Living Wages: how do they compare to wage benchmarks?

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Statement: Let's not forget: Living Wages are key in achieving global sustainability.
Focus: Inclusive. **WageIndicator** doesn't exclude countries nor workers. It includes all, both formal and informal.

National WageIndicator websites in **200** countries, **50 languages**, **40 million visitors** per year.
The team: It is backed by a large set of universities

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<tr>
<th>20 full-time team members</th>
<th>100 freelance Specialists</th>
<th>Interns</th>
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<td>Spread over six offices in the world: economists, statisticians, lawyers, journalists</td>
<td>Throughout the entire world</td>
<td>From many universities</td>
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The system: It benefits from the same solid data infrastructure and an API with world coverage of coded countries, regions, languages, currencies, occupations, industries, education level, etc.

- **Statutory Minimum Wage**: 201 countries, over 20,000 entries!
- **Living Wages**: Now 130 countries, 1,600 regions and growing
- **Labour Law and Index**: Now 115 countries, and growing
- **Salary by occupation**: 80 countries, and growing
- **Collective Agreement Database**: 62 countries, and growing
The users: Who is using the Living Wages and connected databases?

When the organisation acts global:

1. **Multinationals**: They prefer one INCLUSIVE approach, 100% scaleable.
2. **Platform companies** who need to set basic tariffs - including occupational related cost - for many countries
3. **Medicin sans Frontieres/MSF** works in complex countries, their employees need a Living Wage at least

When there is no benchmark:

4. **Trade unions and workers** need it for negotiation. Take e.g. Garment workers in Ethiopia made 20% income increase with the help of the Living Wages. *(there is no relevant Minimum Wage for the Garment industry)*
5. **Pakistani Ali Enterprises** family members, victims of fire, got a compensation based on WageIndicator Living Wages.
6. **Millions of users**: They need insight in Minimum Wages and Wages in Context.
The collection: How do we collect prices for Living Wages?

1. Face to face with paper or app
2. Phone, with the app
3. National WageIndicator Websites, one item from the online survey
4. Cheap Food Webshops, with the app
5. Facebook / Whatsapp groups, with the app

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

Data collectors are trained

Innovations in data collection?
We test with scraping and text mining. On the scale we work, we always need - so far - the human check.
One survey: What do we collect in our basket with one and the same survey?

Surveys are in national languages and active in 200 countries. Survey is stable over the last six years, although over time we added cost for phone, water and clothes, and plan to include sanitary pads and condoms soon.
The adjustment: We benchmark, clean and adapt

**World Food Programme**
Food Prices data - 70 countries

**Data bureau of statistics**
Extra Health, Phone cost, Education

**IMF**
Inflation correction for data from last year (s)

**Minimum Wages**
Housing prices are related to the Statutory Minimum Wages or a low skilled wage in case Minimum Wages are “corrupt” or nonexistent.

**Numbeo**
For a few countries housing prices are checked for outliers.
Regions in countries are clustered into 4 groups in case there is not enough primary data (currently used in 8% of the regions)

**Cluster 01**
Metropolitan areas, including the suburbs of these cities

**Cluster 02**
Provinces where the largest city has 1-2 million inhabitants

**Cluster 03**
Provinces where the largest city has between 100,000 and 1 million inhabitants

**Cluster 04**
Provinces where the largest city has less than 100,000 inhabitants

**Identifying the locality**
In the survey the interviewer identifies the city/region where the data is collected. For the Living Wage calculations, the prices are aggregated to higher-level regional units (usually a province or a state for bigger countries) within countries and to country level.

92% of regional Living Wages is calculated using primary data.
The family type: How we calculate

We calculate for 3 family types:

- **Individual**: One person working 100% of the national working time.
- **Standard family**: 2 adults and 2 children. One adult works 100% of the national working time, the other adult works 80% of the national working time.
- **Typical family**: 2 adults and as many children as indicated in the national fertility rate. One adult works 100% of the national working time and the other adult working time is given by the National Employment Rate information.
The delivery: Each quarter. Living Wages per month, per country and region in the national currency, lower bound / higher bound

The components:
Breakdown of all components, like food, water, housing, clothes, etc

The Family:
Individual, Standard family, Typical family.

Earmarked: A batch is earmarked, in such a way that a worker or shareholder can trace back the batch.

EXTRA:
The actual Wages:
Low skilled
Medium skilled
High skilled

EXTRA:
Detailed Statutory Minimum Wages

EXTRA:
Labour Law: Related working time per country, Labour Right Index per country/sector.
The quality: Challenges when implementing Living Wages

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<td>War zones like Yemen / Armenia / Ethiopia</td>
<td>Extreme inflation like Venezuela or Zimbabwe</td>
<td>Companies who want their own Living Wage for their own village * many locations. Not sustainable for the company, other companies, and WageIndicator</td>
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<td>Spikes over time - not many but in some cases we don’t understand</td>
<td>A new region: if there is hardly any other data to benchmark with - it might take a few quarters to flatten the curve</td>
<td>Align all benefits - 13th month, vouchers for food, transport - around the world.</td>
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A company checks whether there is a Living Wage issue, if so, what are the cost involved.

A company creates a strategy for living Wage implementation. Decision is made whether the Living Wage is an equivalent of the basic wage (recommended by WageIndicator). Some companies prefer to include 13th month, food or transport vouchers. Ok, as long as it is clearly defined why and how for which location.

A company implements / pays and adapts a Living Wage.

Almost all clients use the same estimate “typical family lower bound”.

The use: How are Living Wages used?
The comparison: Minimum Wages in 200 countries

Updating is key: Check the WageIndicator map, October 2021!

11 countries above the Living Wage: It's time for Living Wage Plus!
Australia, Austria, France, Germany, Ireland, Oman, the Netherlands, New Zealand, Saudi-Arabia, UK

Minimum Wage is complex:
77 countries with one rate.
53 with up to ten rates!
India, Pakistan, Ecuador have more than 1000 rates broken down by region, jobs, industry.
15 countries have no rates.

Too low: 73 countries are below 2 US dollar a day

in 9 countries the highest Minimum Wage is at least twice the lowest Minimum Wage
Bangladesh, China, India, Indonesia, Kenya, Malawi, Tanzania, USA

Too low: 73 countries are below 2 US dollar a day

* Red colour indicates those countries which last updated minimum wages in 2017 or earlier.
** In countries where minimum wages are collectively negotiated, the last updated date is merely arbitrary and the actual date of minimum wage revision may be different.
The comparison: Minimum Wages - Living Wages - Low Skilled Wages - in OECD countries

WageIndicator Data Sources:
- Living Wage Typical Family - lowerbound - WageIndicator (October 2021)
- National Minimum Wage applicable to the whole country as per October 2021
- Low Skilled Wages - Wageindicator (update 2021 - where possible in line with Bureaus of Statistics data from up to till 3 years before)
The comparison: Minimum Wage as % of Living Wage - in 92 non-OECD countries

% of the Living Wage that is covered by the Minimum Wage in non-OECD countries, average per income group

- **A: Low income**
  - Avg 25%

- **B: Lower middle income**
  - Avg 27%

- **C: Upper middle income**
  - Avg 45%

- **D: High income**
  - Avg 82%
Good to know:

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

FAQ
https://wageindicator.org/salary/living-wage/faq-living-wage

Minimum Wages
https://wageindicator.org/salary/minimum-wage

Data visual
https://wageindicator.org/salary/living-wage/living-wages-explanation-visual

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Living Wages - Minimum Wages - Low Skilled Wages - in 92 non-OECD countries