

From Numbers to Dignity:
**Empowering Global Communities
through Living Wages**

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A Global Living Wage Mission



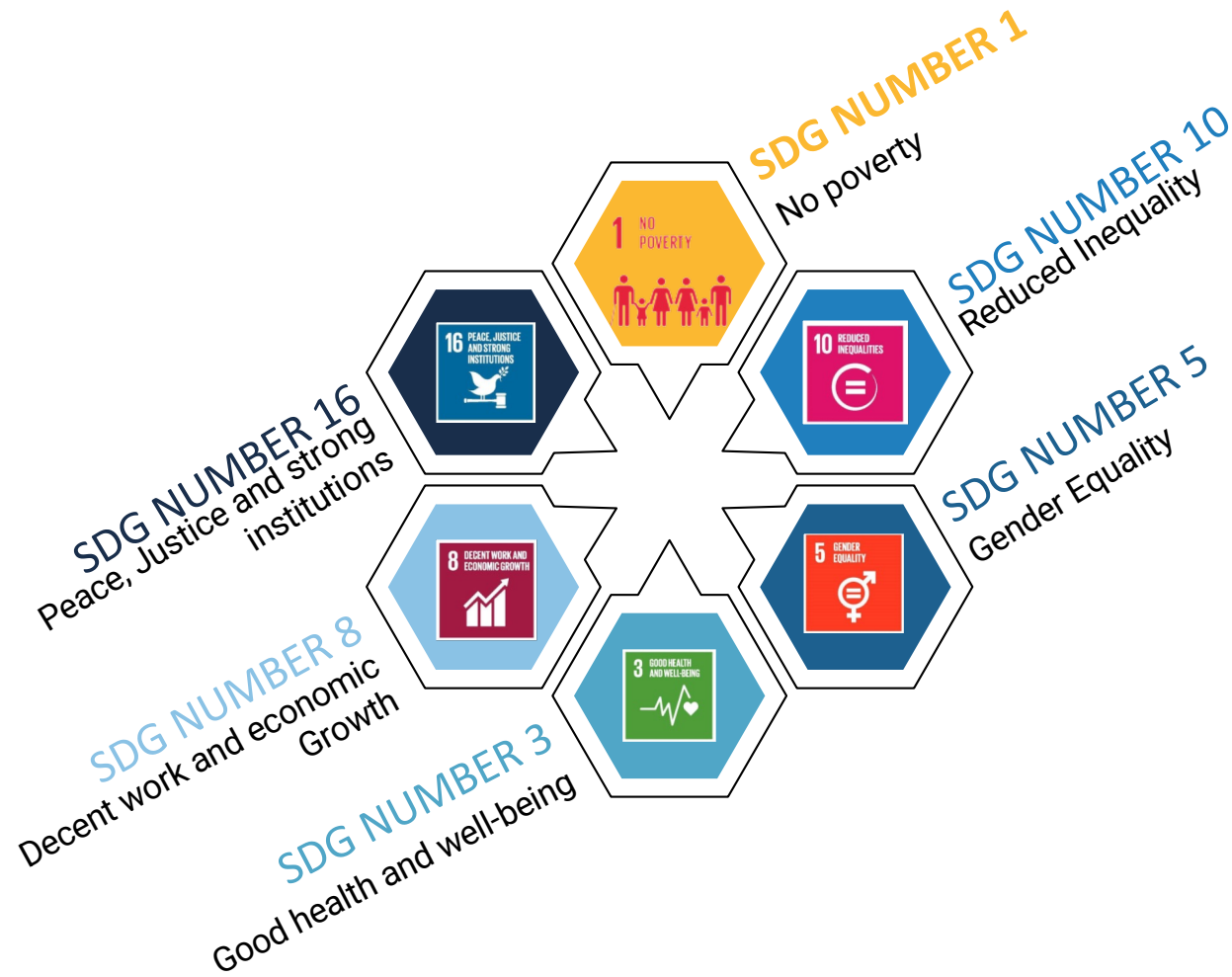
Goal:

- **Ensure workers earn a sufficient wage for a decent standard of living of their households.**

Significance:

- **Addresses in-work poverty, a key target of Sustainable Development Goals and universal social rights principles.**

Living Wages – a key to achieving several SDGs



From Classroom to Numbers



Many students around the world learn about and calculate unemployment, inflation, poverty

But let us be honest: they often think they won't use that knowledge in the real world

However, many impactful concepts and tools were born in the classroom, in researchers' drawing rooms.

Living wage calculations were born from a happy union of

- **rigorous methodology ("classroom")**
- **engagement with real-world's needs, ("hands-on")**
- **fired up by the inspiration, leadership and enthusiasm of WI and the LW team ("team"), constantly improved in debates with the global WI team. ("legitimacy and innovation")**

From Numbers to Dignity



Living Wages are not just some numbers.

These numbers mean dignity.

But Do They Work?

Economic Effects of Living Wages



Labor market effects

- **Living wages increase wages at the bottom decile of the wage distribution.**
- **Effects are stronger for broader living wage laws covering business assistance (tendering companies, seal of good employer?) recipients.**
- **Living wage laws boost wages for low-wage workers but may lead to employment risks among the least-skilled. Such risks are small, however.**

(Neumark, Thompson & Koyle, 2012)

Distributional Effects and Poverty Reduction

Direct:

- **Living wages tend to reduce urban poverty.**
- **Contrary to concerns, minimum wage laws don't exacerbate poverty among families already struggling.**

Distributional spillovers:

- **Redefining the standard, living wages also increase wages for other workers within poor families**

(Neumark, Thompson & Koyle, 2012)

Impact of Living Wages through Supply Chains: Employment and Environment

Effects of paying living wages to BRIC workers in Western European clothing supply chain.

Findings

- **Substantial increase in BRIC employment observed.**
 - Responding of additional income generates more jobs in BRIC.
- **Price increase in Western European clothing leads to minor reductions in consumption**
 - But wage increases somewhat reduce this effect
- **The carbon footprint goes down (affluent countries' consumption goes down), but this effect is in part counteracted by the increase in BRIC countries' consumption**

(Mair, Druckman and Jackson, 2019)

Impact of Living Wages on Innovation



Effects of paying living wages on innovation in Chinese manufacturing firms.

Findings

- **Wage increases contribute to innovation, these effects vary across industries and periods.**
- **Strongest impact in resource-intensive industries, significant effects in technology-intensive and labor-intensive industries.**
- **Wage increase -> labor productivity -> push for innovation**
- **Labor substitution mechanism does not show significant impact.**

(Shi and Liu, 2021)

Example: A Thai orchid producer started paying LW. To do this, extra training, innovation to upgrade productivity to match LW

Further Benefits of Adopting Living Wage: Health

Health improvements from adopting living wage in the US

Findings

Adoption of \$11.00/hr living wage predicts:

- **Decrease in premature death for adults aged 24-44.**
- **Improved subjective health ratings.**
- **Reduction in sick days, work limitations,**
- **Reduction in depressive symptoms.**
- **Reduced risk of early childbirth.**
- **Increase in daily alcohol consumption.**

(Rajiv Bhatia and Mitchell Katz, 2001)

But Diseases of Affluence?



Cross-sectional study comparing workers at intervention factory with a similar factory using statistical matching for causal inference.

Findings

- **Increased consumption of protein, dairy, soda, juice, and sugars.**
- **No significant impact on cardiovascular risk factors observed.**

Implications

- **Higher income didn't lead to short-term negative health effects.**
- **Caution needed regarding increased consumption of sugary beverages.**
- **Suggests need for complementary interventions to support healthy dietary intake.**

(David H. Rehkopf et al. (BMC Public Health, 2018))

Impact of Living Wages on Education



LW adoption/increase -> education

Findings

- **Increased education, high school completion of children** (Bhatia and Katz, 2001)
- **Increased wages provided better economic opportunities for students**
 - Better opportunities to finance their studies
 - No statistically significant effect on degree attainment within these groups -> drop-outs those who likely would not have completed their studies anyway
- Part-time students more affected, but no significant differences observed based on sex or race.

(Schanzenbach, Turner, and Turner, 2023)

What Do We Do?

The WI LW Methodology:



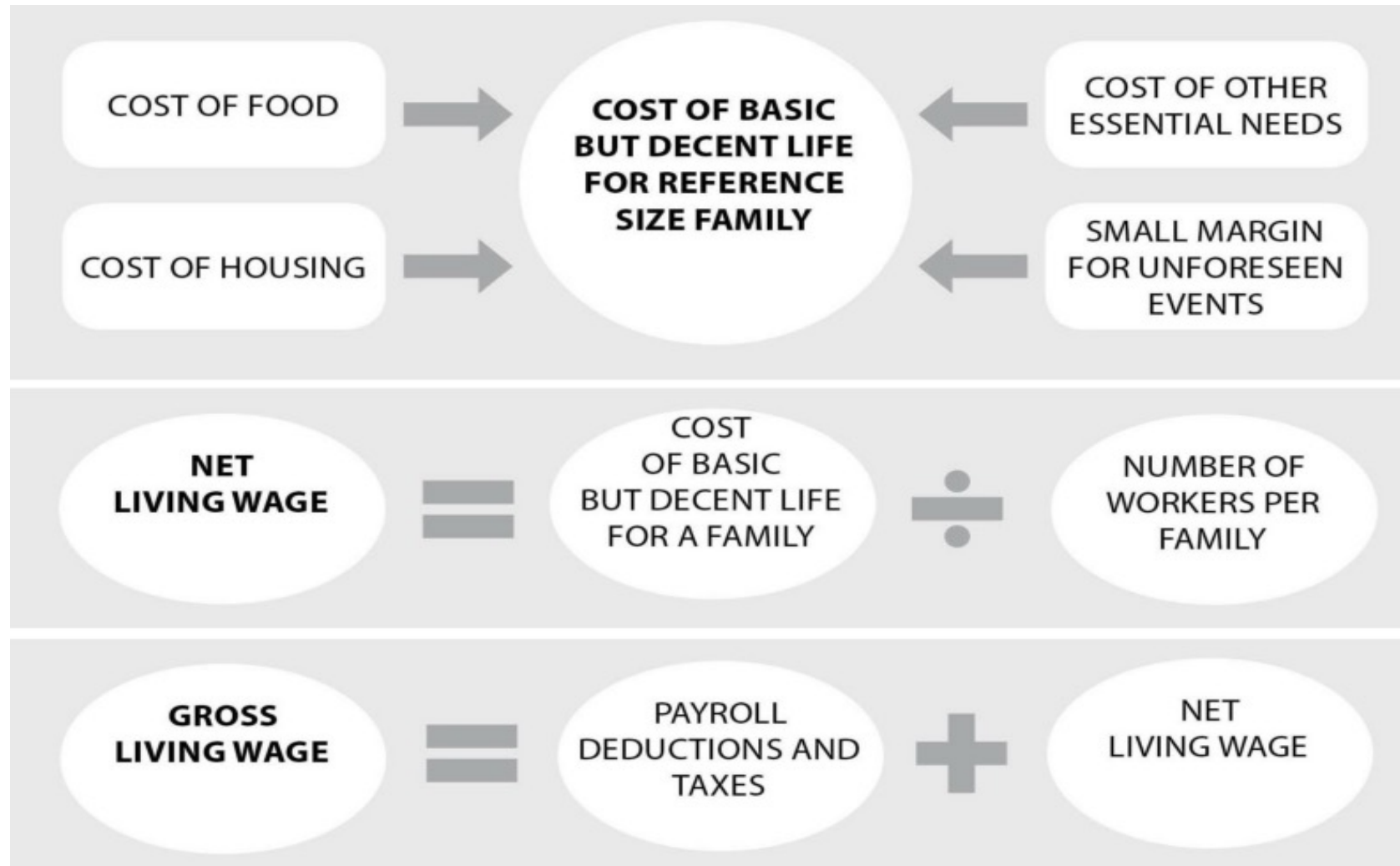
- **Rooted in state-of-the-art approaches and concepts outlined in literature.**
- **Richness of data allows for regionally differentiated living wages within countries.**
- **Harmonized methodology enables reliable international comparisons.**
- **Calculation accounts for household diversity, providing informative comparisons.**

More on LW Methodology:

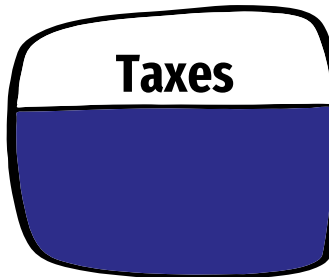
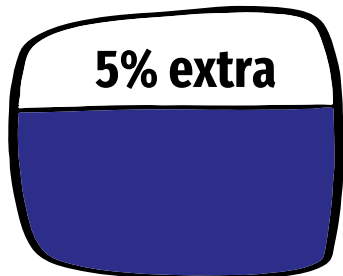
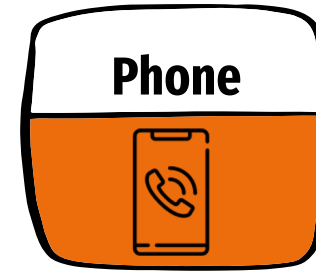
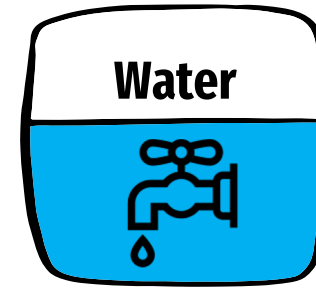
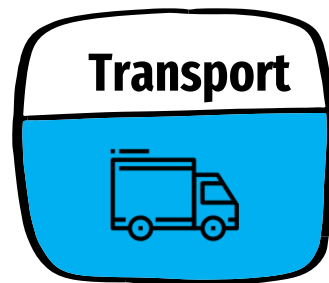
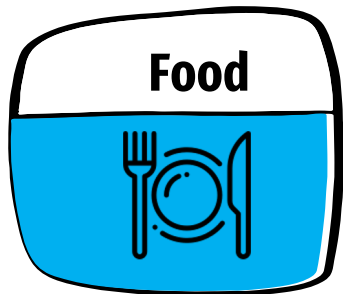


- **Regular updating ensures accuracy and relevance over time.**
- **Reporting of median and 25th percentile offers transparent comparison and reflects variation in prices and consumer preferences.**
- **Correction for income tax and social contributions ensures comparability to minimum and real wages.**

Living Wage estimation



The cost of living includes:



The collection of prices for Living Wages

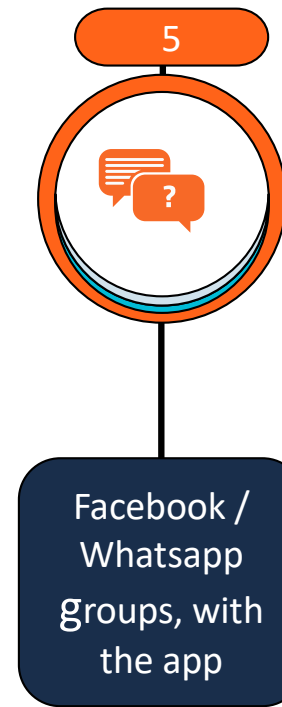
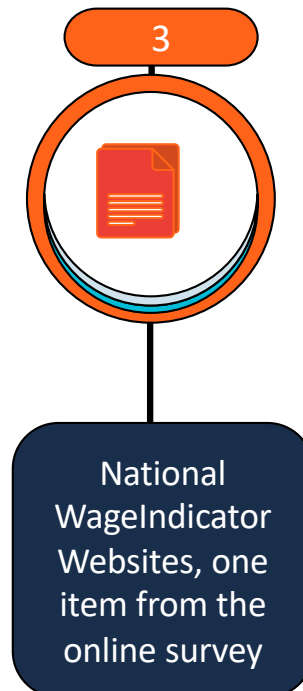
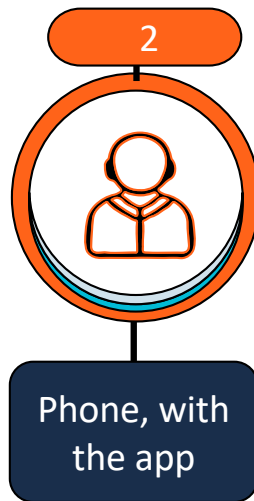
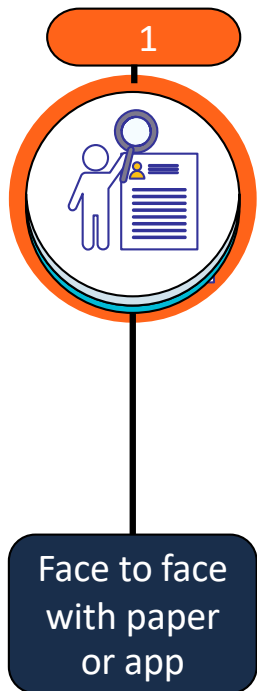


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shops and markets in low to low middle income areas, including housing prices of these areas



Data collectors are trained



So where is the LW project now?

- **UN refers to WI living wage data**
- **Social partners, workers, employers: Benchmark for wage bargaining**
- **Multinationals use WI's living wage data**
- **WI living wage data is used on the ground**

**But: Do LWs Really Measure What We Claim
They Measure?**

Do LW measure what we claim?



Research:

- **Do workers in occupations that can afford more LW baskets face lower risk of material deprivation, hardship, or are they more satisfied with their lives?**

Methods:

- Combine our LW data with World Values Survey, ILO wage data
- Unit of analysis: occupation (ISCO 1-digit)
- 44 countries, 7 occupation groups, mostly 2018.
- Statistical analysis to measure this relationship
 - Controls for countries

Results:

- YES IT WORKS!

Deprivation and LIVING WAGE baskets



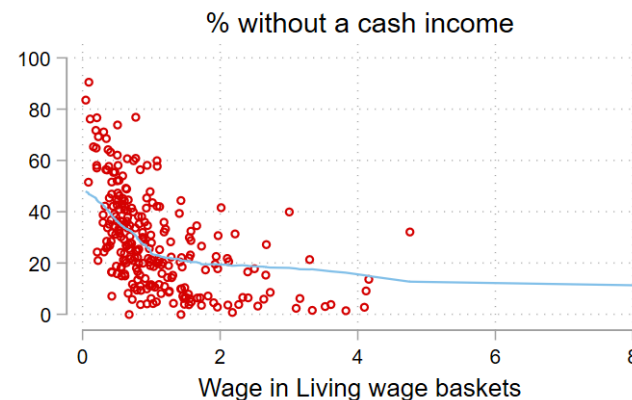
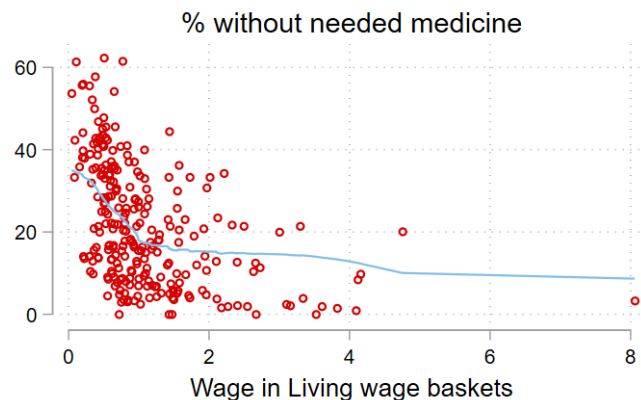
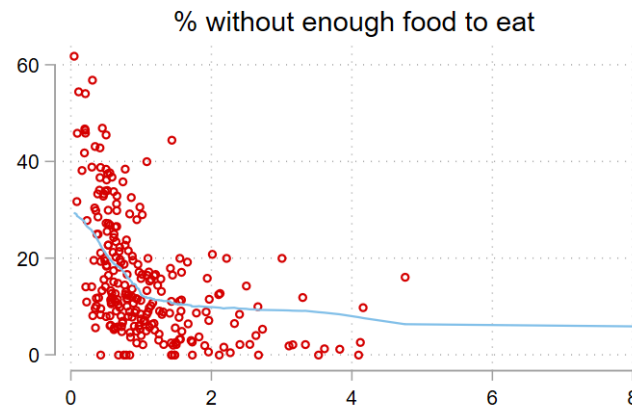
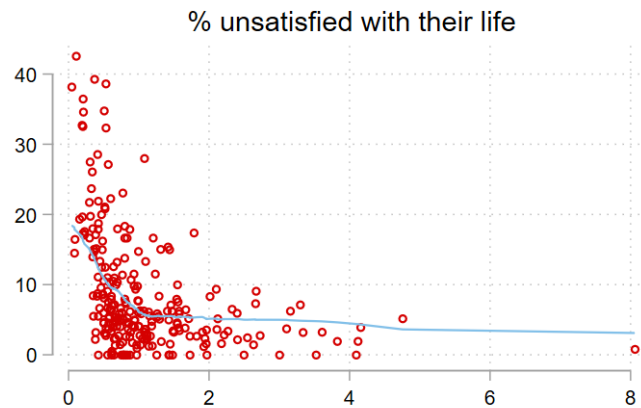
Deprivation indicators:

Family stayed without **enough food** to eat in the last 12 months (Often/Sometimes)

Family stayed without needed **medicine** or treatment in the last 12 months (Often/Sometimes)

Family stayed without **cash income** in the last 12 months (Often/Sometimes)

Dissatisfaction with life (1-3) measured on the scale 1-10



Source: WVS 2017-2022, WIF Living wage, ILO wage dataset

Note: Each circle represents one of seven occupation groups in 37 countries

Deprivation and LIVING WAGE baskets low-skilled occupations



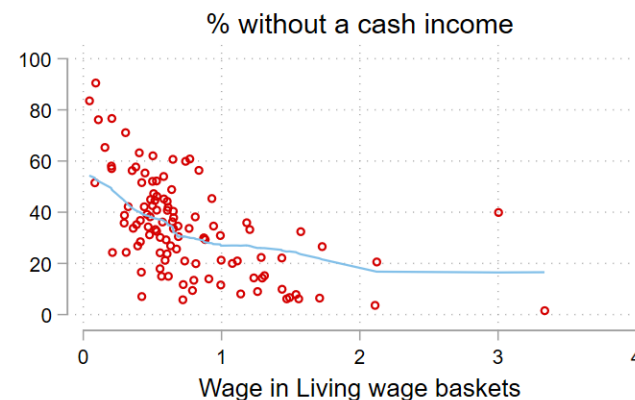
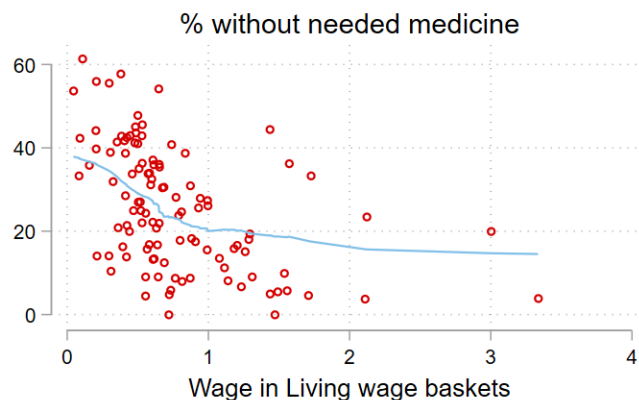
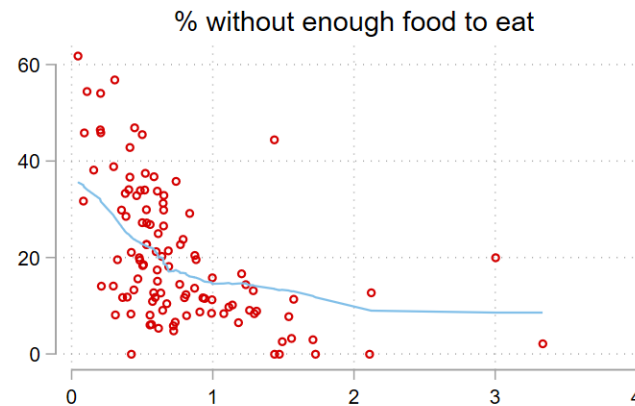
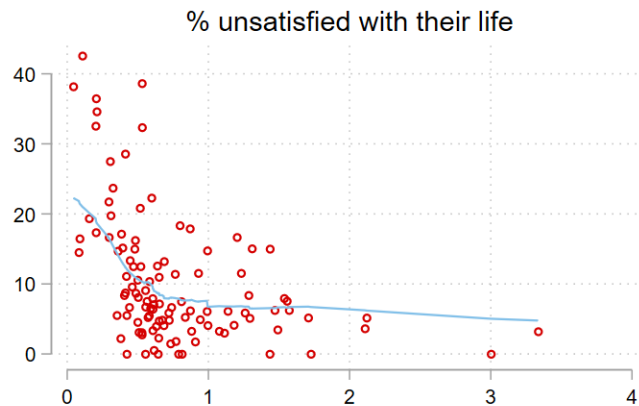
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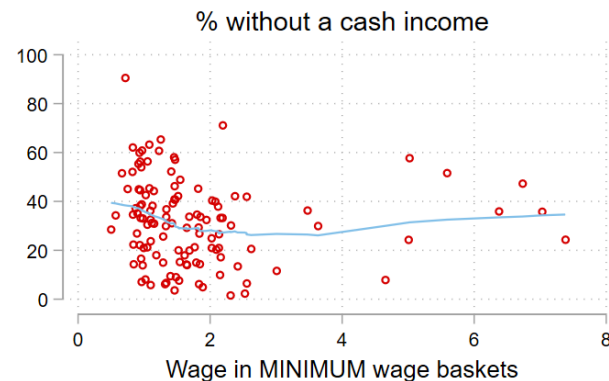
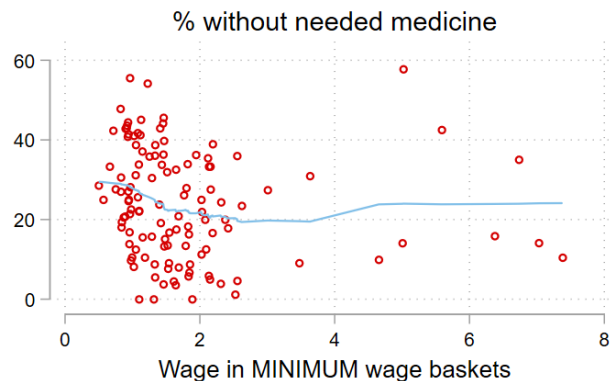
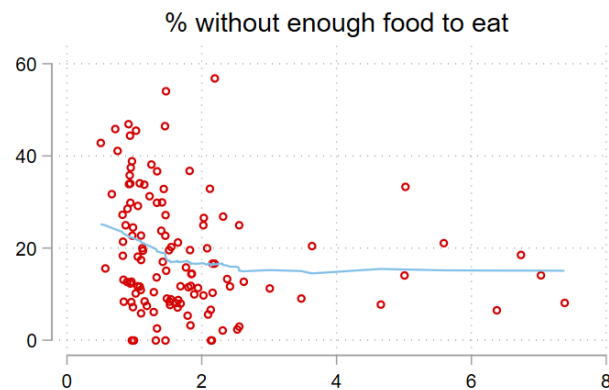
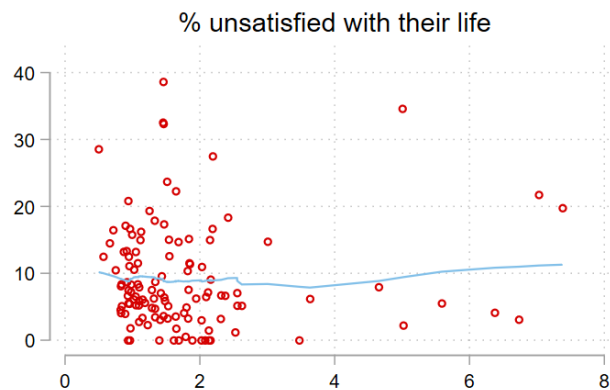
Dissatisfaction with life (1-3) measured on the scale 1-10



Source: WVS 2017-2022, WIF Living wage, ILO wage dataset

Note: Each circle represents one of seven occupation groups in 37 countries

Deprivation and MINIMUM WAGE baskets low-skilled occupations



Source: WVS 2017-2022, WIF Living wage, ILO wage dataset
Note: Each circle represents one of seven occupation groups in 37 countries

Deprivation indicators:

Family stayed without **enough food** to eat in the last 12 months (Often/Sometimes)

Family stayed without needed **medicine** or treatment in the last 12 months (Often/Sometimes)

Family stayed without **cash income** in the last 12 months (Often/Sometimes)

Dissatisfaction with life (1-3) measured on the scale 1-10

Our results



- **Living wages provide for decent living, especially effective for the low-income groups**
- **They do so more effectively than current minimum wages**
- **Policy implication: Bring minimum wages to living wages**

Questions for Future Research



- Study the efficacy of different types of living wage campaigns
- How do LW data inform wage bargaining, its outcomes, and social partners' strategies?
- How do the effects of living wages differ around the world? What factors contribute to the disparities in these effects
- How do they differ for different workers: gender, age, race and ethnicity, migration status, etc
- Are there both direct and indirect impacts to consider, such as changes in norms or voluntary wage increases?

Conclusions



Living wages promote dignity and well-being.

Addressing in-work poverty is crucial for sustainable development.

Global collaboration needed to establish universally applicable methodologies.

Our LW methodology is salient and measures what we claim it does – a reliable resource.

Call to action: Use the LW calculations to inform policies ensuring living wages for all.

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**THANK YOU FOR YOUR
ATTENTION!**

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