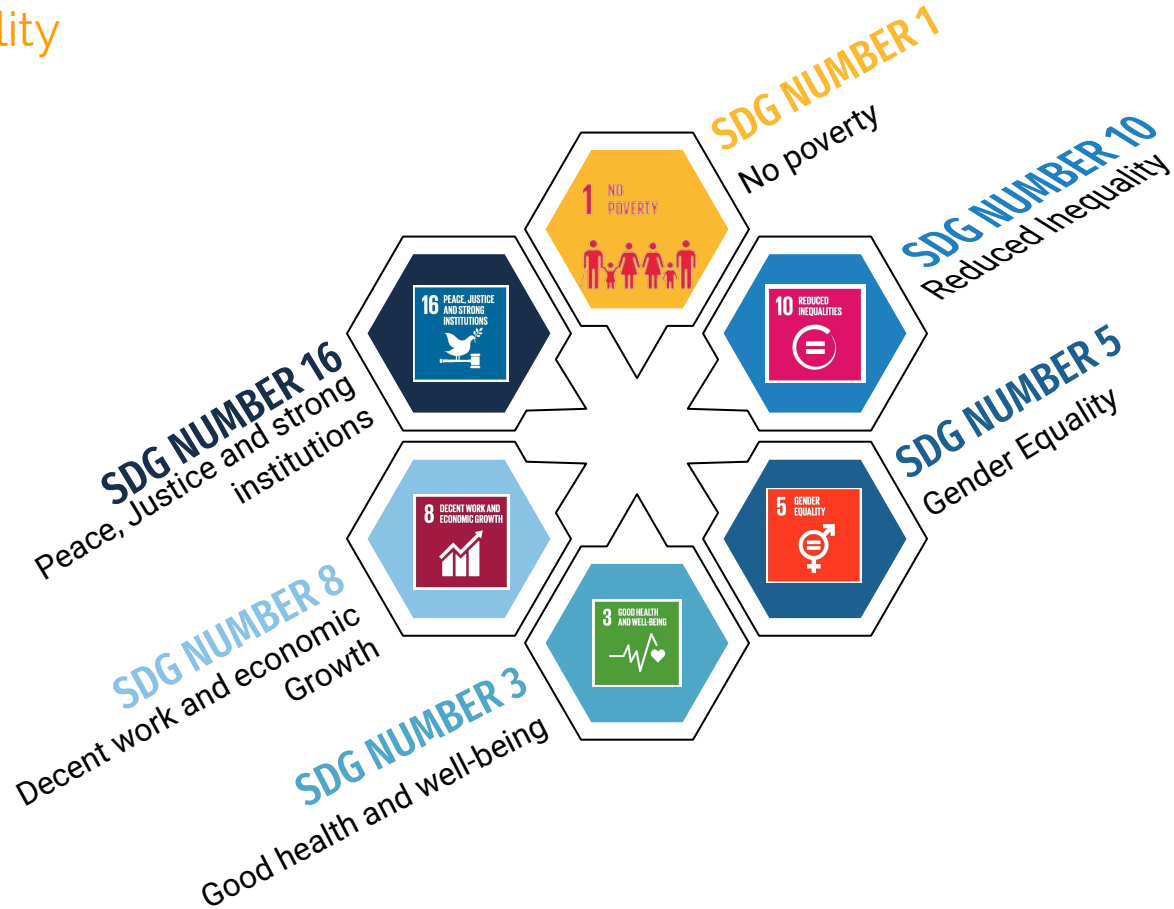


Living Wages:

how do they compare to
wage benchmarks?

Paulien Osse,
Daniela Ceccon,
Martin Guzi,
Martin Kahanec.
OECD - Living Wage Workshop
9 November 2021

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.



The team: It is backed by a large set of universities

20 full-time team members



Spread over six offices in the world:
economists,
statisticians, lawyers,
journalists

100 freelance Specialists



Throughout the entire world

Interns



From many universities



UNIVERSITY OF AMSTERDAM



CENTRAL EUROPEAN UNIVERSITY



विकासविनि योगादिकासः
IIM
AHMEDABAD



FLAME UNIVERSITY

Erasmus University Rotterdam



MASARYK UNIVERSITY

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



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 f.e. 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.

accenture



The collection: How do we collect prices for Living Wages?

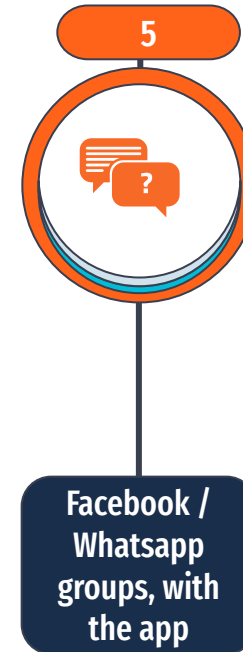


FOCUS

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

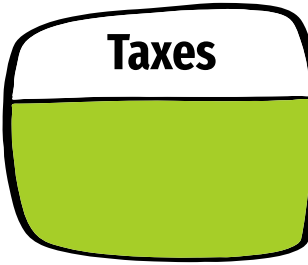
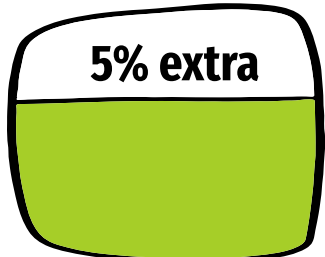
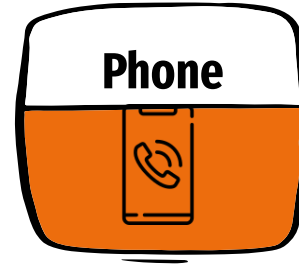
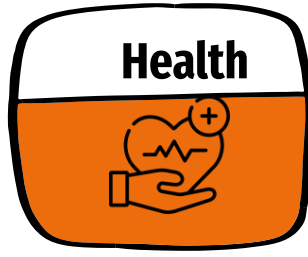
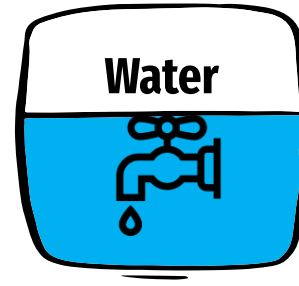
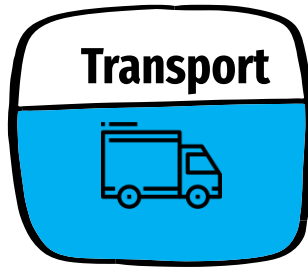
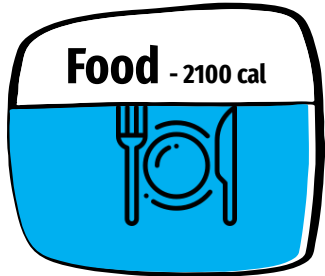


Data collectors are trained



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



Food Prices data -
70 countries



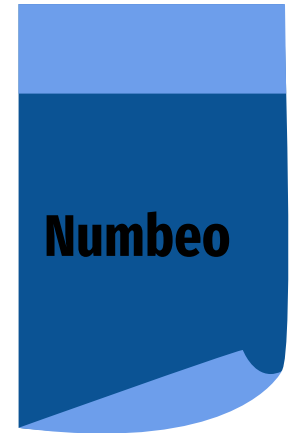
Extra Health, Phone
cost, Education



Inflation correction for
data from last year (s)



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



For a few
countries
housing prices
are checked for
outliers

The region: How we calculate

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

Provinces where the largest city has 1-2 million inhabitants



Cluster 02

Cluster 03



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

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



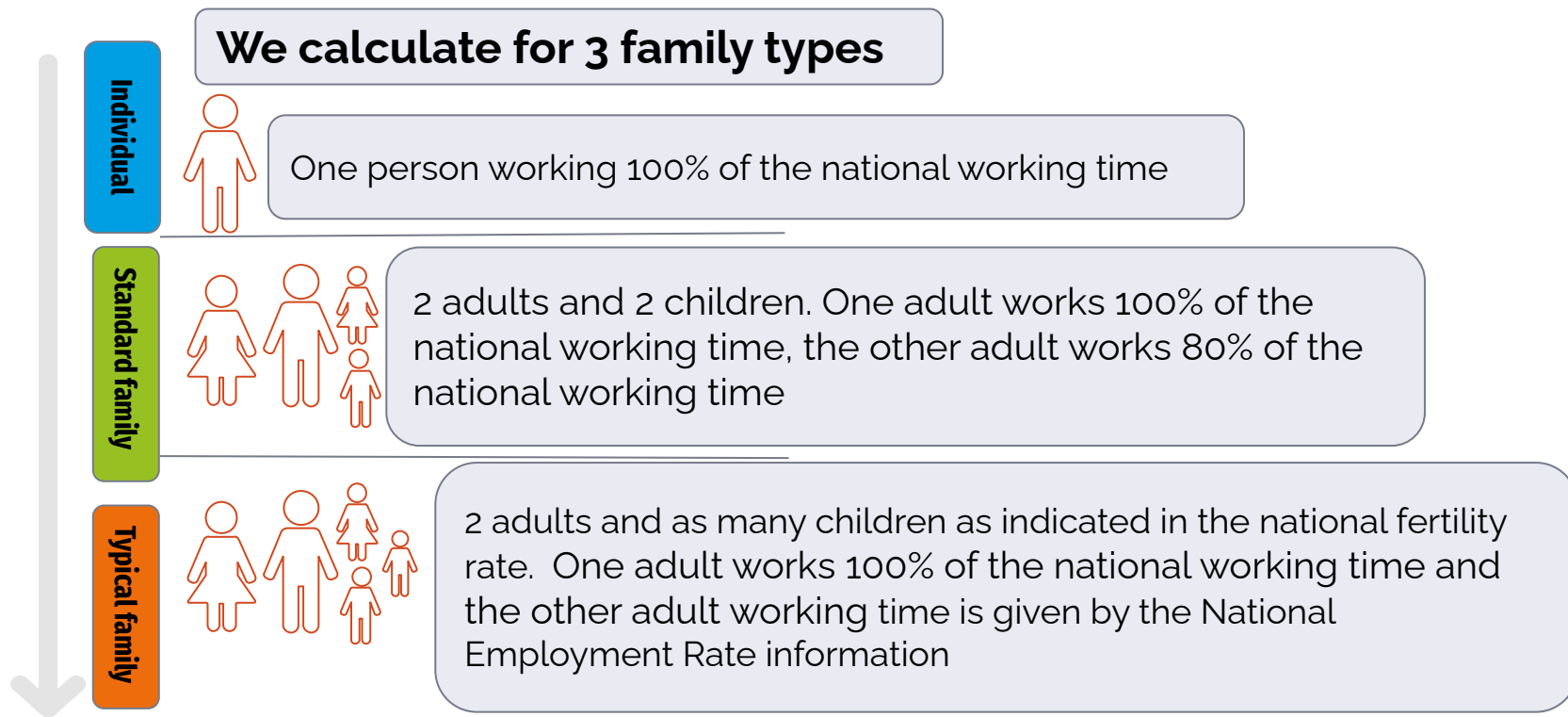
Cluster 04

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



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



The use: How are Living Wages used?



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



1

A company checks whether there is a Living Wage issue, if so, what are the cost involved



2

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.

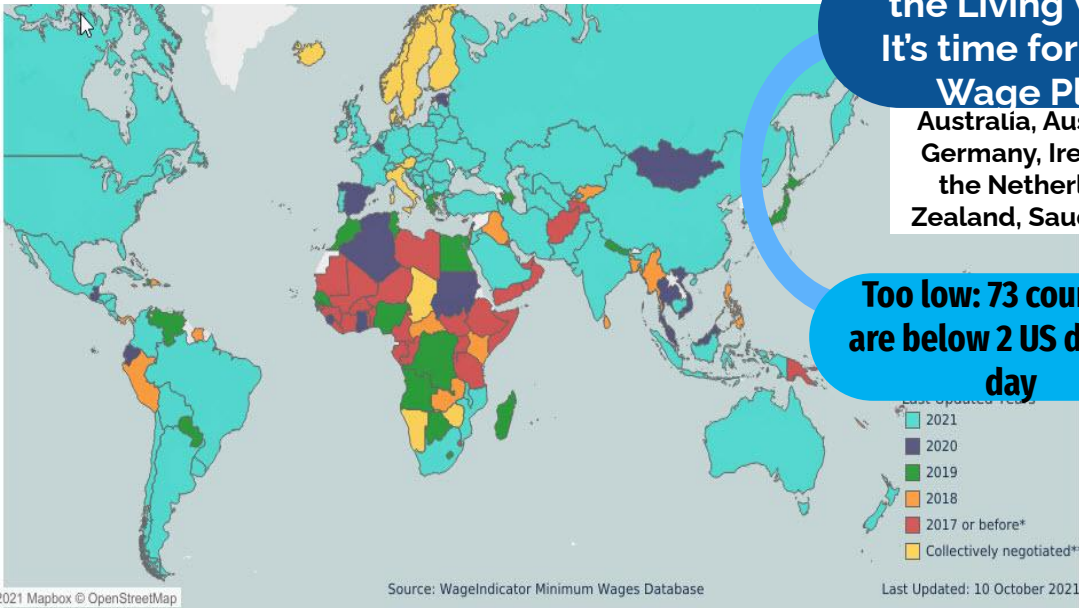


3

A company implements / pays and adapts a Living Wage

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

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

**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.

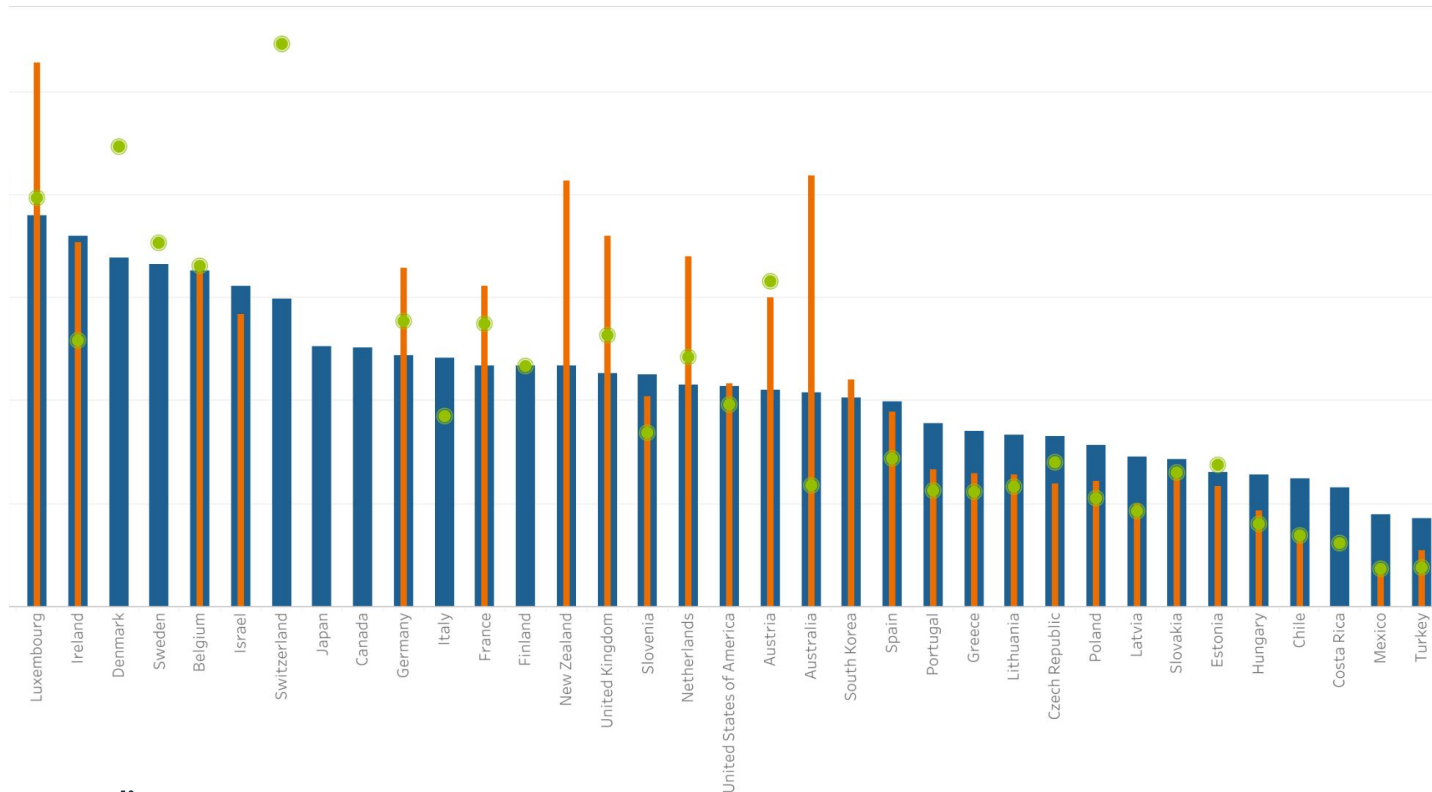
**in 9 countries the highest
Minimum Wage is at least
twice the lowest Minimum
Wage**

Bangladesh, China, India, Indonesia,
Kenya, Malawi, Tanzania, USA)

* 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

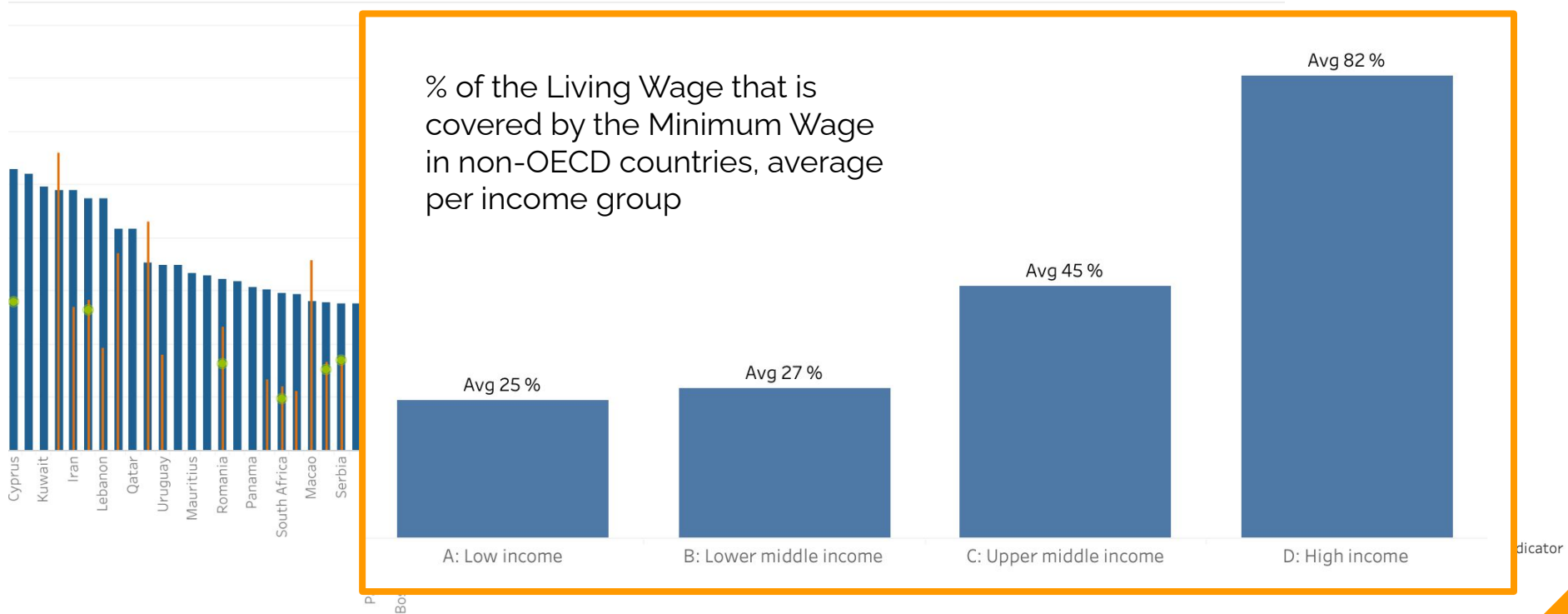


WageIndicator Data Sources:

- 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)

■ National Minimum Wage
■ Living Wage Typical Family - WageIndicator
■ Low Skilled Wage - WageIndicator

The comparison: Minimum Wage as % of Living Wage - in 92 non-OECD countries



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>

Contact

Paulien Osse

paulienosse@wageindicator.org

Daniela Ceccon

danielaceccon@wageindicator.org

Martin Guzi

martin.guzi@celsi.sk

Martin Kahanec

dp@celsi.sk



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

