, Families, (Local) governments, and the groups mentioned in Tip 3.

Tip 8

Systematic reporting
Document each step you take, including the reasoning behind them. E.g. why chosen to focus on Europe and Latin America, Why focus on typical family Living Wages, Why a role for Trade Union negotiations. Etc etc.
Even if external reporting isn't required, maintaining a systematic internal record is invaluable. It enables you to monitor and steer progress on Living Wages, the Gender Pay Gap, and Inequality year after year.

Want to know more?

Get in touch:

helpdesk@wageindicator.org

- **FAQ-method:**

<https://wageindicator.org/salary/living-wage/faq-living-wage>

- **Available data around the world:**

<https://wageindicator.org/salary/living-wage/list-of-country-region-living-wages-data-availability>

- **Publicly available estimates:**

<https://wageindicator.org/salary/living-wage/workers-trade-unions>

- **Minimum wage/Living Wage:**

<https://wageindicator.org/salary/minimum-wage/minimum-wages-higher-than-living-wages-by-country-and-by-region>

- **Adequate Wages**

<https://wageindicator.org/salary/living-wage/faq-living-wage/adequate-wages-recommender>

Company experiences

<https://wageindicator.org/salary/living-wage/faq-living-wage/living-wage-experience-wthin-companies-cases>