

7 THE LIVING WAGE IN SOUTH AFRICA  
 A Psychological Approach from Cape Town and Tshwane  
 Ines Meyer and Molefe Maleka

The definition of the wage may well be the source of capitalist freedom and equality, but the employment contract is not the same. For capitalism begins not with the offer of work, but with the offer to work for a living.

**Introduction**  
 One indicator of precarious work is a wage that is too low to cover basic needs. "Living-wage" movements then advocate that the wage should always exceed "failing minimum wages. Instead, we should allow for savings as a protection against unforeseen events and methods of determining such living wage levels are an economic approach based on the cost of goods or services. In this chapter, we outline why—and how—considering living wage levels in industrial and organizational (IO) psychology is less of an abstract and organizational (IO) psychology c... We do so in relation to three key points:

- It is possible and desirable to determine living-wage ranges from subjective experiences of freedom from economic hardship.
- Rather than leading to job losses, as frequently claimed, living wages can lead to job gains and societal benefits to individuals, employers, and society.
- Psychological science provides tangible ways in which living wages could be advanced.

### Living Wage South Africa Network

**"Living wages is not an amount, but an approach"**

#### Position Paper 1

**Living wages in South Africa: A business argument and approach**

**Executive summary**  
 This paper highlights the importance of employers paying living wages in South Africa. It argues that living wages are essential for:

- maintain business sustainability,
- stability in society and
- social and ethical responsibility.

Employers should work towards paying a monthly minimum net income of R12,000 for a 40-hour working week.

South African business is stifled by continuing growth. National Treasury expects 2.1% real GDP and 1.8% over the medium term. This is below the rate of >3% targeted in the National Development Plan (NDP) and the 3% sustained growth rate identified in the contribution of low wages to this economic growth has been overlooked.

*A living wage is the remuneration required for an individual, and their family to attain a frugal, but dignified standard of living.*

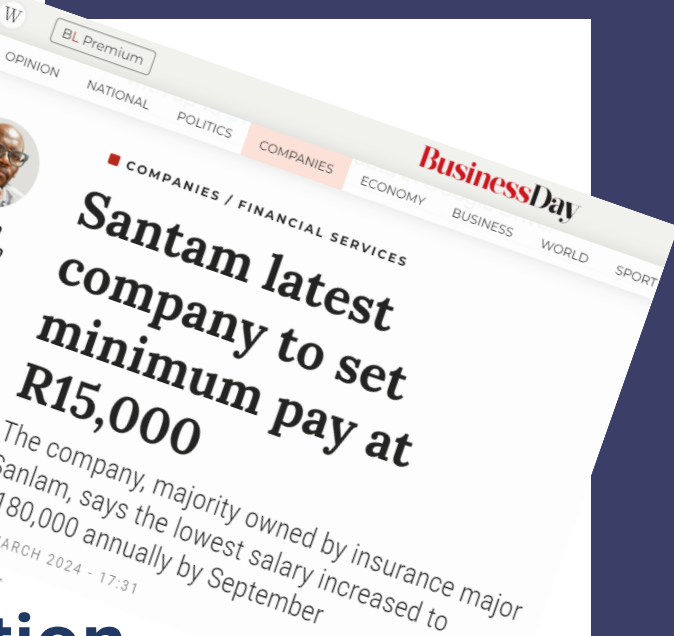
Wage increases, especially at the lower end of the income spectrum, provide a direct and effective way to increase disposable income to flow into the economy.

Minimum wage earners are typically unable to cover both, regular monthly needs and costs associated with unforeseen events like financial or illness. The stress associated with insufficient income "prevents individuals from working to their full potential, increases absenteeism and turnover". The reduced business performance which results indirectly hinders economic growth further.

The benefit of paying every employee enough to enable them and their family to live, thus extends beyond the employee and his family. Technically, the introduction of the National Minimum Wage Commission and the national minimum wage in 2018, determined through a consultative process including business, labour and government and legislation, means that South Africa has achieved the International Labour Organization's (ILO) Minimum Wage-Fixing Machinery Convention, 1928 (no. 29).

Less widely known is that the ILO also stipulates a minimum wage that work should provide at least an adequate living wage. It is as employee or contractor – receives remuneration not just to enable a decent standard of living.

In practice, minimum and living wages have become increasingly separate concepts. The amount earned by low-income workers in South Africa – even if above national minimum wage levels – often enables survival but traps people in poverty". In this way, employers who pay below living wage levels contribute towards poverty entrenchment. The national minimum wage level for 2022 (R21,191) amounts to approximately half to a third of the current living wage based on



# From paper to implementation through a human dignity approach: The case of the Living Wage South Africa Network



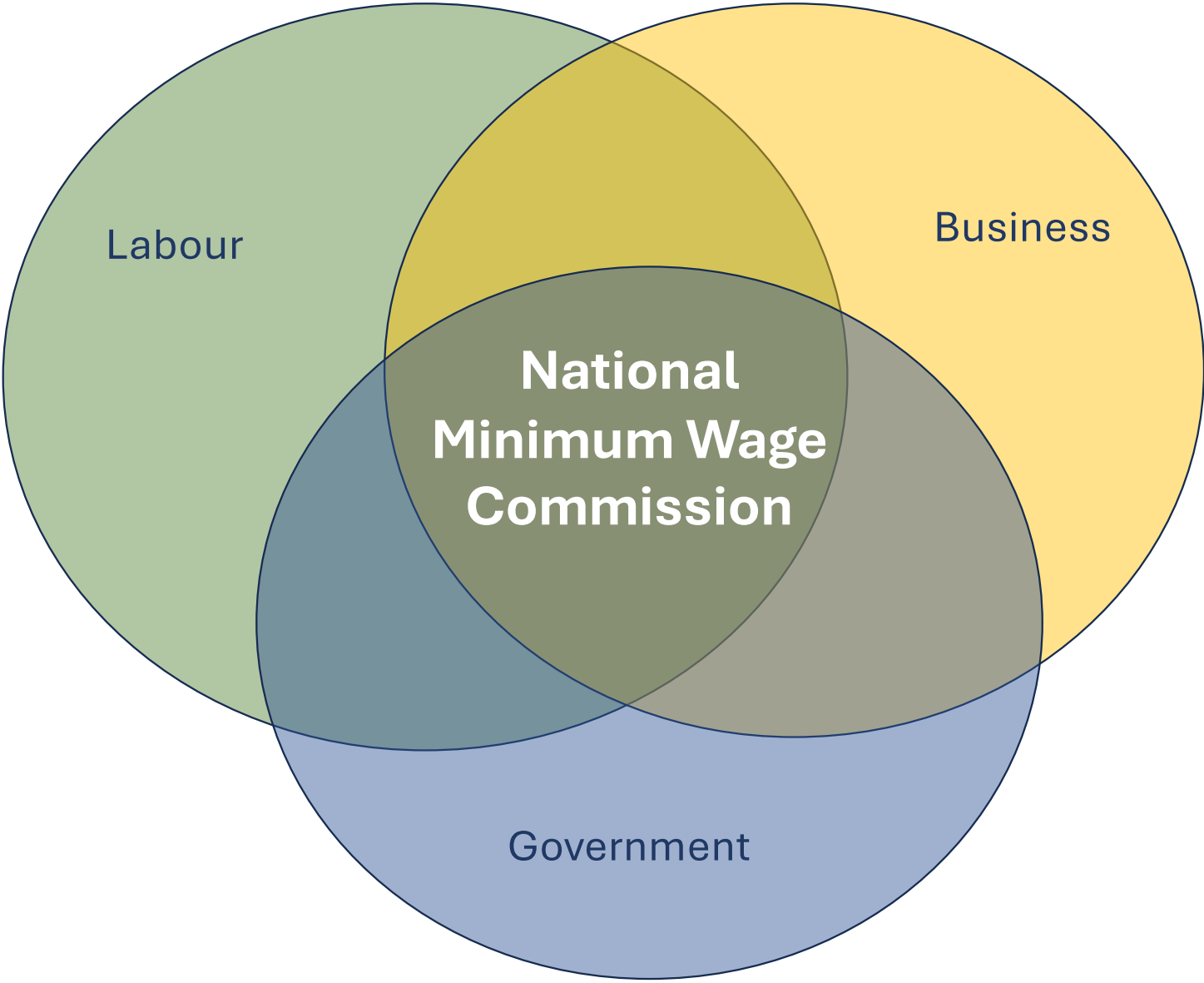
**SOUTH AFRICAN RESEARCH CHAIR:**  
 Creation of Decent Work & Sustainable Livelihood



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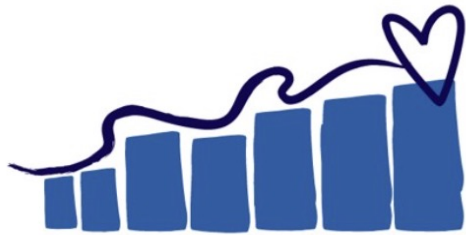


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Science and Innovation  
REPUBLIC OF SOUTH AFRICA



**NATIONAL  
DEVELOPMENT  
PLAN  
2030**



**SOUTH AFRICAN  
RESEARCH CHAIR:**  
Creation of Decent Work &  
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<https://projectglow.net/>

# PROJECT GLOW

GLOBAL LIVING ORGANISATIONAL WAGE







“Everyone who works has the right to **just and favorable remuneration** ensuring for himself and his family an **existence worthy of human dignity**, and supplemented, if necessary, by other means of social protection.”

United Nations Universal Declaration of Human Rights (1948), Article 23(3)



# Dignity

1. the state or quality of being worthy of honour or respect.



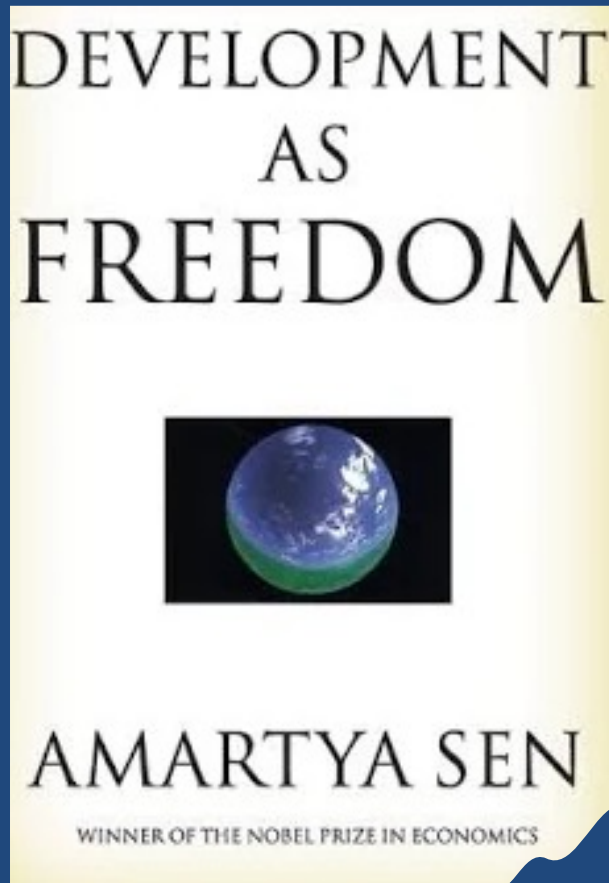
# *Human dignity through*

Yesterday

Molo Sisi I'm so disappointed my tanent left on 29, his not gave me a note. Please Sisi if you can borrow me R500 I will pay you month end.

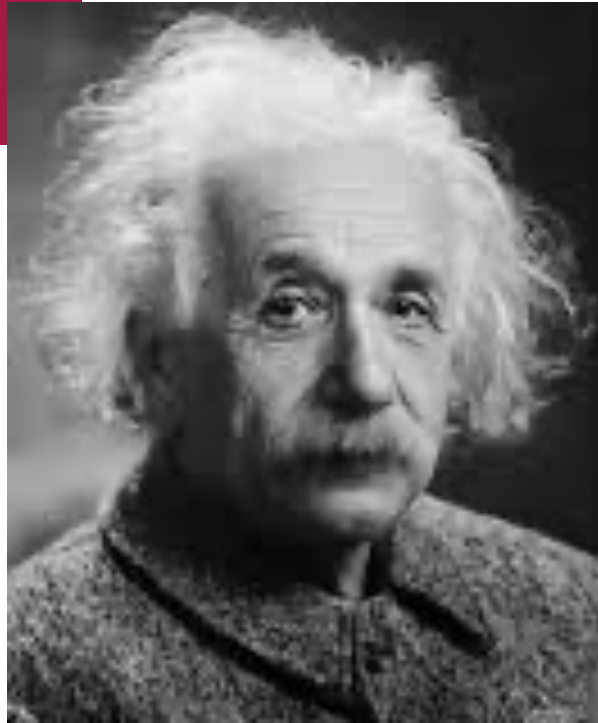
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# Theoretical Foundation: Capabilities approach



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DECENT WORK AND  
ECONOMIC GROWTH



We can't solve  
problems by using  
the same kind of  
thinking we used  
when we created  
them.

~ Albert Einstein

As a **behaviour scientist** in the field of  
**Work Psychology** I am concerned with

people's behaviour at and in relation to work  
and its influence on  
other individuals, groups, organisations and society.

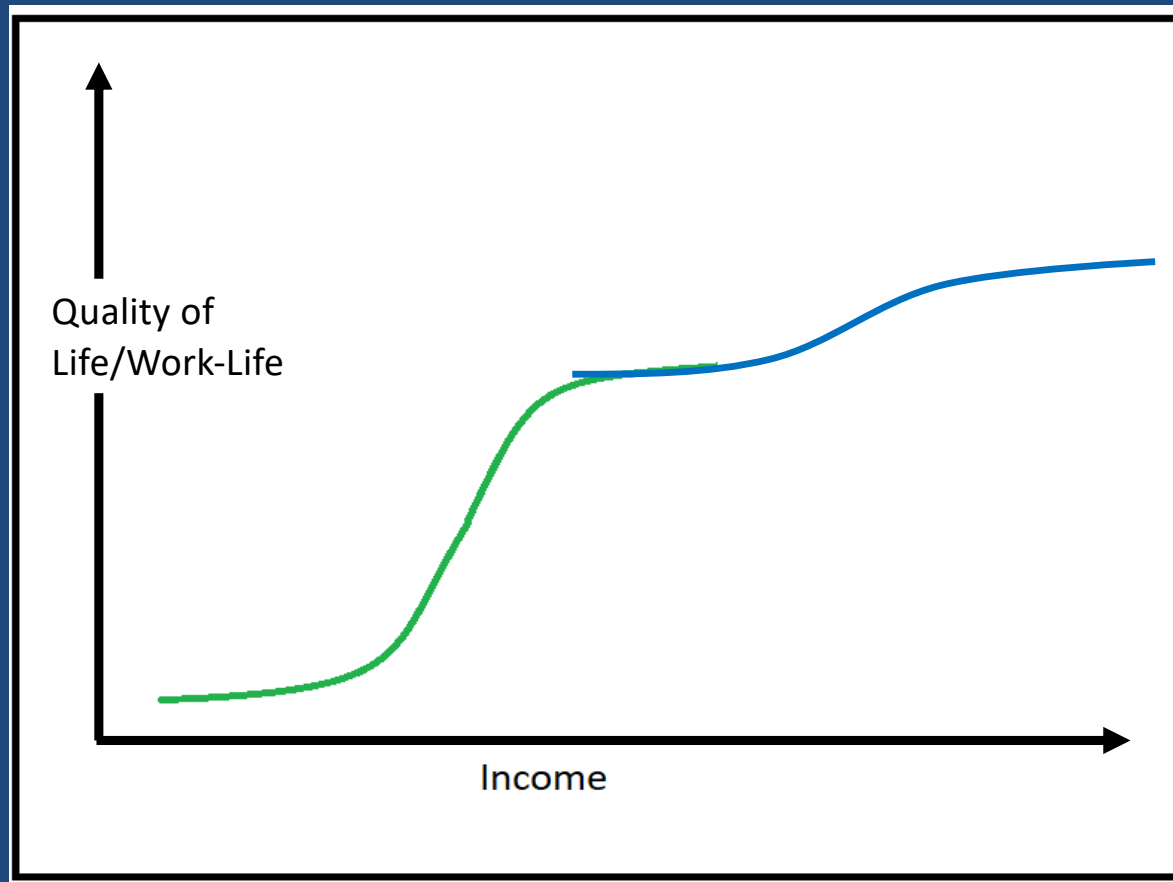
# Living Wage calculation



- **Why not ASK people directly?**  
about their quality of life, and work life
- **And map those onto monetary incomes?**

= A *People development* approach that will  
(1) estimate a Living Wage value +  
(2) chart its benefits for people, and possibly,  
(3) for organisations and society?

# Income/Quality of (Work-) Life



Carr et al. (2018)

Acknowledgement: Anna Kallschmidt, GLOW

# Survey Research

2015

N = 400 (Tshwane & Cape Town)

2019

N = 1,000 (Cape Town)

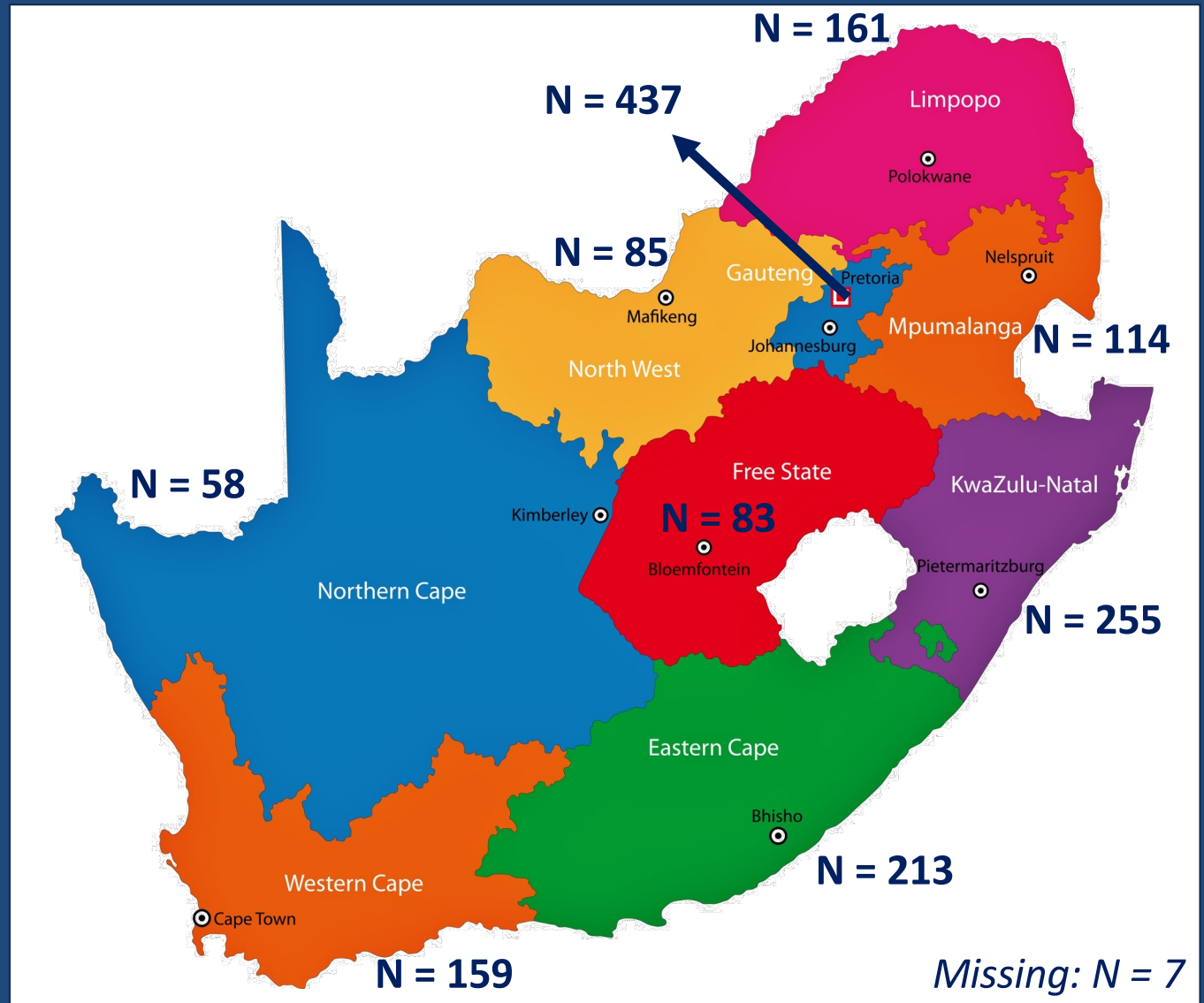
2022/2023

N = 1,575 (National)

2023/2024

Nov 2023 – Jan 2024

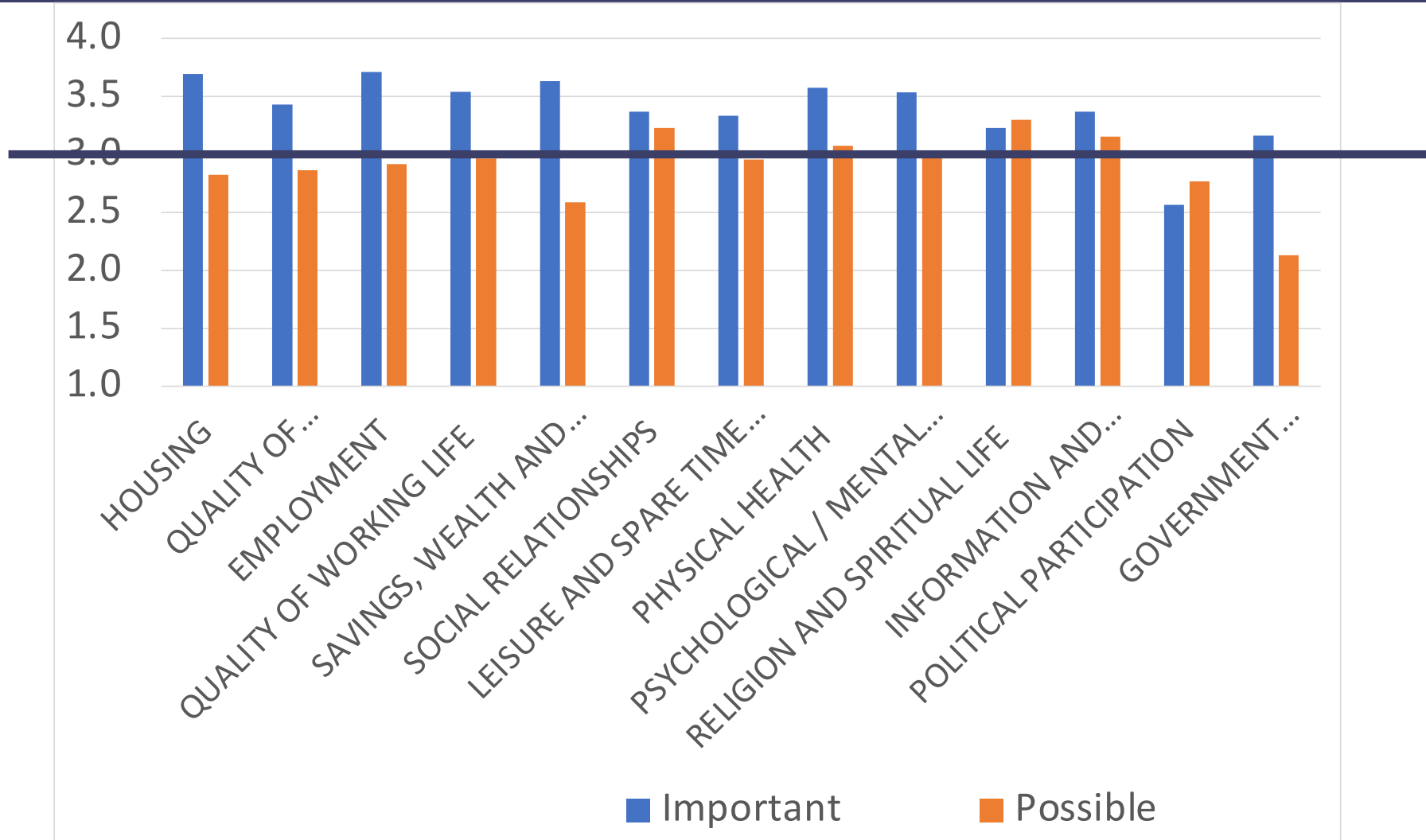
N > 2,000 (National)



4.0  
3.5  
3.0  
2.5  
2.0  
1.5  
1.0

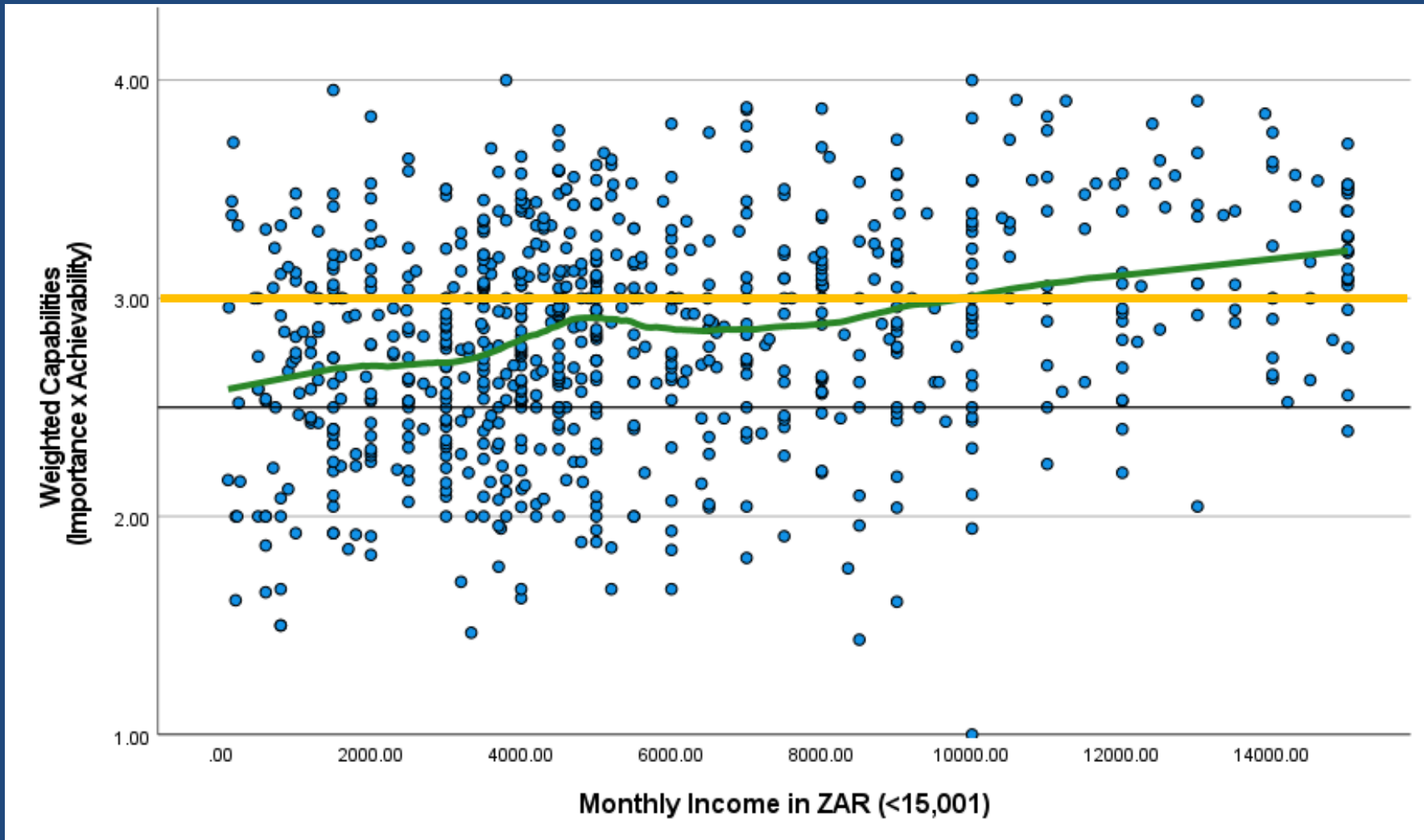
HOUSING  
QUALITY OF ...  
EMPLOYMENT  
QUALITY OF WORKING LIFE  
SAVINGS, WEALTH AND ...  
SOCIAL RELATIONSHIPS  
LEISURE AND SPARE TIME ...  
PHYSICAL HEALTH  
RELIGION AND SPIRITUAL ...  
INFORMATION AND ...  
POLITICAL PARTICIPATION  
GOVERNMENT ...

■ Important      ■ Possible





# Results: Income Distribution





## Core Principle

*Important:*  
**“How” >= “What”**

grow towards paying a living wage



# Living Wage South Africa Network

Research, Resources, Advocacy

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