

UNDERSTANDING THE DRIVERS OF MINIMUM WAGE-SETTING: AN ANALYSIS OF 201 COUNTRIES

Kea Tijdens and Maarten van Klaveren
WageIndicator Foundation
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What is an effective Minimum Wage?

- **Rules of guidance → ILO Convention 131:**
 - Take into account needs of workers and their families: “wage floor guaranteeing a decent life...”
 - Take into account economic factors in country at stake (risks of inflation, negative employment effects)
 - Important roles for unions and employers (-associations)
→ have to work towards realistic, transparent and enforceable SMW
- **Insight in detailed MW rates is missing**
 - World Bank and ILO maintain MW database with 1 rate per country per year
 - WageIndicator MW Database has multiple rates p/country p/month
→ allows to reconstruct countries’ MW policies



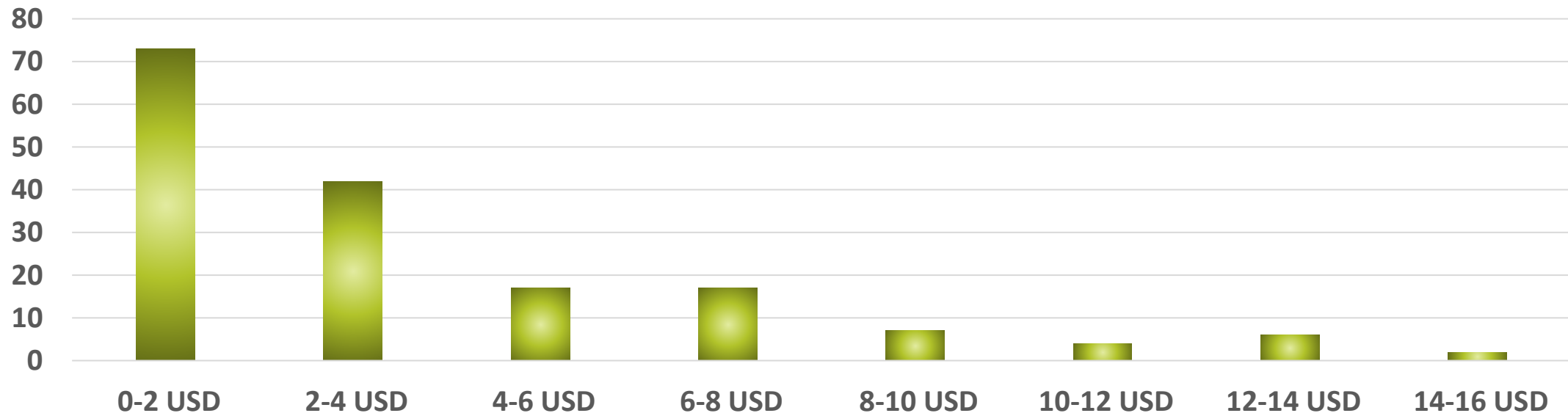
Why WageIndicator MW Database?

- **WageIndicator websites**
 - 2006: website in India published MW rates >> visitors were searching for this
 - 2007-13: teams in many countries published MW rates on their websites
→ Wage Boards are qualified for decision making, but less so for communicating their decisions → demand from the public for this information
- **WageIndicator MW Database**
 - 2013: systematic collection of MW rates for websites in approx. 80 countries
 - 2018: tool MW_APP, publishing MW rates directly on the national web pages
 - 2021: MW database included rates for **201** countries, totalling to **20,842** entries



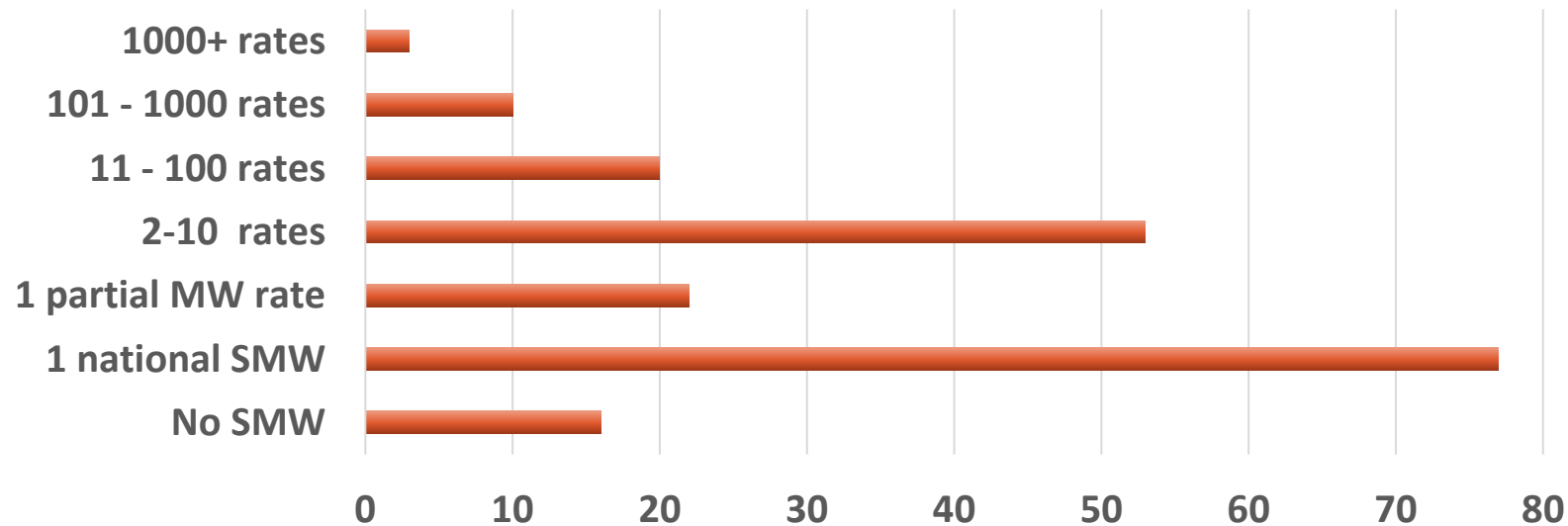
What are MW levels across countries?

- **168 countries and their lowest MW rate in standardised US Dollar**
 - 73 countries have a MW rate of less than 2 USD per hour
 - 42 have so for 2 – 4 USD per hour



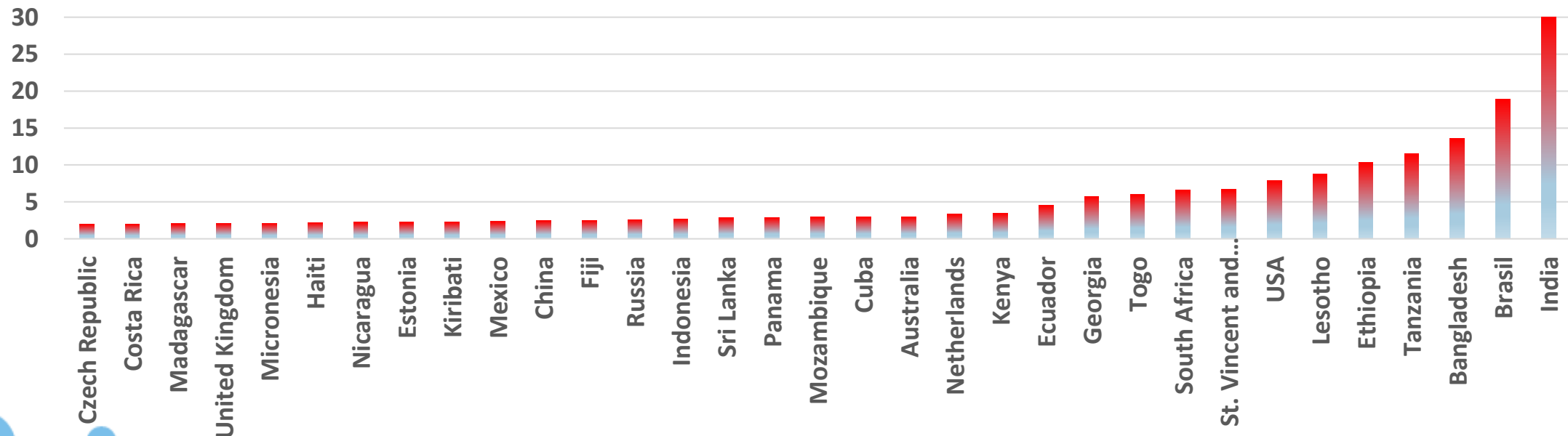
How complex are MW rates by country?

- **Do most countries have 1 MW rate for the whole country?**
 - 77 of 201 countries have 1 MW rate only
 - 53 have 2-10 different rates
 - 3 countries have even 1,000+ rates: Ecuador, Pakistan, India (13508 rates)



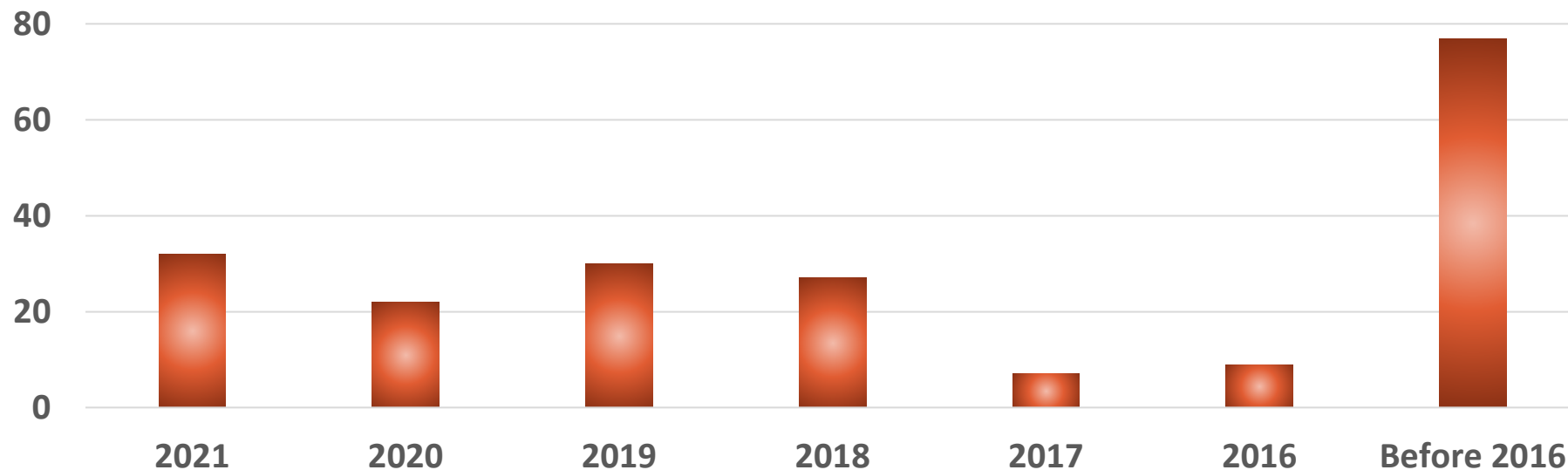
What is the gap between lowest and highest rate?

- India Highest rate is **30** * higher as lowest rate
- Brasil Highest rate is **19** * higher as lowest rate
- USA Highest rate is **8** * higher as lowest rate



How often do countries update the rates?

- 32 countries updated in JAN 2021
- 22 countries updated in 2020
- 77 countries did only update before 2016



How do countries differentiate MW rates?

- **Four dimensions in countries' MW policies**
 - **Full versus partial coverage:** 120 countries
 - **Purchasing power policies:** 25 countries, e.g. by province, city, urban-rural
 - **Mimicking collective bargaining:** 57 countries, e.g. by industry or occupation
 - **Addressing special interest groups:**
 - 8 countries have specific rates for EPZ workers
 - 10 countries have specific rates for age groups
 - 19 countries have specific rates for domestic workers



Thank you for listening

- **Questions?**

See <https://wageindicator.org/salary/minimum-wage>

- **maartenvanklaveren28@gmail.com**
- **k.g.tijdens@uva.nl**



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