

# Living Wage for a Decent Life - Global Estimates

**Martin Guzi**  
**Masaryk University**

# Working poor

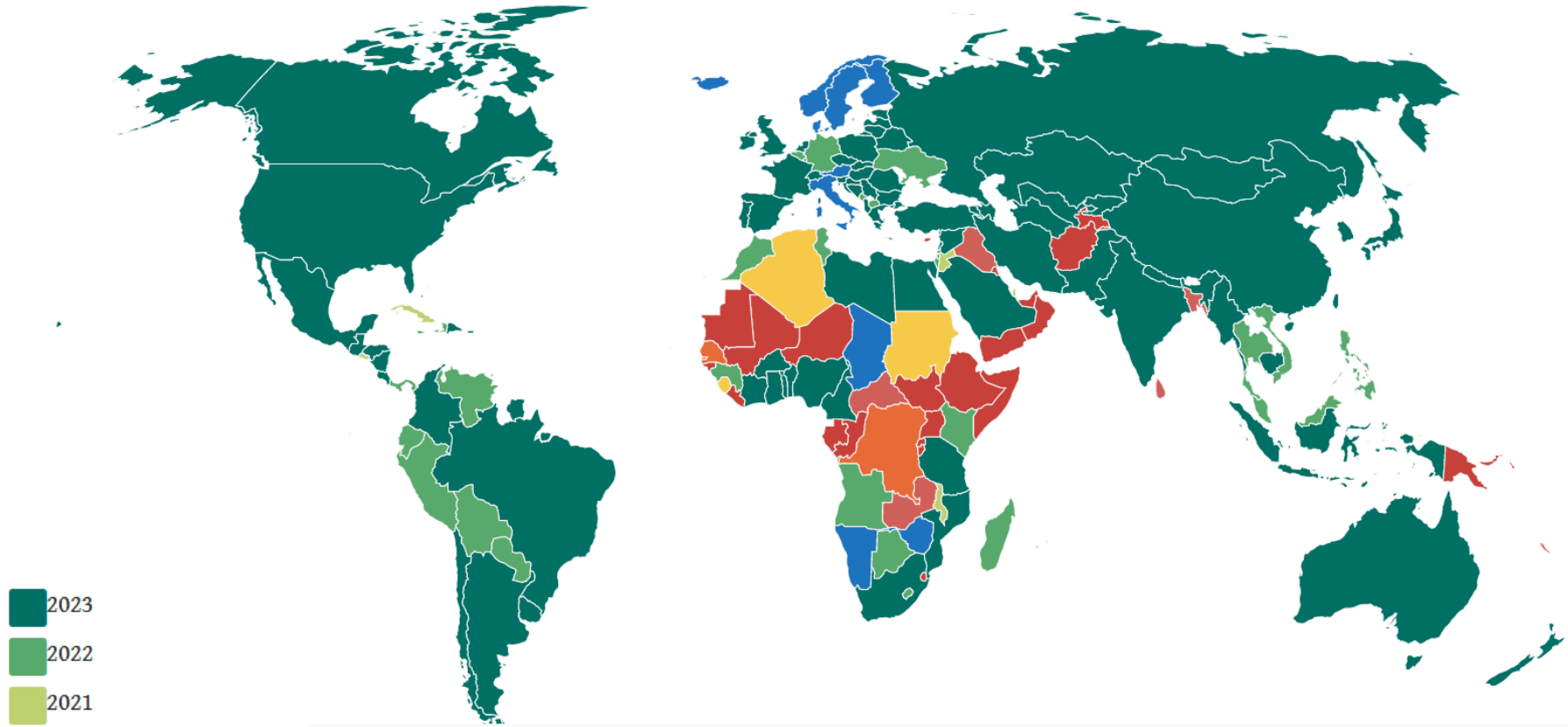
- Growing discrepancies between wages and labor productivity growth in a large number of countries.
- Working poor with a job but at risk of poverty.  
(also in EU 8.3 % of the working population at risk of poverty)
- Targeted social security benefits to low-income households.
- Properly designed minimum wages, are an effective policy tool which can provide a decent wage floor.

# Minimum wage (MW)

- A minimum wage is the lowest hourly, daily or monthly remuneration that employers may legally pay to workers.
- Defined and updated by politicians therefore does not reflect increases in prices.
- Supporters say MW increases the standard of living of workers, reduces poverty, reduces inequality, boosts morale and forces businesses to be more efficient.
- Opponents say MW increases poverty, increases unemployment (particularly among low productivity workers) and is damaging to businesses.



# When was the Minimum Wage last updated in your country?



- 2023
- 2022
- 2021
- 2020
- 2019
- 2018
- 2017 or before
- Collectively negotiated

Ken Rock  
©2001

KEEP  
WORKING,  
IT'S THE ONLY  
WAY OUT!



THE MINIMUM WAGE JOB

# Other poverty indicators:

## Minimal acceptable living standards

- Real value of the (relative) poverty threshold, 3EUR/day in RO, 7-8EUR in CEE but 50EUR in LU.
- Budget Standard Approach, basic standard of living is calculated based on the cost of a specific basket of goods and services – necessities largely differ between regions.  
i.e. covering things like food, clothing, personal care, health related costs, household goods and services, educational costs, housing , transport, fuel. Used in UK, IE and developed in the EU  
[www.referencebudgets.eu/](http://www.referencebudgets.eu/)
- Poverty measurement by the consumption approach, the poor are distinguished from the non-poor by how much of their income they spend on basic necessities .  
e.g. Housing Cost Overburden (8.7% in the EU in 2022)

### People at risk of poverty after social transfer

Time frequency: Annual

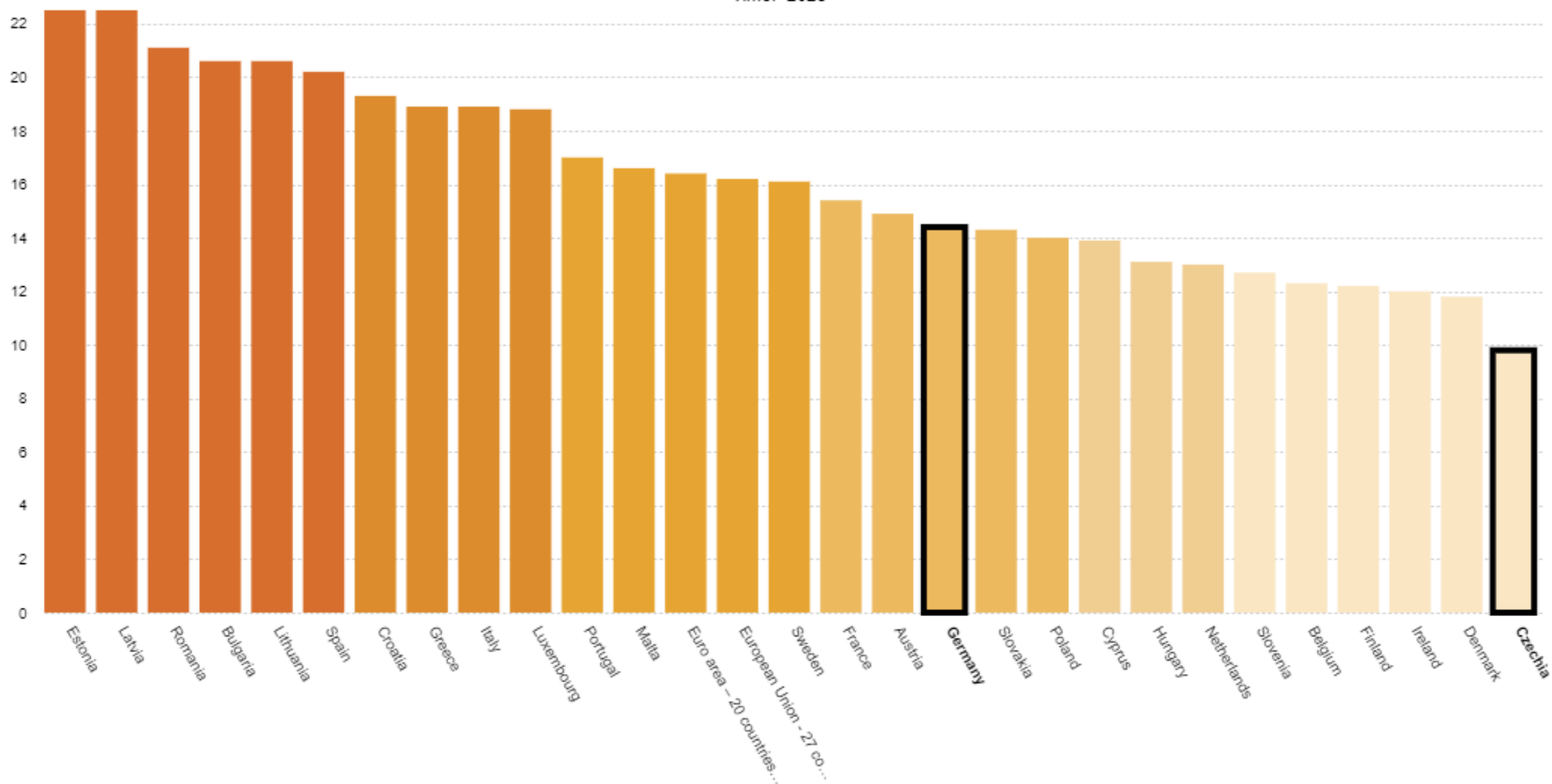
Sex: Total

Unit of measure: Percentage

Income and living conditions indicator: At risk of poverty rate (cut-off point: 60% of median equivalised income after social transfers)

Age class: Total

Time: 2023



People at risk of poverty after social transfer [tipslc20]

Source of data: Eurostat - Last updated date: 04/10/2024 23:00

Disclaimer This graph has been created automatically by ESTAT/EC software according to external user specifications for which ESTAT/EC is not responsible. Graphic included.

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### Inability to make ends meet

Time frequency: Annual

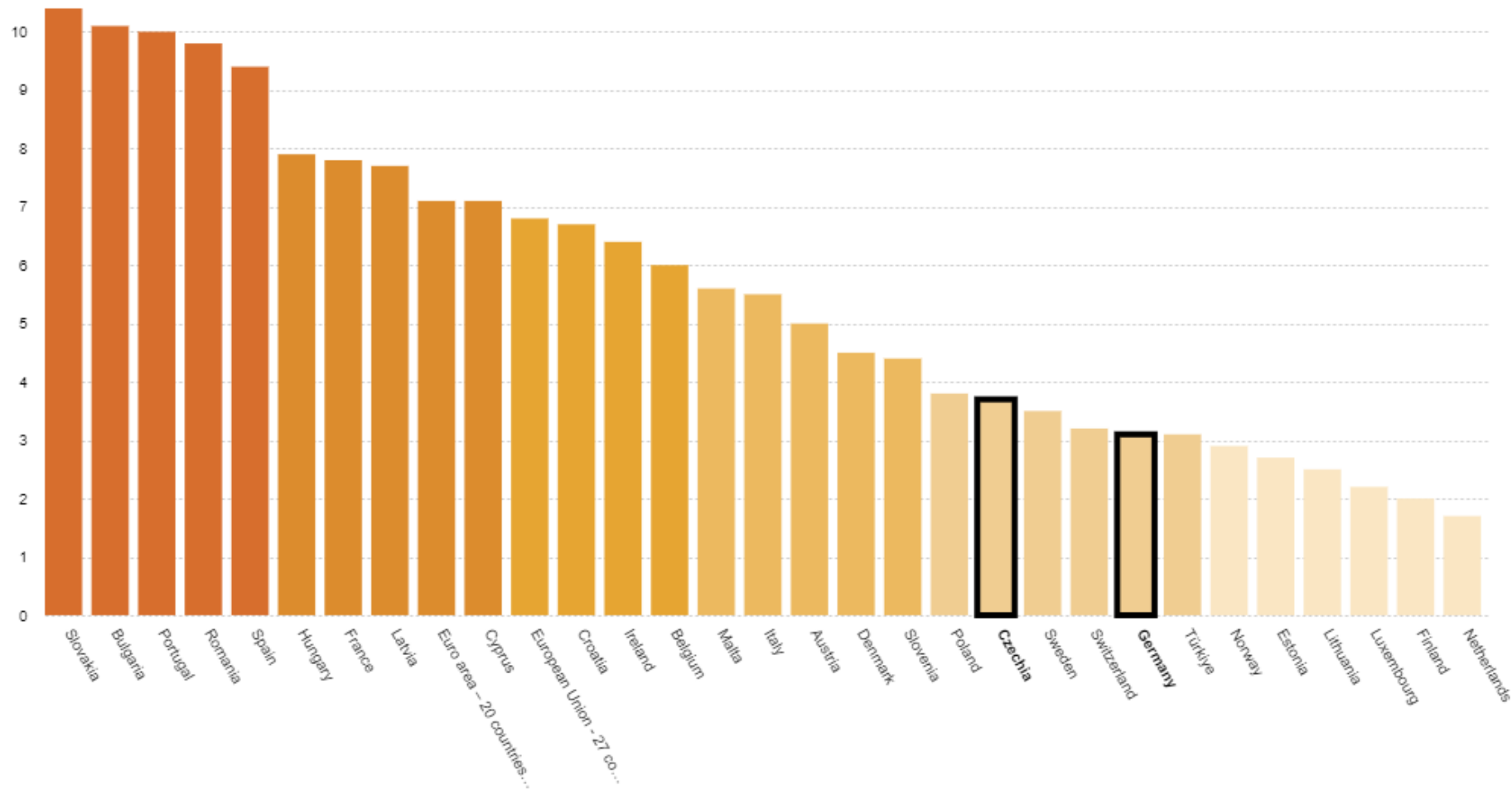
Unit of measure: Percentage

Subjective and non-monetary indicator: Households making ends meet with great difficulty

Type of household: Total

Income situation in relation to the risk of poverty threshold: Total

Time: 2023



Inability to make ends meet [ilc\_mdcs09\$defaultview]

Source of data: Eurostat - Last updated date: 02/02/2024 23:00

Disclaimer This graph has been created automatically by ESTAT/EC software according to external user specifications for which ESTAT/EC is not responsible. Graphic included.

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# A Living Wage = A Human Right

- Human right (since 1919 defined by ILO)  
*“...ultimate objective is to ensure to workers a minimum wage that will provide a satisfactory standard of living to them and their families.”*
- However there is no accepted definition of what a Living Wage is and no agreed methodology on how to measure it.

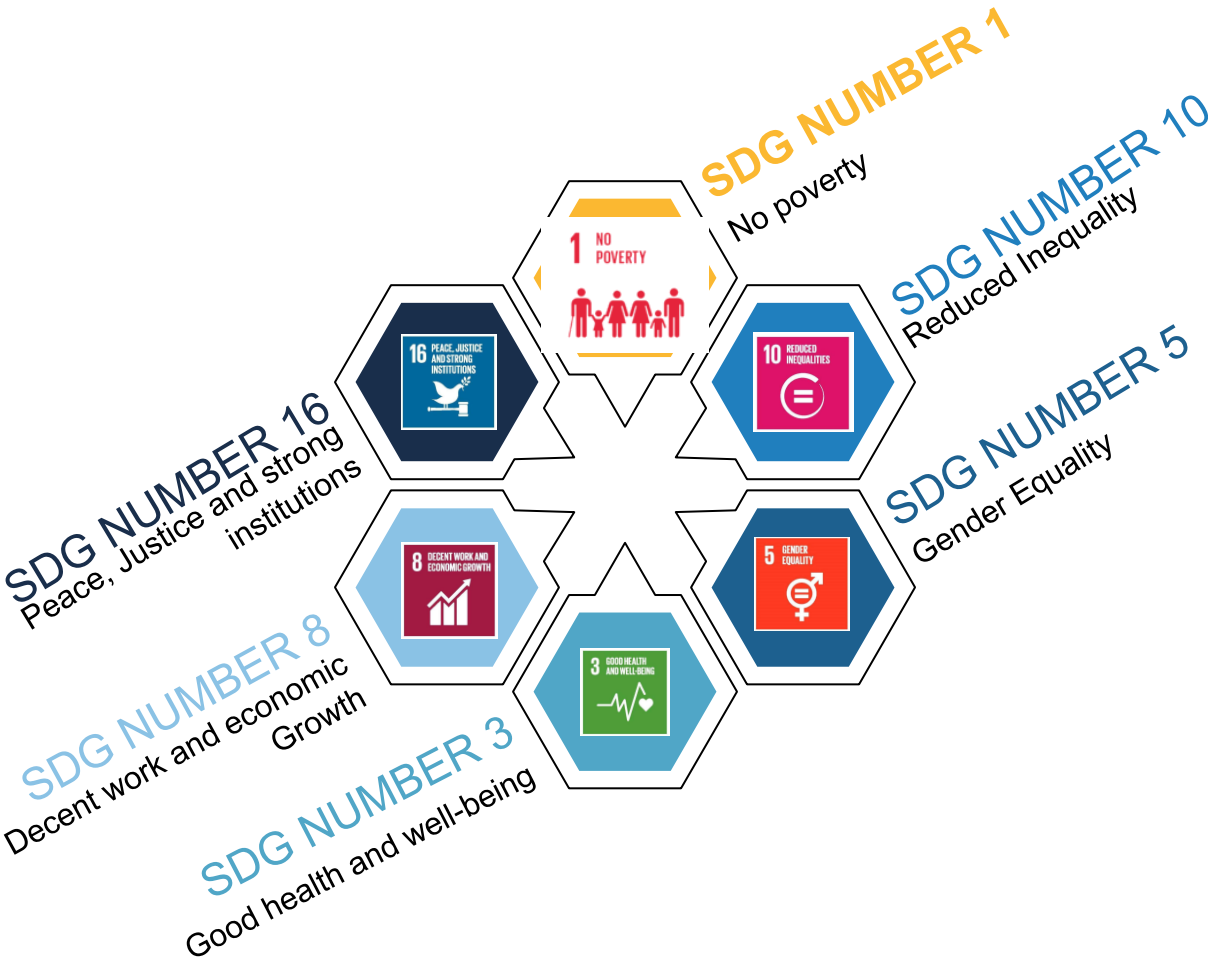


- **The Mexican Constitution (1917)** states: *the general minimum wage must be sufficient to satisfy the normal necessities of a head of family in the material, social and cultural order and to provide for the mandatory education of his children.*
- **The Brazilian Constitution (1988)** stipulates: *national minimum wage be capable of satisfying their basic living needs and those of their families with housing, food, education, health, leisure, clothing, hygiene, transportation and social security, with periodical adjustments to maintain its purchasing power.*

# What is a 'Living Wage'?

- The Living Wage is based on the concept that work should provide an adequate income to cover the necessary living costs of a family.
- Calculated for a family, not a single worker
- Based on actual expenses in a given community, and taxes and gov't benefits
- The motto of many living wage campaigns is to 'make the minimum wage a living wage'
- Living wage is voluntary, not legislated.

# Living Wages are key in achieving several SDGs



# Definitions of Living Wage

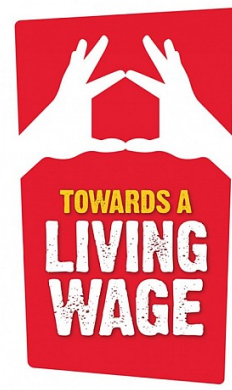
- **Global Living Wage Coalition:** “A remuneration received for a standard work week by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transport, clothing, and other essential needs, including provision for unexpected events”.
- **Asia Floor Wage** “proposes a wage for garment workers across Asia that would be enough for workers to live on”.
- **New Zealand** defines a living wage “as the income necessary to provide workers and their families with the basic necessities of life”.
- Campaign in **Vancouver** defines living wage “on the principle that full-time work should provide families with a basic level of economic security, not keep them in poverty”.

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Clean  
Clothes  
Campaign



GLOBAL  
LIVING WAGE  
COALITION



living wage  
for families campaign





Minimum wages in Central, East and Southeast Europe are on average equivalent to

26% of a living wage.



# WHAT DOES THAT \$14 SHIRT REALLY COST?

workers receive 12 cents per shirt—or just 2 percent of the wholesale cost.



<https://cleanclothes.org/campaigns/europe-floor-wage>

SOURCE: O'ROURKE GROUP PARTNERS LLC, APRIL 2011  
MACLEANS.CA





DADDY...  
ARE WE  
POOR?

I DON'T  
KNOW. LET'S  
SEE HOW THE  
GOVERNMENT  
DEFINES IT  
THIS WEEK.

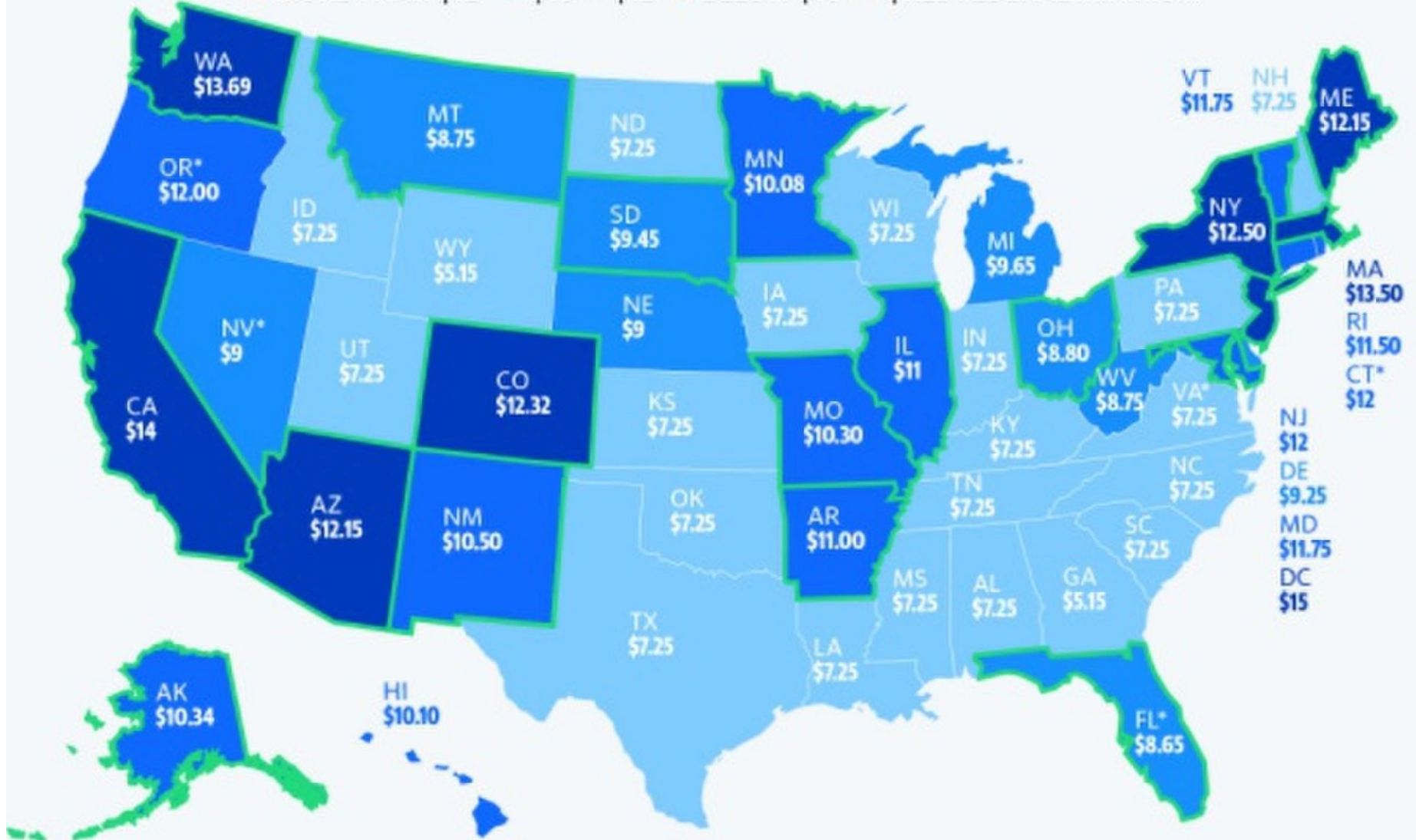
# In-work poverty

- Growing discrepancies between wages and labor productivity growth in a large number of countries.
- Working poor = workers with a job but at risk of poverty. (also in EU 9.5 % of the working population at risk of poverty)
- Properly designed minimum wages, are an effective policy tool which can provide a decent wage floor.
- Alternative policy includes targeted social security benefits to low-income households (public budgets are limited).
- A living wage should make sure people earn enough to make ends meet.



## 20 STATES RAISED MINIMUM WAGE AS OF JAN. 1, 2021

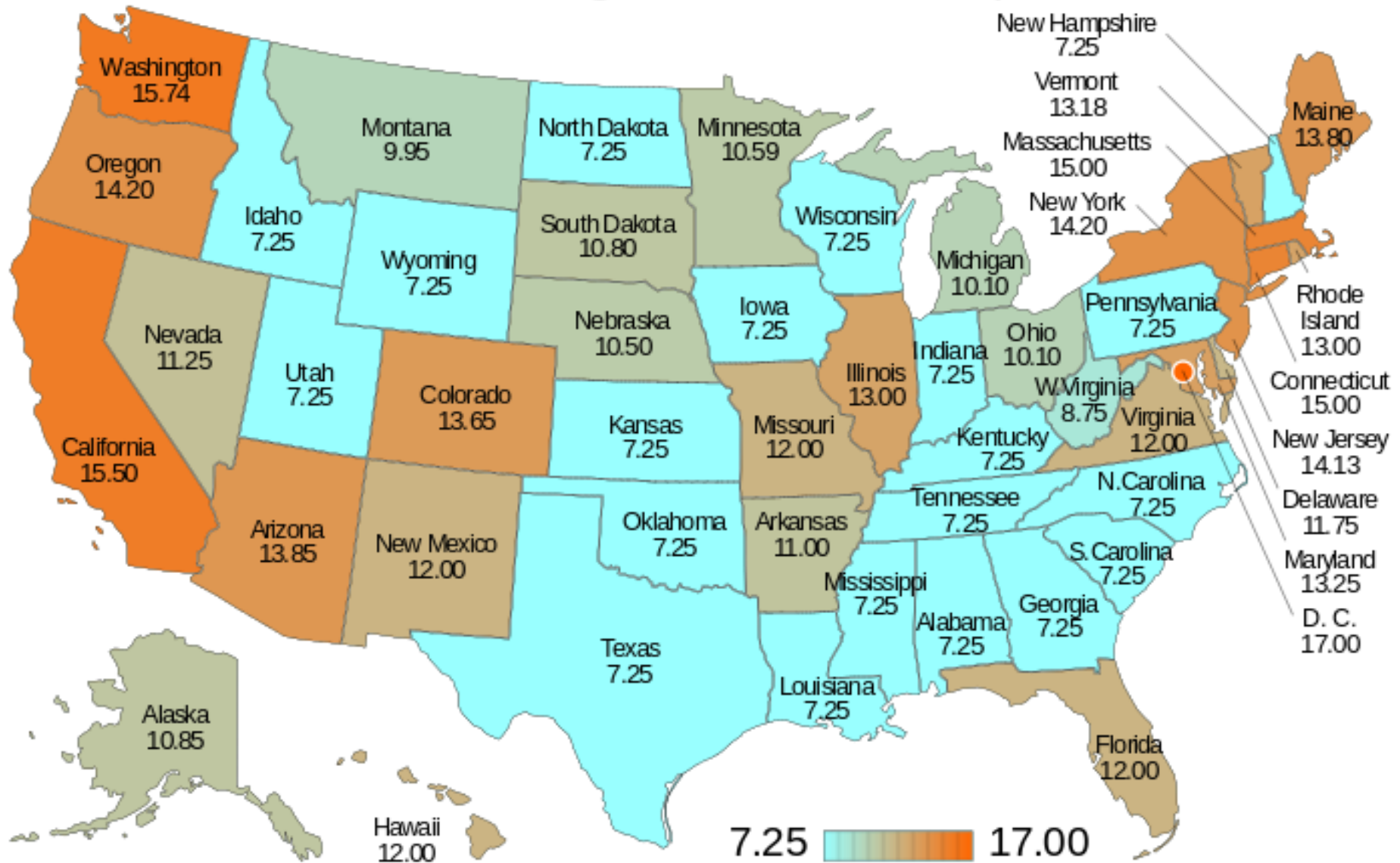
● MORE THAN \$12 ● \$10 — \$12 ● BELOW \$10 ● \$7.25 FEDERAL MINIMUM



In 2010, only three cities had minimum wages that exceeded state or federal minimum wages, but by 2020, there were 42

- 
-

# State minimum wages, in dollars. Sept 30, 2023



30 states and 62 localities have a minimum wage higher than the federal minimum (as of January 2024).

# Minimum wage in the US makes people poor

- Individuals earning below \$14,580 per year are considered poor in 2023
- Poverty threshold is \$30,000 per year for family 2+2.
- Federal minimum wage of **\$7.25** per hour provides a full-time worker with \$15,000 annual income (working 40 hours per week for 52 weeks).
- Family depending on minimum income (determined by government) is therefore considered poor by the same government.

<http://livingwage.mit.edu/metros/42660>

<https://www.thebalance.com/federal-poverty-level-definition-guidelines-chart-3305843>

<https://www.healthcare.gov/glossary/federal-poverty-level-fpl/>

# Living wage in the US

- 2021 US Federal poverty level is \$26,500 (family 2+2) and federal minimum wage of **\$7.25** per hour
- **The living wage in the Texas is \$20 per hour (\$27 in California),** before taxes for a family with 2 children and 2 working adults
- Example: **Dallas County, Texas**

	1 ADULT				2 ADULTS				2 ADULTS			
	(1 WORKING)				(1 WORKING)				(BOTH WORKING)			
Children	0	1	2	3	0	1	2	3	0	1	2	3
<b>Living Wage</b>	\$15.21	\$30.62	\$37.32	\$47.83	\$24.12	\$29.01	\$32.41	\$35.33	\$12.06	\$16.62	\$20.43	\$24.00
<b>Poverty Wage</b>	\$6.13	\$8.29	\$10.44	\$12.60	\$8.29	\$10.44	\$12.60	\$14.75	\$4.14	\$5.22	\$6.30	\$7.38
<b>Minimum Wage</b>	\$7.25	\$7.25	\$7.25	\$7.25	\$7.25	\$7.25	\$7.25	\$7.25	\$7.25	\$7.25	\$7.25	\$7.25

<http://livingwage.mit.edu/metros/42660>

<https://www.thebalance.com/federal-poverty-level-definition-guidelines-chart-3305843>

# Typical Expenses (Dallas County, Texas 2021)

These figures show the individual expenses that went into the living wage estimate.

	1 ADULT				2 ADULTS				2 ADULTS			
	(1 WORKING)				(1 WORKING)				(BOTH WORKING)			
Children	0	1	2	3	0	1	2	3	0	1	2	3
Food	\$3,177	\$4,670	\$6,990	\$9,294	\$5,825	\$7,238	\$9,305	\$11,345	\$5,825	\$7,238	\$9,305	\$11,345
Child Care	\$0	\$7,042	\$14,083	\$21,125	\$0	\$0	\$0	\$0	\$0	\$7,042	\$14,083	\$21,125
Medical	\$2,760	\$8,866	\$8,554	\$8,694	\$6,270	\$8,554	\$8,694	\$8,347	\$6,270	\$8,554	\$8,694	\$8,347
Housing	\$9,333	\$12,799	\$12,799	\$17,055	\$10,489	\$12,799	\$12,799	\$17,055	\$10,489	\$12,799	\$12,799	\$17,055
Transportation	\$5,113	\$9,378	\$11,672	\$13,896	\$9,378	\$11,672	\$13,896	\$12,611	\$9,378	\$11,672	\$13,896	\$12,611
Civic	\$1,811	\$3,889	\$3,554	\$4,127	\$3,889	\$3,554	\$4,127	\$3,982	\$3,889	\$3,554	\$4,127	\$3,982
Other	\$2,875	\$4,687	\$5,144	\$6,216	\$4,687	\$5,144	\$6,216	\$6,235	\$4,687	\$5,144	\$6,216	\$6,235
Required annual income after taxes	\$25,070	\$51,331	\$62,797	\$80,408	\$40,538	\$48,961	\$55,037	\$59,574	\$40,538	\$56,003	\$69,120	\$80,700
Annual taxes	\$4,064	\$8,321	\$10,180	\$13,035	\$6,572	\$7,937	\$8,922	\$9,658	\$6,572	\$9,079	\$11,205	\$13,083
Required annual income before taxes	\$29,134	\$59,652	\$72,977	\$93,443	\$47,110	\$56,899	\$63,959	\$69,232	\$47,110	\$65,082	\$80,325	\$93,782

<https://livingwage.mit.edu/counties/48113>





# Living Wage vs Minimum Wage

	Minimum wage		Living wage		Gap between LW and MW			
	2024	2017	2024	2017	2024	2021	2019	2017
Ireland	12.7	9.25	14.75	11.7	16%	15%	21%	26%
New Zealand	23.15	15.75	27.85	20.2	20%	14%	16%	28%
United Kingdom	11.44	7.5	11.44	8.45	0%	7%	10%	13%
London	11.44	7.5	13.85	9.75	21%	22%	29%	30%
University of Reading (age 18-20)	8.6	5.6	11.44	8.45	33%	45%	65%	82%
Vancouver	17.4	11.35	25.68	20.62	48%	34%	106%	

Note: Hourly rates in national currency.

On 21st November 2023, The UK Government has announced their new 'National Living Wage' rates for 2024 as £11.44 an hour.

# Calculating Living Wage

...

# Living Wage calculation based on Engel's law

- Households budget divided to food and non-food spending.
- *Ernst Engel* (1857) was the first to notice that poorer families spend a higher share of their budget on food.

## Living Wage calculation:

1. Estimate the food expenditure for a family
2. Estimate non-food spending using Engel's law
3. The cost of living is the sum of food and non-food spending
4. Living Wage is determined such that total income earned by family members is equal to the cost of living.

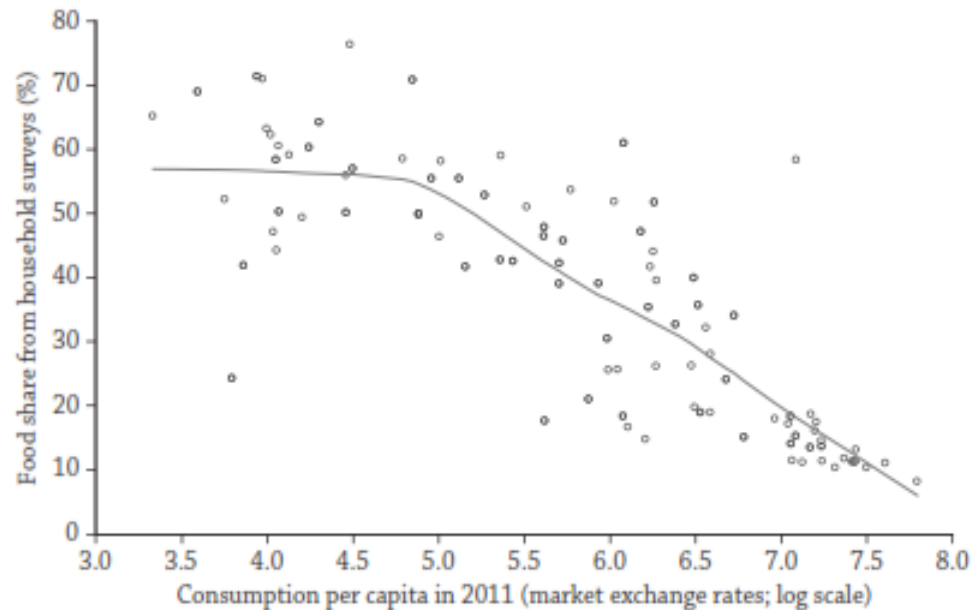


Figure B1.16.2 Empirical Engel Curve for Food across Countries. Source: Ravallion and Chen (2015).



# Do you earn enough for a decent standard of living in London?

Answer three short questions and find out the minimum income for your family type.

I live in **INNER LONDON**

I live in **OUTER LONDON**

Your household

# For a decent standard of living, you and your partner each need

# £32,876

(£65,752 per year between you), giving a net income of **£1021.66 per week**

Calculator  
Switch  
Unit

### Show outgoings/income breakdown

Weekly outgoings

## £1021.66

Food	£105.59
Alcohol	£9.49
Clothing	£43.09
Water rates	£6.98
Council Tax	£24.42
Household Insurances	£4.02
Gas, electricity, etc	£23.34
Other housing costs	£2.02
Household goods	£25.96
Household services	£14.96
Childcare	£376.86
Personal goods and services	£44.56
Travel costs and motoring	£93.03
Social and cultural activities	£105.84
Rent	£141.50
Mortgage	£0.00

Weekly income

## £1021.66

Your Pre-tax Earnings	£630.50
Your Income Tax	£80.65
Your National Insurance	£56.22
Partner's Pre-tax Earnings	£630.50
Partner's Income Tax	£80.65
Partner's National Insurance	£56.22
After Tax Earnings	£987.26
Working Tax Credits	£0.00
Child Benefit	£34.40
Child Tax Credit	£0.00
Childcare Tax Credit	£0.00
Housing Benefit	£0.00
Council Tax Support	£0.00
Income Support / Jobseeker's Allowance	£0.00



## Living expenses for a family of four



food



clothing + footwear



shelter



transportation



child care



household expenses



social participation



Medical Services Plan



extended healthcare



parents' education



contingency fund  
2 weeks pay per adult

## benefits

living expenses decrease when benefits are paid for by the employer



Medical Services Plan



extended healthcare



professional development



paid sick leave + vacation



wage

or



wage

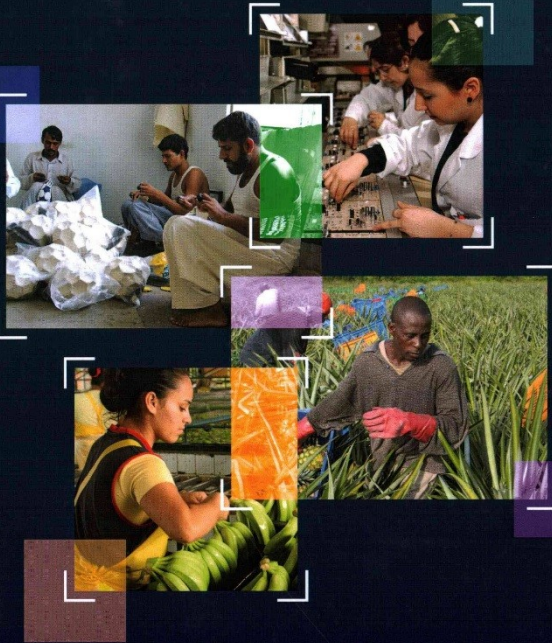
employer paid benefits

Richard Anker Martha Anker



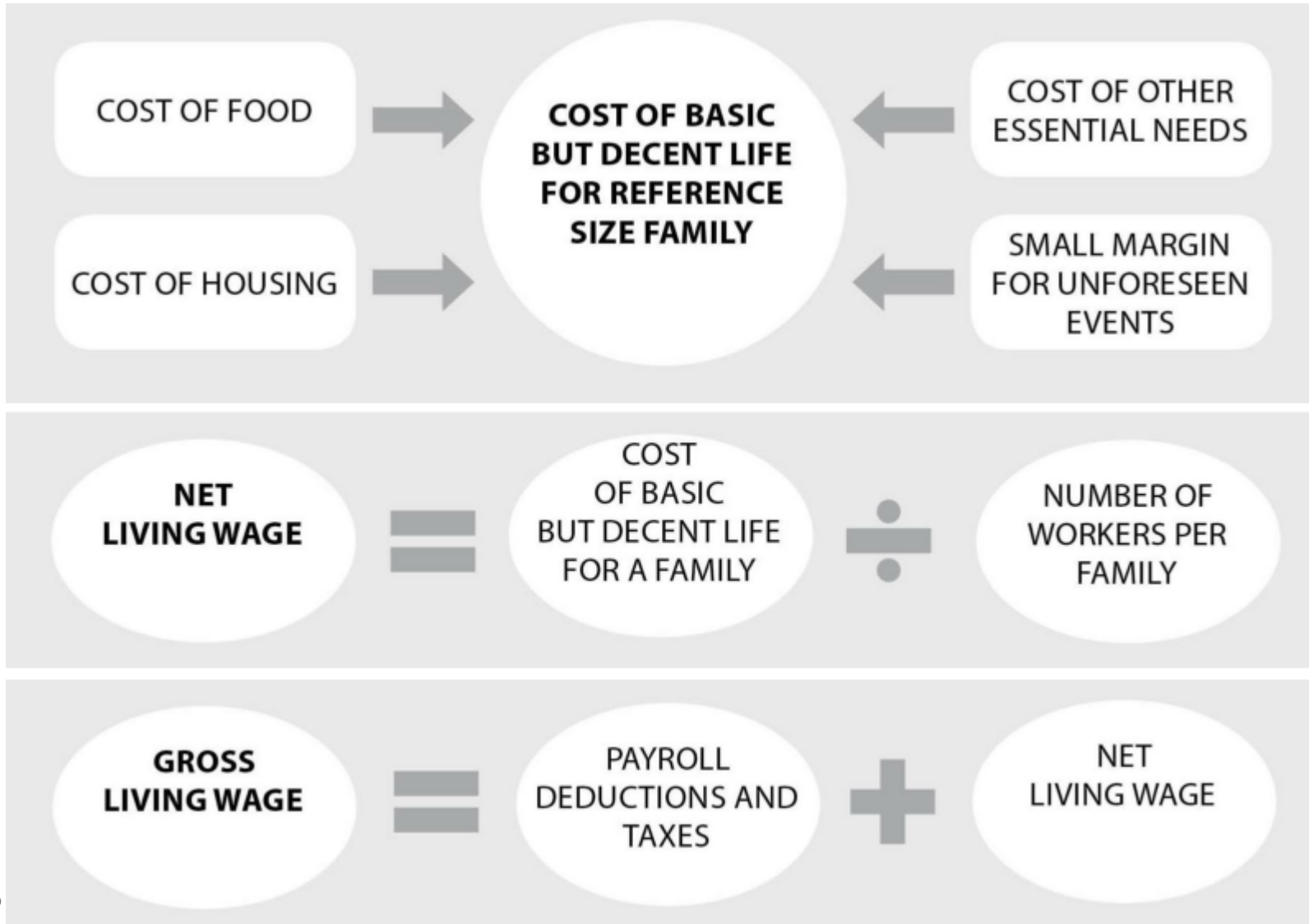
## Living Wages Around the World

MANUAL FOR MEASUREMENT



Dr. Richard Anker, former ILO Senior Economist and Martha Anker, former WHO Senior Statistician in Kenya after a day of work on the Living Wage Benchmark for Naivasha

# Living Wage estimation method developed by Richard Anker



**Minas Gerais**  
South/Southwestern  
Meso Region



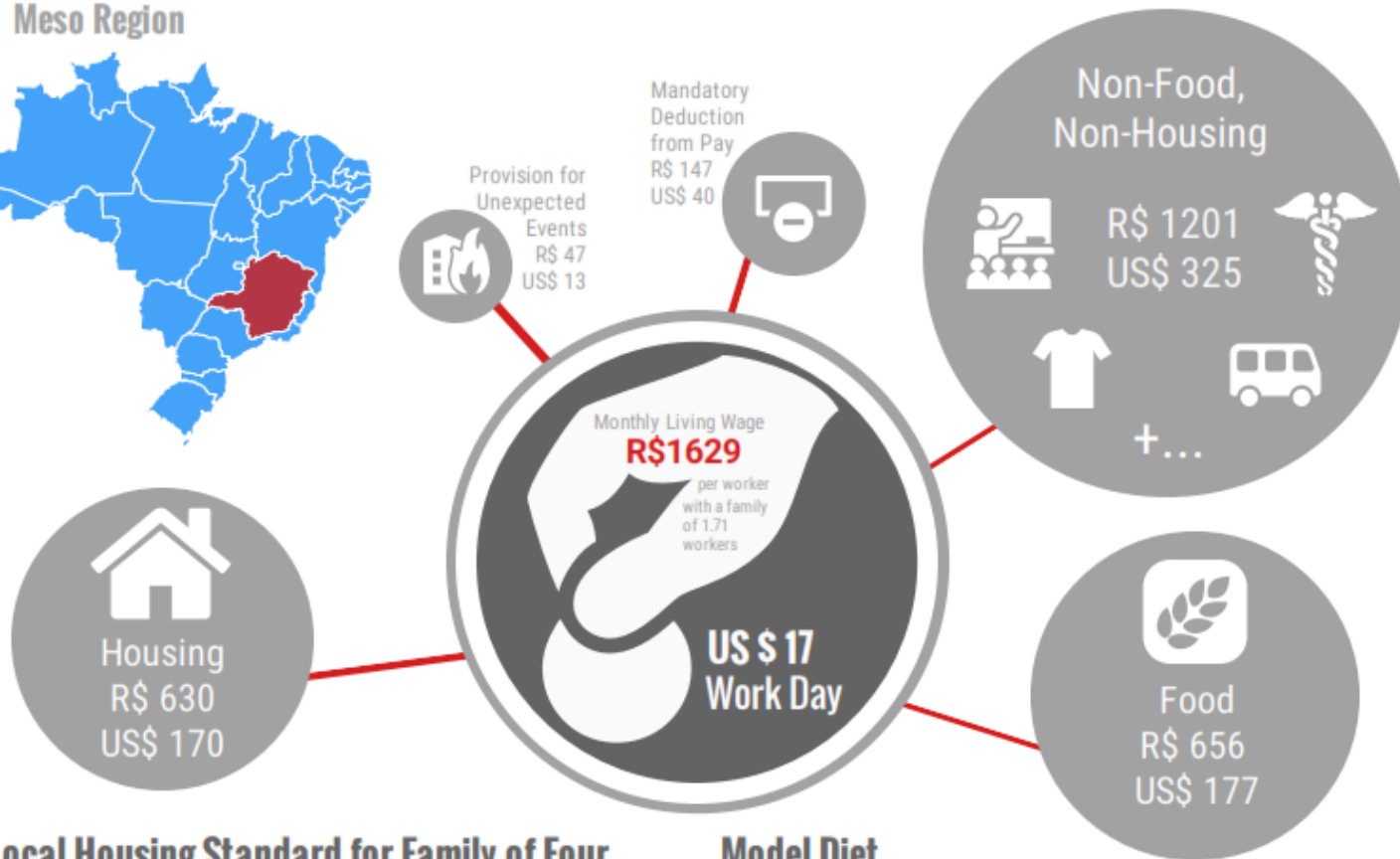
Synopsis of Living Wage Study Conducted By  
João Paulo Candia Veiga & Murilo Alves Zaccaro

Family Size 4 | 2 Adults, 2 Children | 1.71 Workers Per Family



Living Wage Estimated using the Anker Methodology

**GLOBAL  
LIVING WAGE  
COALITION**



**Local Housing Standard for Family of Four**

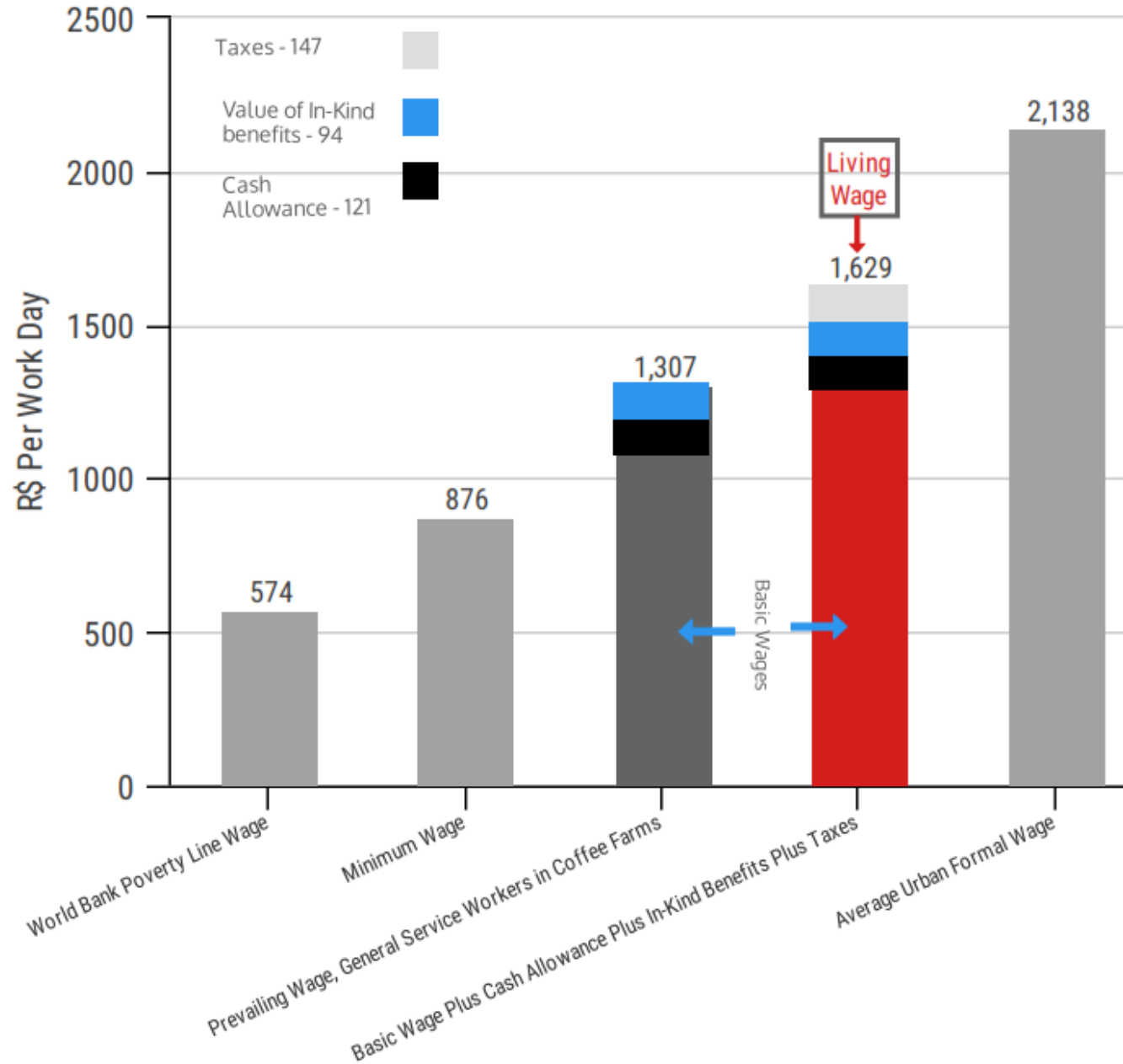
- Housing should provide physical and structural safety and protection from cold, humidity, rain, wind, and other health threats;
- House should have a living room, two bedrooms, an indoor bathroom, and a separate kitchen. Total living space should be at least between the range of the interval of 44.5 to 55 square meters, including outside areas;
- Poor families should not spend more than 30% of their income on rent;
- Walls should be made of brick or plywood, yet stone and adobe walls, if adequately built, meet the standards for outside walls;
- For roofs, concrete slabs, zinc sheets, clay tiles, and plywood are adequate;
- Floors should be cemented, tiled or made of plywood;
- Access to electrical energy;
- Access to water supplied by a water utility;
- Access to a sewer system or, if not, to a sanitary pit and

**Model Diet**

- 135 g of rice per day (around 1 cup)
- 21 g of maize per day
- 21 g of wheat flour per day
- 56 g of beans per day
- 50 g of bread per day (2 slices)
- 26 g of noodles per day
- 74 g of cassava per day
- 39 g of potato per day
- 123 g of meat per day (10 meals per week for the family)
- 43 g of eggs per day (close to 1 egg per day)
- 197 g of vegetables per day
- 115 g of fruit per day (1orange or 1 banana)
- 200 g of milk per day (around to 2 glasses for every child daily)
- 24 g of sugar per day (6 teaspoons)
- 30 g of cooking oil per day (equivalent to 2 tablespoons)
- 1 cup of coffee per day for adults



# Wage Ladder for Brazil

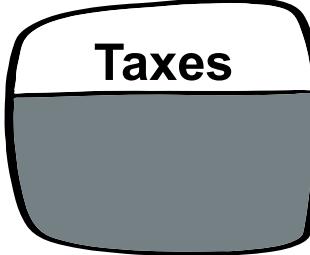
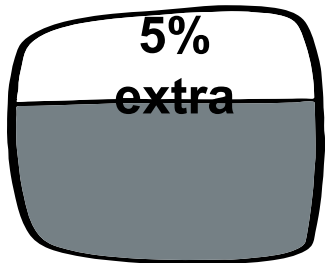
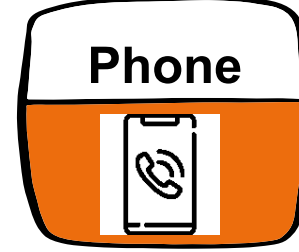
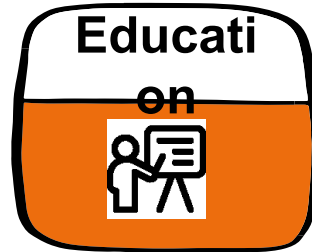
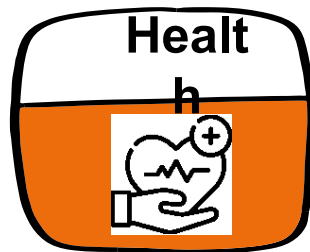
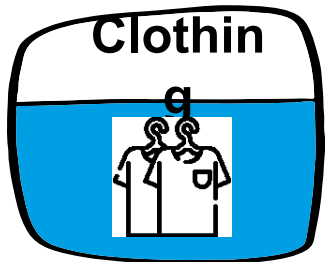
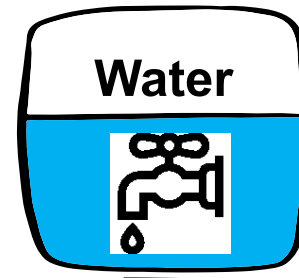
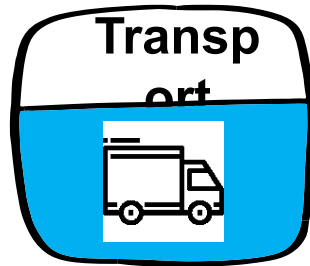
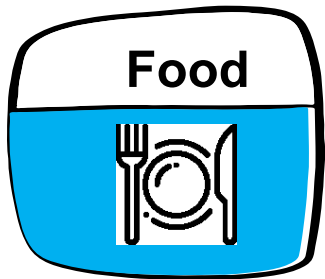


# WageIndicator Living Wage

- Calculated Living Wage for more than 170 countries /2700 regions globally
- Methodology based on transparent principles
- Easy to update regularly (prices are collected continuously)
- All information is available at the dedicated website



# The cost of living includes these items



# The collection of prices for Living Wages?

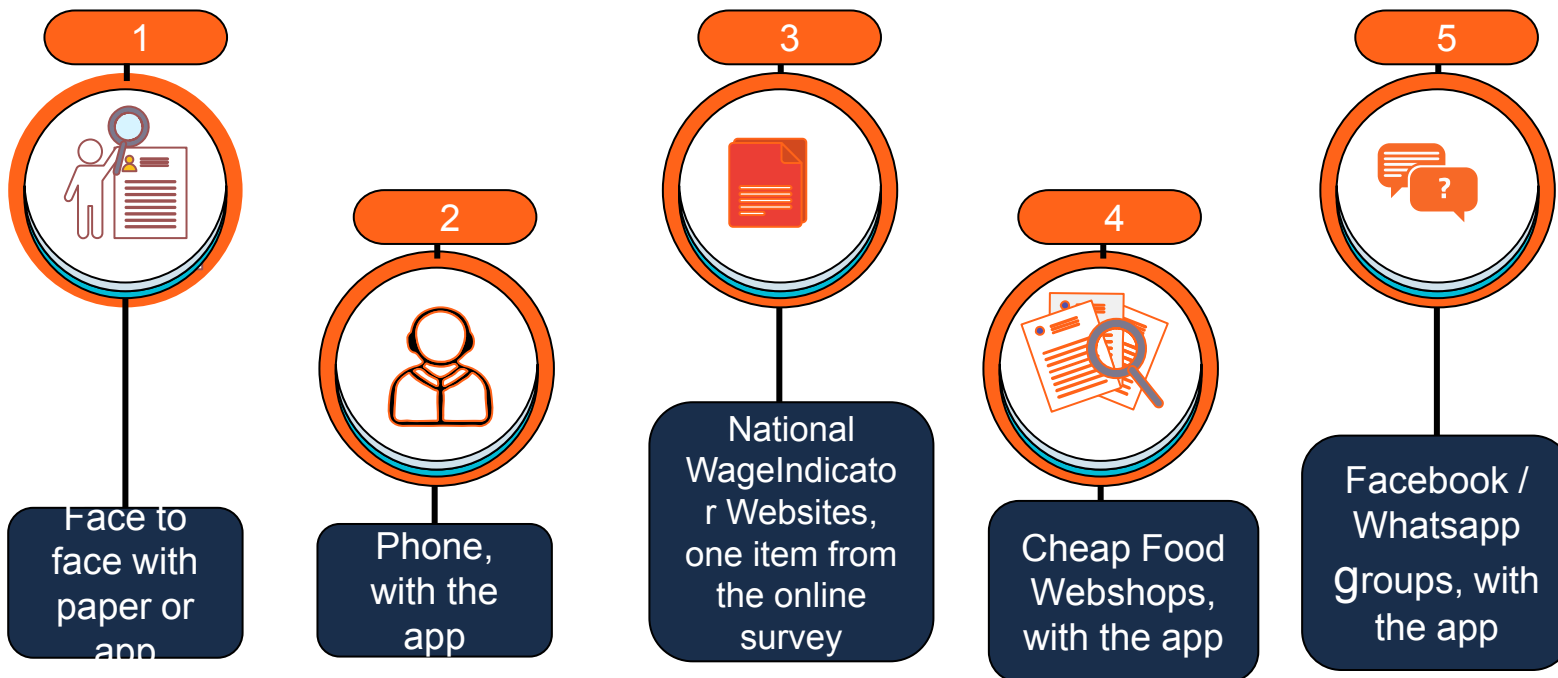


**FOCUS**

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



Data collectors are trained



# Data used in the calculation

**WageIndicator Cost-of-Living price survey** since January 2014:

- Prices are reported by web visitors, via offline surveys, and scrapped from webshops
- Prices on 60 food items, rental prices, education and health expenditure, public transport, phone, healthcare

**Other price data (e.g. Numbeo.com, national surveys)**

**FAO food balance sheets** to construct a food basket

**World Bank data** on fertility and employment rates

# Cost of Living Survey

Tusalarario.es

• Usted comparte, nosotros comparamos

Salario

Leyes laborales

Carrera

Buscar



Conoce más sobre tu salario

- ¿Estás seguro de ganar lo que mereces? Compara tu salario
- Encuesta sobre salario y condiciones de trabajo
- Conoce el salario de celebridades



Conoce más sobre tus derechos laborales

- El recibo de la nómina
- El Salario mínimo
- Pensiones y Jubilación
- Leyes y Convenios
- Paro y desempleo
- Despido
- Tus derechos laborales
- Guia Laboral Ministerio Empleo



¿Orientación en tu desarrollo profesional?

- Empleo, Formación y Orientación profesional
- Másteres y otros cursos
- ¿Adicto al trabajo?
- ¿Qué es la orientación laboral?

Cuál es el precio de...:  
Papas dulces (1 kg)

Compara tu salario con el de puestos similares en nuestro comparador salarial

Rellena la encuesta sobre salarios y podrás ganar un salario mínimo!

Trabajo Decente Tu trabajo se ajusta a las leyes laborales de la España y a los convenios internacionales?

Cursos para Trabajar

Cuál es el precio de...:  
Papas dulces (1 kg)

Si no conoces el precio de algún producto, puedes saltarlo

## Encuesta, Salario para vivir

### Región

→ **A Coruña (La Coruña)**

Lugo

Ourense

Pontevedra

Asturias

Cantabria

Álava

Guipúzcoa

Vizcaya (Bizkaia)

Navarra (Nafarroa)

La Rioja

Huesca

Teruel

Zaragoza

A Coruña

Ferrol

Santiago de Compostela

Una ciudad pequeña (10,000 - 100,000)

Un pueblo (10000 o menos)

Área rural

## Encuesta, Salario para vivir

### Región

A Coruña x

Si no conoces el precio de algún producto, puedes:

**Papas dulces (1 kg)**

SAVE

## Supermercado

**Leche (regular) 1 lt**

**Hogaza de pan blanco fresco (500g)**

**Pan sencillo o pan pita (500 gr)**

**Arroz (1kg)**

**Huevos (12)**

**Queso local (1kg)**

**Crema (1kg)**

**Pechuga de pollo (sin hueso y sin piel), (1kg)**

# From raw data to a workfile

- Use prices collected over the last five years
- Adjust dated prices for inflation
- Filter extreme prices :
  - Convert prices to USD and drop high/low prices (outliers)
  - Determine median price for each item, and drop prices below  $1/3 * \text{median}$  and above  $3 * \text{median}$
- Take price at 25th and 50th percentile for each item
- Produce interval estimates of living costs
  - More realistic approach relative to point estimates
  - Accounts for the shopping preferences and variation of prices at which different products are accessible
  - In highly developed countries the upper estimate based on the median prices is preferred.



# Example of food basket in Slovakia

- Food basket is scaled to 2,100 cal/person/day
- Adults and children have the same caloric requirement

Food item	Grams per day	Energy (kcal)	Price per kilo
Wheat, barley and cereals products	275	728	1.4-2
Rice	6	22	.9-1
Meat (beef, pork, poultry)	113	169	4.5-6
Oils (soyabean, olive, palm)	19	172	1-1.3
Sugar (Raw Equivalent)	69	245	.6-.7
Maize and products	0	0	1.6-2
Milk - Excluding Butter	292	135	.5-.6
Vegetables, Other	95	25	1.2-1.5
Potatoes and products	106	69	.4-.6
Butter, Ghee	31	201	4.6-5.2
Groundnuts (Shelled Eq)	9	27	2-2.4
Pulses, Other and products	1	4	.8-1
Egg (price per 10 eggs)	33	45	1.1-1.4
Sunflowerseed Oil	4	37	1.3-1.8
Fish products	18	12	5-7
Beer (0.5 liter/pint)	145	71	1.2-1.6
Sweeteners, Other	30	66	.7-1
Beans	1	2	1-1.6
Sweet potatoes	0	0	1-2
Bananas	13	8	1-1.3
Soyabeans	0	0	2-4
Apples and products	21	9	.7-1
Tomatoes and products	16	3	1-1.2
Onions	12	4	.5-.8
Oranges, Mandarines	33	7	1-1.5
Plantains	3	2	1-1.6
Peas	1	4	.8-1
Roots, Other	0	0	1-1
Seeds and kernels	2	5	2-4.1
Wine (bottle)	8	6	4-4
Pineapples and products	2	1	-
Cream	3	6	1.6-4
Olives (including preserved)	1	2	4.9-6
Honey	2	7	4.9-6
Citrus, Other	1	0	1-1.2
Lemons, Limes and products	5	1	1-1.2
Tea (including mate)	0	0	2-4
Grapefruit and products	2	0	1-1.2
Coffee and products	10	4	5-10

# Housing cost

- Cost of Living Survey asks about the rental price of apartment with 1 and 2 bedrooms, the location and utilities included in the rent (electricity, water, garbage collection, Internet, and taxes).
- Add housing prices from Numbeo.com (wisdom of the crowd)
- Drop housing prices below  $1/5$ \*median and above  $5$ \*median
- We estimate housing equation to produce a harmonized estimate of a reference apartment (Goedemé et al. 2015).
- The housing cost for a family (an individual) is then a typical rent for a 2-bedroom apartment (1-bedroom apartment) in an average urban area, outside the city center.
- The housing equation captures regional differences.

# Education and health

- Subjectively reported costs.
- We asks respondents about the **minimal monthly expenses on personal and health care** for a 2+2 family.
- Health expenses for an individual are taken at one quarter of expenses reported for a 2+2 family.
- We ask respondents about the **minimal monthly expenses on education** (assuming that children attend public school) for a 2+2 family.
- We take reported costs at 25<sup>th</sup> and 50<sup>th</sup> percentile.

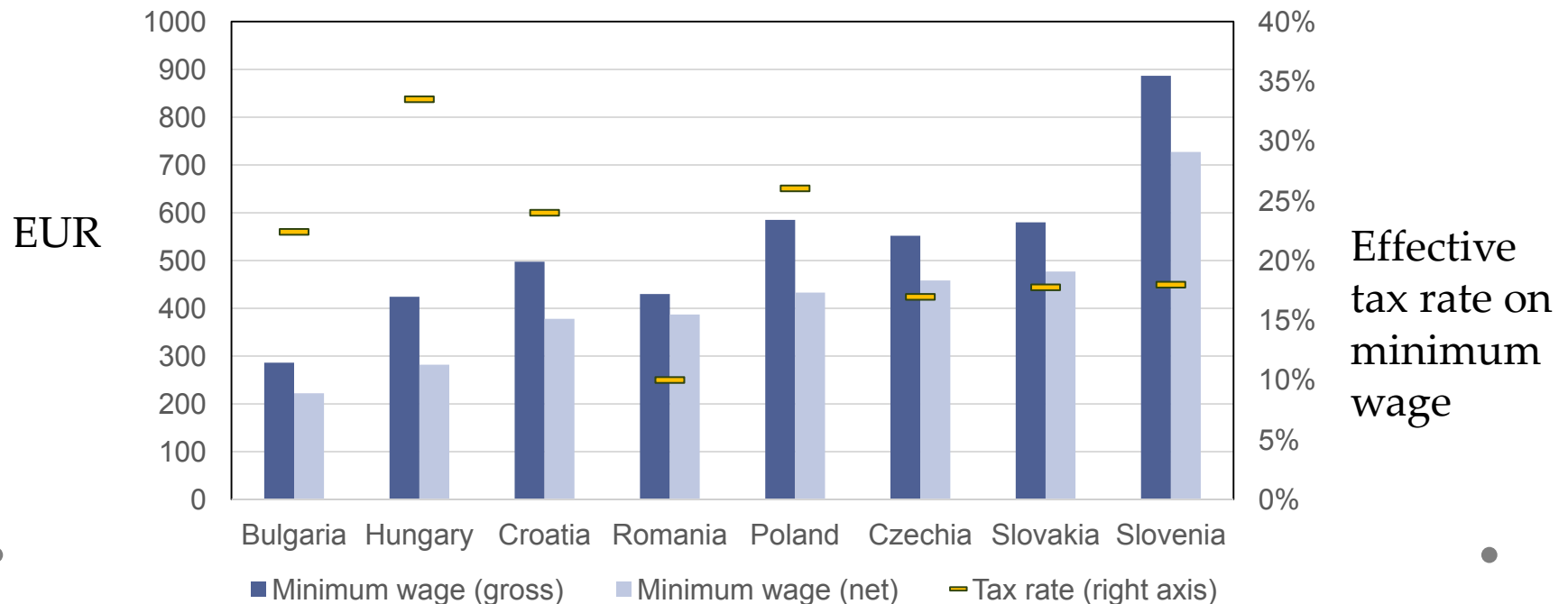


# Transport

- Most people commute for work or travel for their daily activities (e.g. shopping).
- The price of a [regular monthly public transportation pass](#) is taken as the cost of transport.
- Children are assumed to travel for free.
- We complement prices on public transportation from [Numbeo.com](#).

# Taxes and mandatory deduction

- In the WageIndicator wage survey we ask respondents about their gross and net earnings. Using the **ratio of gross/net income** we calculate the share of earnings spent on taxes and mandatory deductions of low-earning workers.
- Gross living wage is constructed using this information.



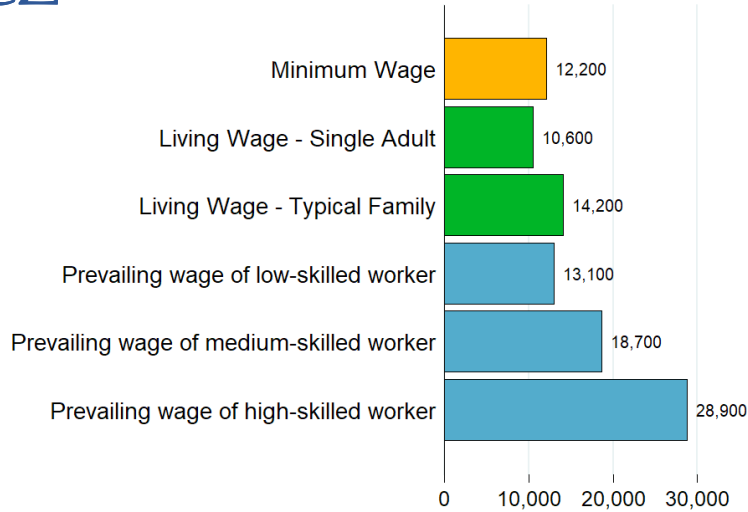
## Expenditure and Living Wage calculation 2019, in EUR

	Total living costs		Food		Housing		Living wage		Minimum wage 2018
	from	to	from	to	from	to	from	to	
Bulgaria	524	733	248	299	141	245	371	516	261
Czech Rep	737	1066	232	309	368	546	511	741	476
Hungary	563	792	207	266	183	310	463	651	436
Poland	580	1079	232	281	186	418	446	827	488
Romania	400	566	195	257	113	172	306	432	400
Russian Fed	351	494	179	245	60	93	224	316	127
Slovakia	565	828	240	320	200	320	335	580	480
Ukraine	214	313	107	142	60	102	146	214	122

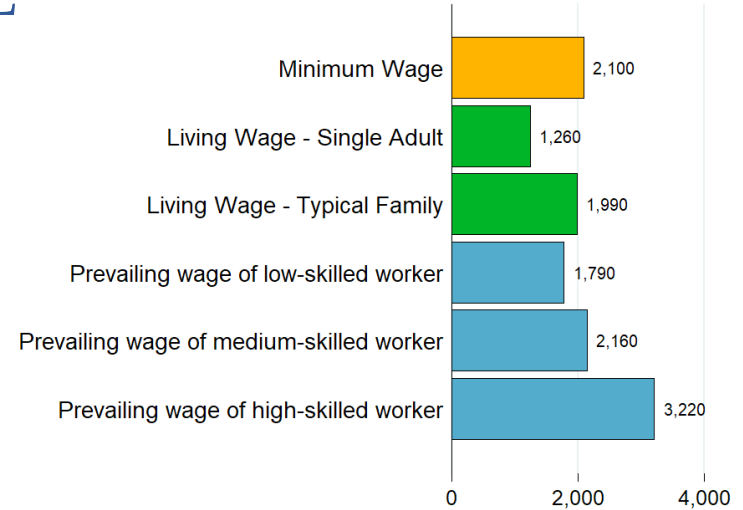
Living Wage is calculated for a 2+2 family. The family employment rate is 1.8 (one adult is a full-time worker and the second adult works 4 days per week). The total living costs are obtained by summing the costs of food, housing, travel, health and education. The 5% margin is added on top. Housing cost is the rent of a two-bedroom home. EUR exchange rate is taken on March 1, 2019.

# Presentation of Living wages in context

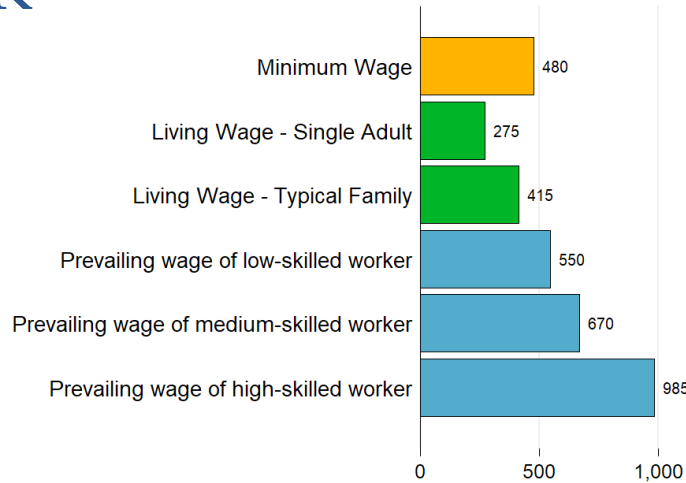
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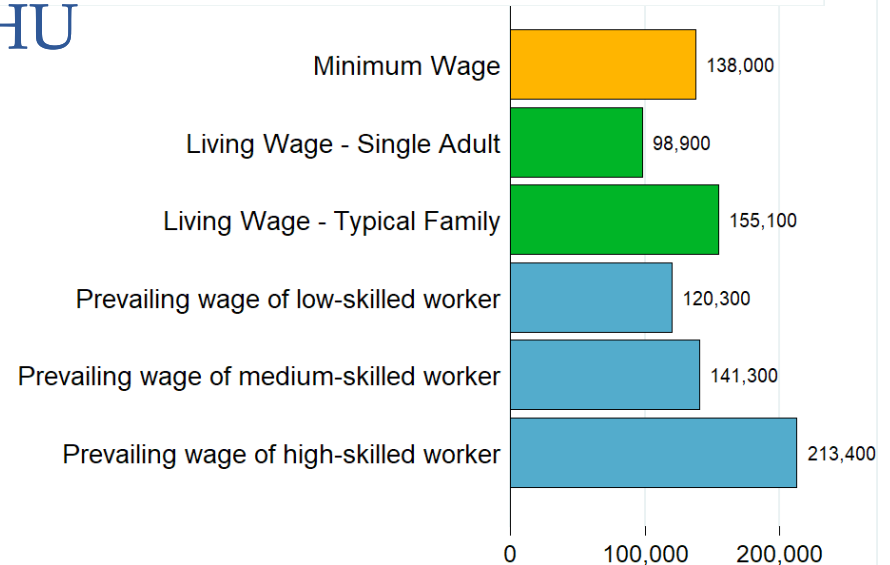
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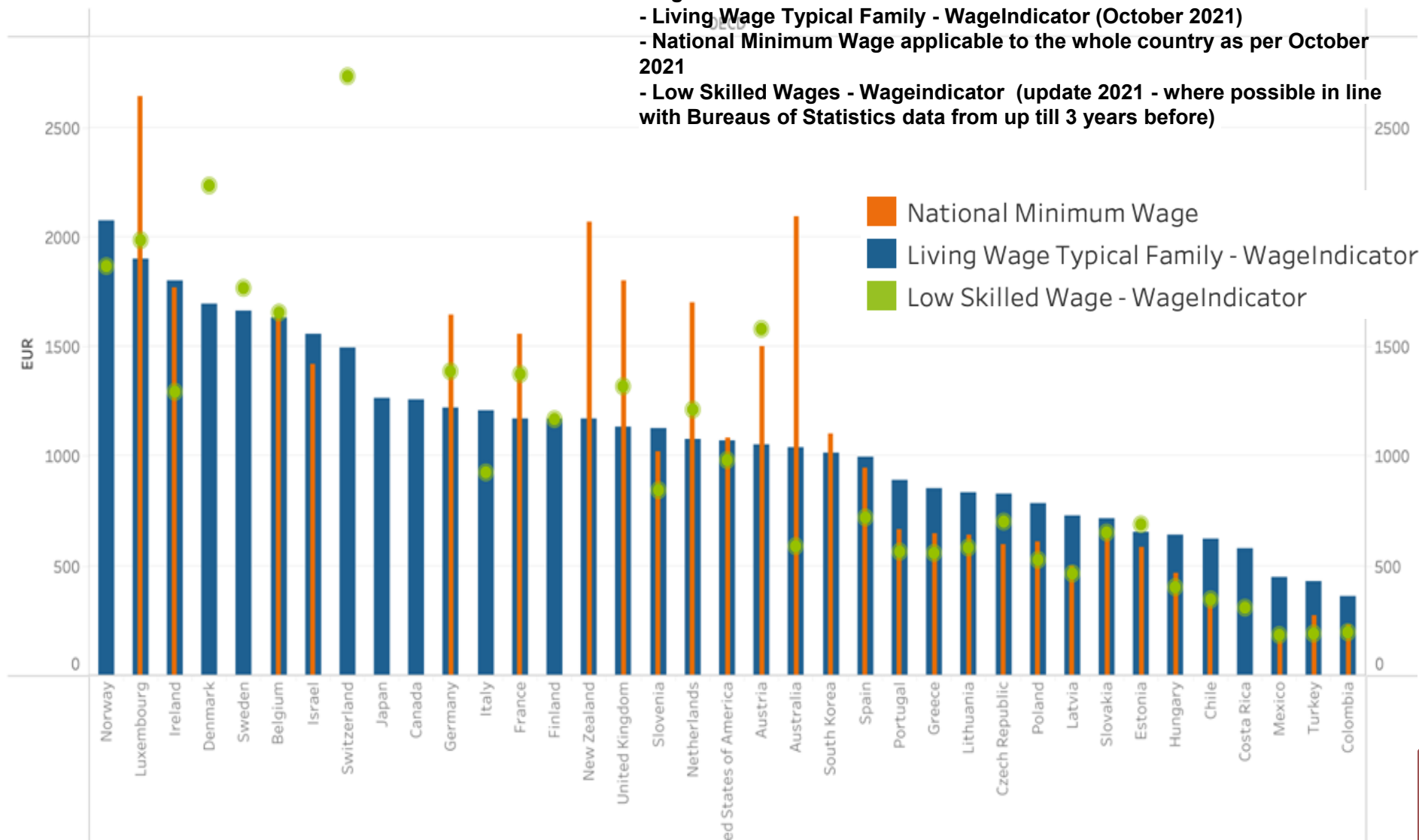


● Note: Prevailing wages of workers are taken from WageIndicator global dataset on work and wages.

# Minimum Wages versus Living Wages - Low Skilled Wages - in OECD countries

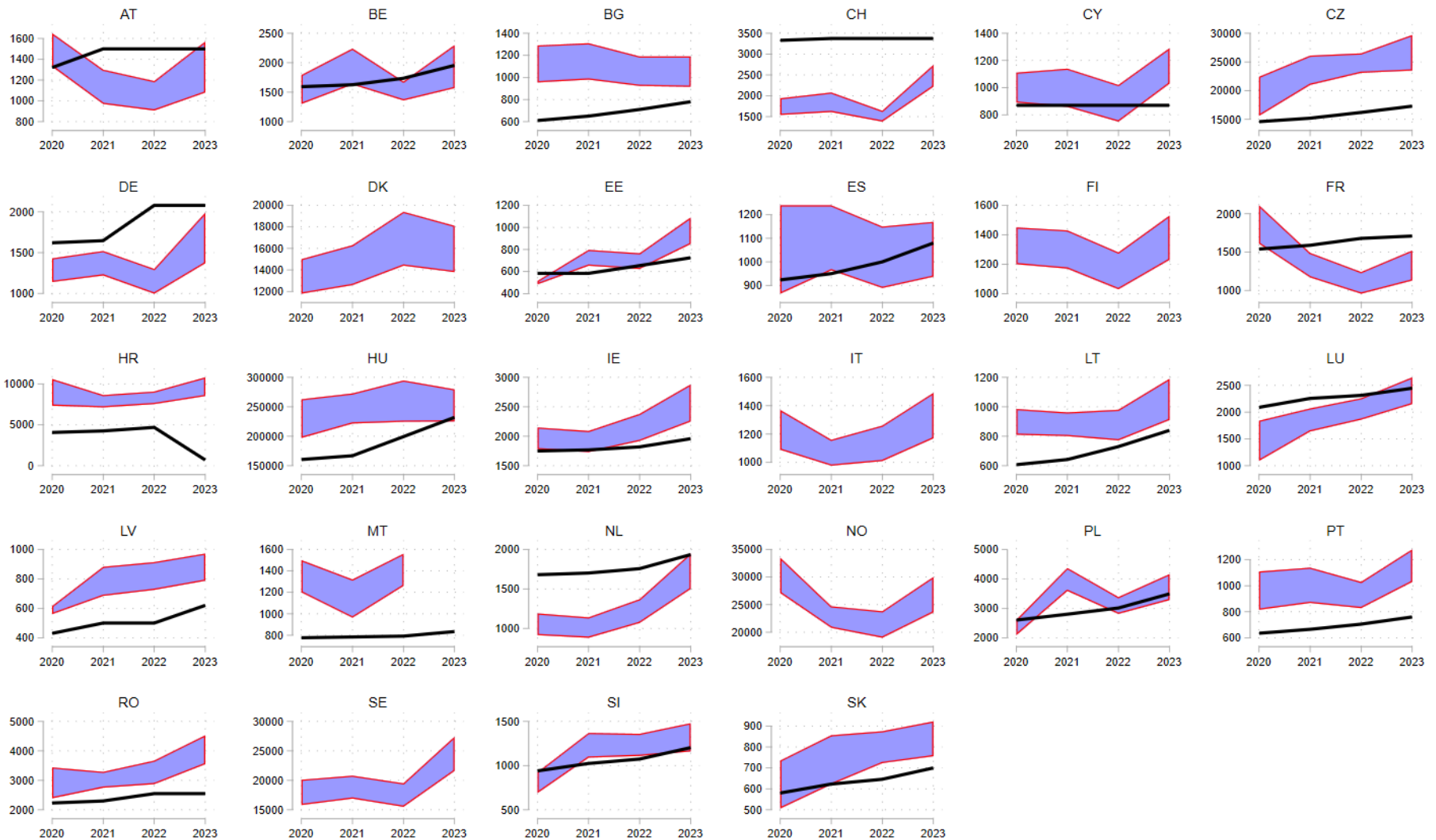
## WageIndicator Data Sources:



- Living Wage Typical Family - 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 till 3 years before)



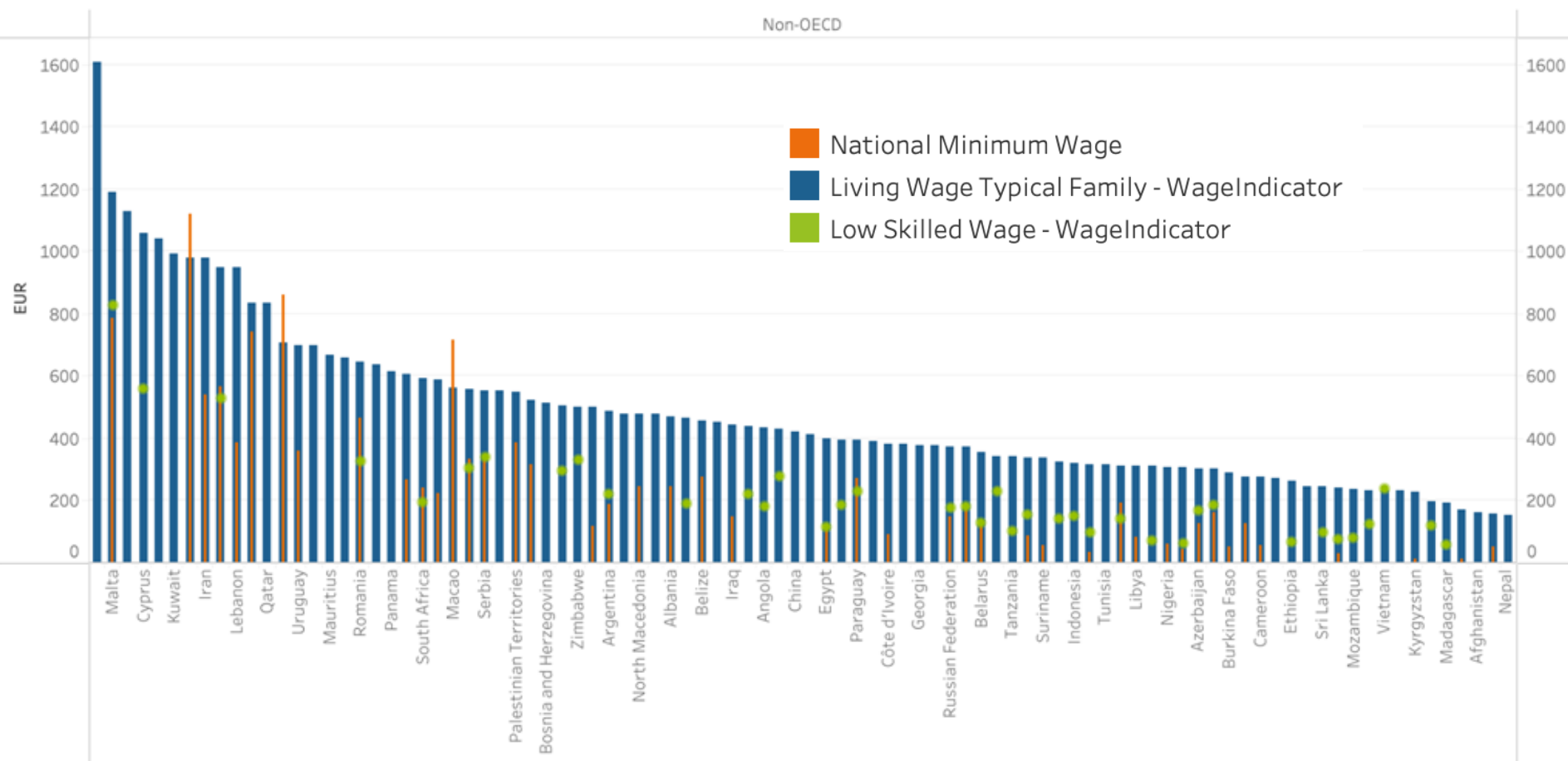


# Living wage as a measure of cost of living



 Living wage interval       Minimum wage

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



# Living wage summary

- Using prices from different sources Living Wage can be estimated for the large number of countries.
- ~~All~~ Some estimates are published at *www.wageindicator.org*.
- The calculation is sensitive to country characteristics (e.g. food consumption, price variations, family composition, labor market conditions)
- Living Wage could serve as an indicator of economic adequacy and a practical basis to set minimum wages.
- When information on prices is sufficient Living Wage can be estimated at the regional level.

# Living Wages: Impact

- The UN, ILO, consultancies, refer to our data (<https://www.unglobalcompact.org/what-is-gc/our-work/livingwages>)
- MNCs use our data to implement the LW in their supply chains

 **accenture**



  
KERING

**H&M**



 **NOVARTIS**

# Living Wage Impacts

- **The EU Reporting Guidelines and UN Global Compact refer to our methodology as a source for Living Wage data.**
- **Our methodology is recognized by IDH in its benchmark finders and used in B-Lab criteria for its B-Corp Certification**
- **Social partners, workers, employers: Benchmark for wage bargaining**
- **Leading corporations (over 500) use our LW data**
- **WageIndicator living wage data is used on the ground by wage negotiators and social partners**



**Much Responsibility.**

**But Do Our Living Wages Measure  
What We Claim?**

# Do Living Wages measure what we claim?

## Research:

- Do workers that can afford more LW baskets face lower risk of material deprivation, hardship, or are they more satisfied with their lives?
- Is there a structural break in this relationship at the level of living wage? (i.e. an extra Euro below LW reduces the risk of material deprivation more than the extra Euro above the LW)

## Methods:

- Combine our LW data with World Values Survey (W7), ILO wage data
- Unit of analysis: occupation (ISCO 1-digit)
- 37 countries, 7 occupation groups, mostly 2018-2020.
- Statistical analysis to measure this relationship
  - Controls for countries

## Results:

- YES IT WORKS!



## Proxies for decent living:

### Material deprivation (1-4 scale)

- In the last 12 months, how often have you or your family:
  - Gone without enough food to eat
  - Gone without needed medicine or treatment that you needed
  - Gone without a cash income

### Subjective satisfaction (1-10 scale)

- All things considered, how satisfied are you with your life as a whole these days?
- How satisfied are you with the financial situation of your household?

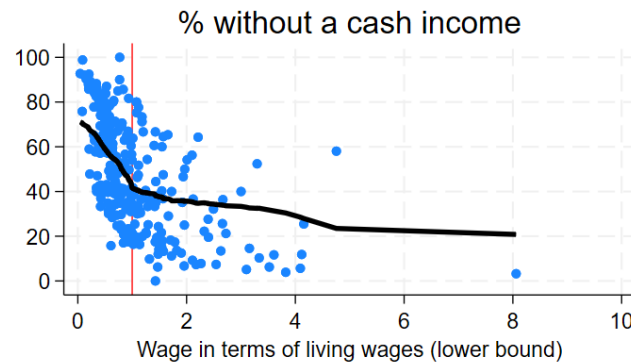
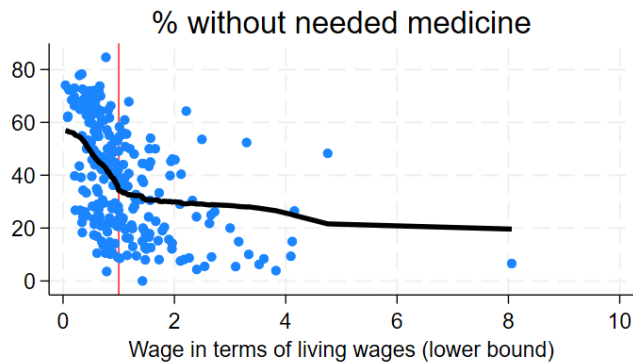
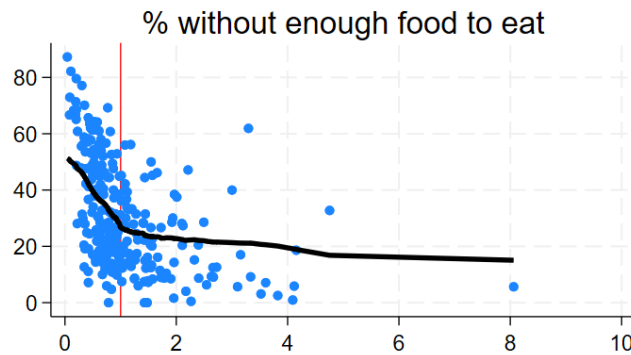
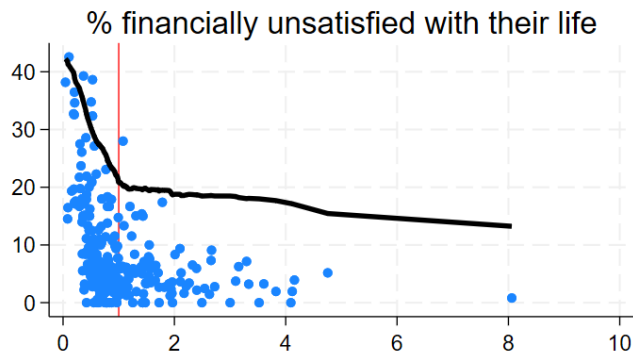




# Preliminary results



# Deprivation and LIVING WAGE baskets (25<sup>th</sup> percentile)



## Individual Deprivation indicators:

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

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

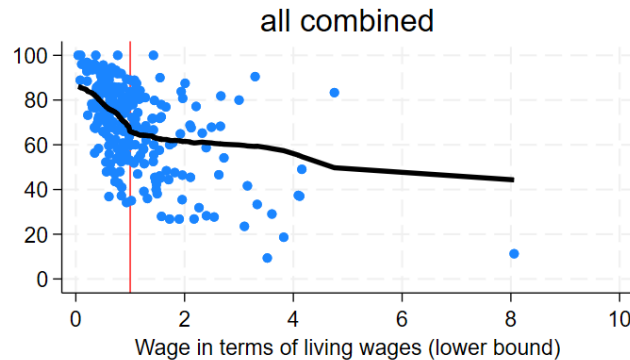
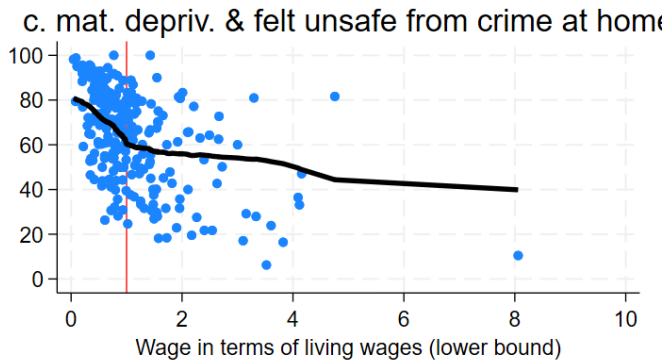
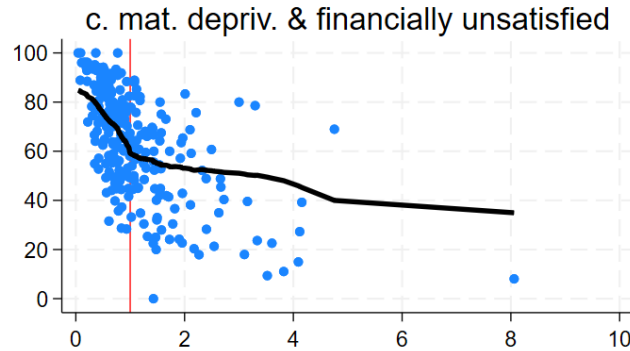
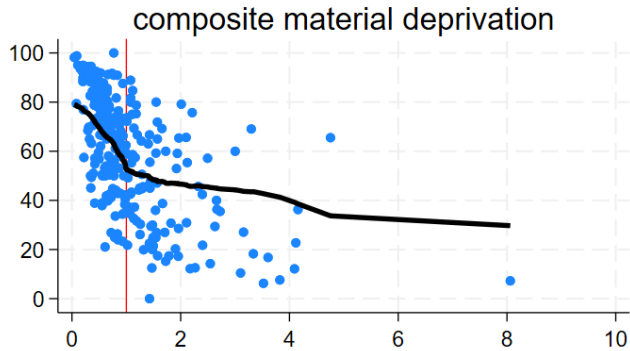
Family stayed without **cash income** in the last 12 months (Often/Sometimes/Rarely)

**Financial dissatisfaction** with life measured on the scale 1-10 (1-5)

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

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

# Overall Deprivation and LIVING WAGE baskets (25<sup>th</sup> percentile)

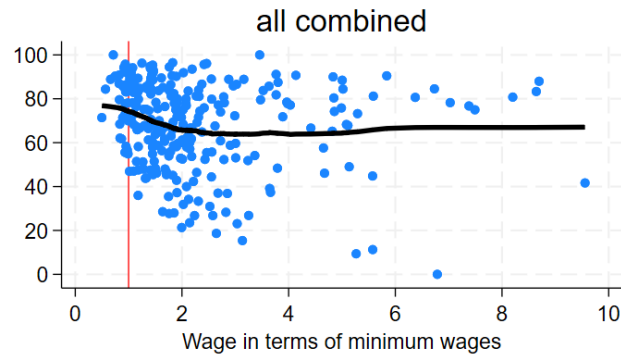
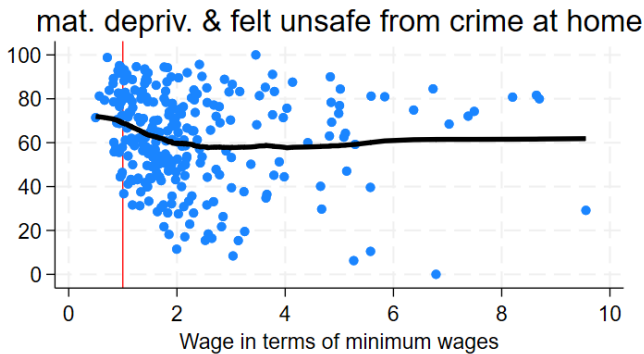
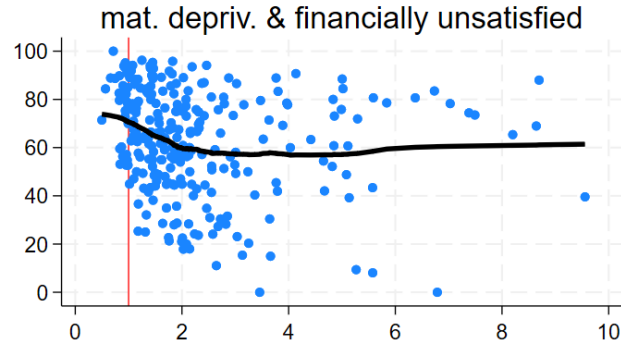
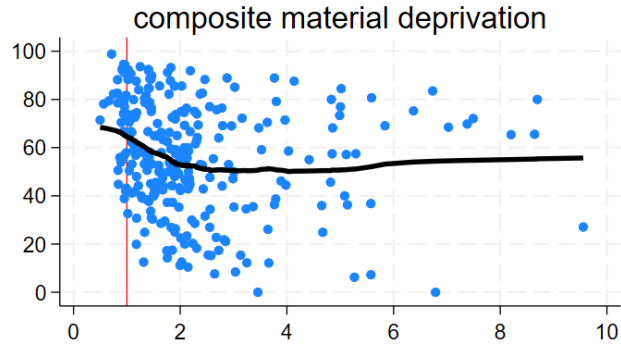


## Composite Deprivation indicators:

A person is deprived if they or their family experienced **AT LEAST ONE** of the four primary material deprivations ( stayed without shelter, food, needed medicine, or cash income) in the last 12 months (Often/Sometimes/Rarely)

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

# Overall Deprivation and MINIMUM WAGE baskets



## Composite Deprivation indicators:

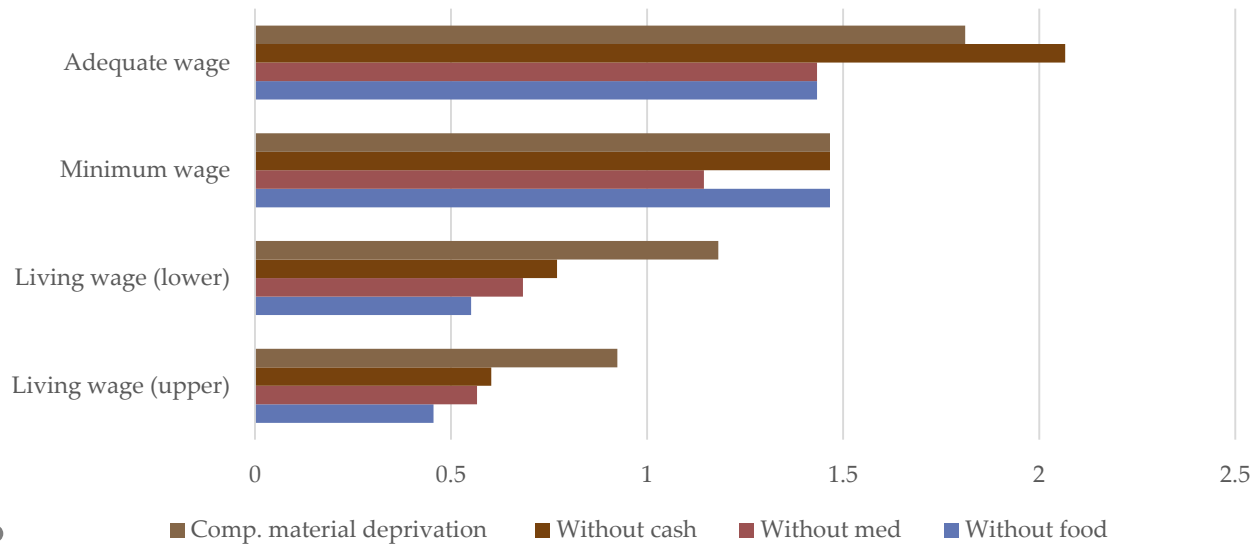
A person is deprived if they or their family experienced **AT LEAST ONE** of the four primary material deprivations ( stayed without shelter, food, needed medicine, or cash income) in the last 12 months (Often/Sometimes/Rarely)

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

# Estimates from threshold regression

Wage variables	Without food	Without medication	Without cash	Composite material deprivation
Living wage (upper)	0.46	0.57	0.60	0.92
Living wage (lower)	0.56	0.68	0.77	1.18
Minimum wage	1.47	1.14	1.47	1.47
Adequate wage	1.43	1.43	2.07	1.81

Threshold estimates



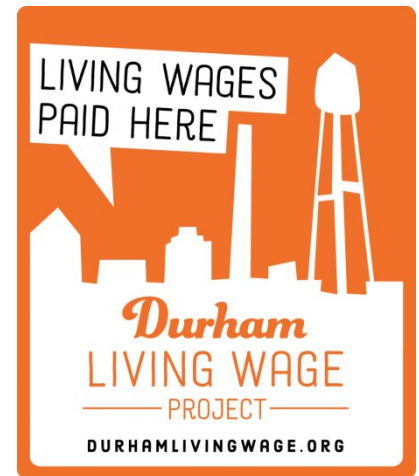
# Our results

- **Our research identifies a structural break at the calculated Living Wage threshold, where income reduces deprivation and boosts satisfaction most effectively below the LW level, but once above it, the marginal benefits decrease significantly.**
- **Living Wages mark that threshold more effectively than current minimum wages or adequate wages**
- **This validates the Living Wage concept and its calculation**
- **Policy implication: Bring minimum wages to living wages**





Comments are welcome:  
**Martin.Guzi@econ.muni.cz**



**living wage  
employer**

# What is living wage?

- A. Wage that allows decent living standard for a worker and their family.
- B. Monthly wage higher than twice the minimum wages
- C. Fair wage above the poverty line.
- D. Living wage is set at 60% of median wage in a country





# What is not true about living wage?

- A. Some countries include the guarantee of a living wage in their constitution
- B. Living wage is voluntarily paid by employers
- C. Living wage campaigns are organized in rich and poor countries
- D. There is approved methodology on how to calculate Living wage

