



Living Wages: Bad or Good for an Economy?

Project GLOW (Global Living Organizational Wage)

Saturday June 10, 2017, University of Geneva

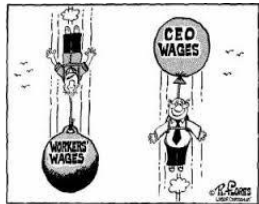


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Demand: Poverty Eradication



International
Labour
Organization





Demand: Sustainable Livelihoods

- Introduced in early 1990s, in rural context
 - UN Brundtland Commission (1984)
- Since applied more widely geographically, e.g.,
 - To urban settings where majority now live
- And episodic as well as chronic stressors, e.g.
 - Natural and manmade disasters
- Vs. resilience to bounce back from shocks,
 - Environmental, economic, & health.

Some definition

- “a **livelihood** comprises the capabilities, assets...and activities required for a means of living, a livelihood is **sustainable** which can cope with and recover from stress and shocks, maintain or enhance its capabilities and assets, and provide sustainable livelihood opportunities **for the next generation**; and which contributes net benefits to **other** livelihoods at the local and global levels and in the short **and long term**”
– (Chambers & Conway, 1991, p. 6)

Poverty leads to an intolerable waste of talent. Poverty is not just a lack of money; it is not having the capability to realize one's full potential as a human being.



Building a *Business* Case for Living Wages?

- Treasuries in both NZ and SA have indicated that living wages are a risk to firm sustainability...
- Even THOUGH: Job Attitudes like Job Satisfaction, Organizational Commitment, Work Engagement...
- ...Predict both work performance (at level 1) and unit performance (in organizations, at level 2)...
- Time to mobilise towards WIN-WIN?
- HOW??...

Opposing Ideologies – Poverty of Evidence?



Be a 'low wage' economy

Wages up, job losses, so:
Keep wages lower



More jobs, income mobility
→ Shared Prosperity?

BUT:

Has not convincingly (for many workers) worked out yet....

Be a 'living wage' economy

Wages down, poverty up, so:
Lift wages higher



More labour productivity, spending, jobs
→ Shared Prosperity?

BUT:

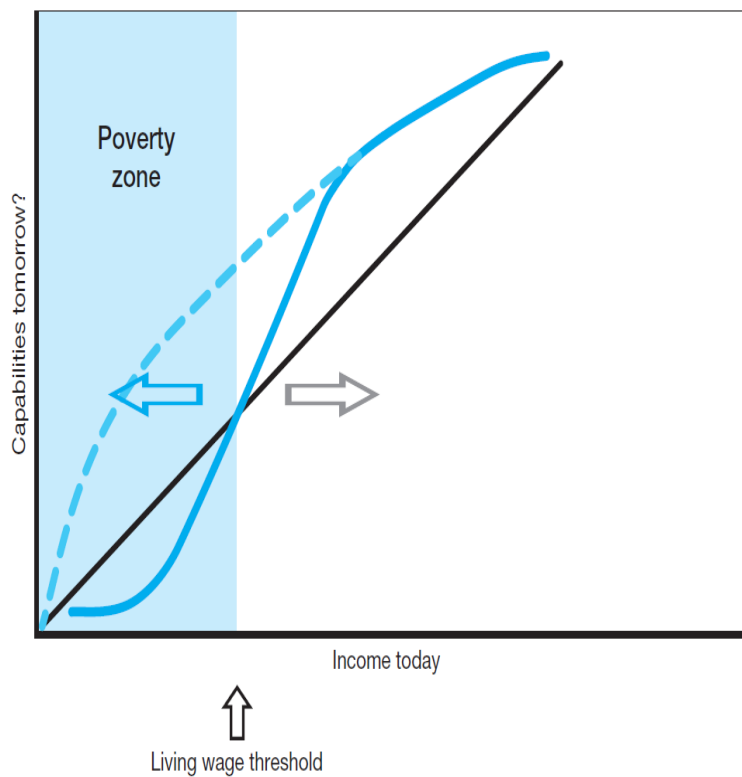
Has not convincingly (to many employers) been tested out yet....

Pictured though the lens of THEORY

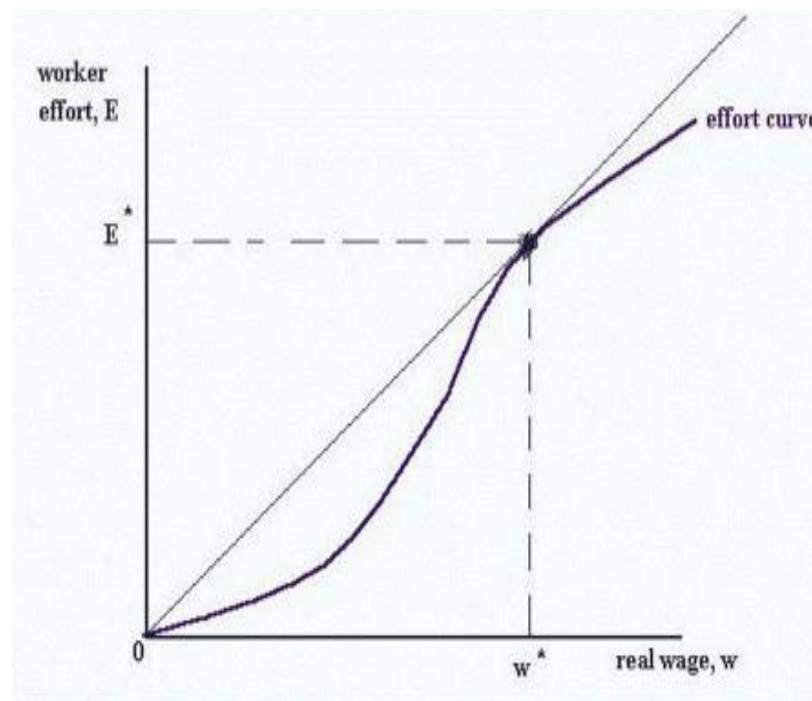
Poverty Trap versus Diminishing Returns

Efficiency as a function of Wage level

y = Personal thriving?

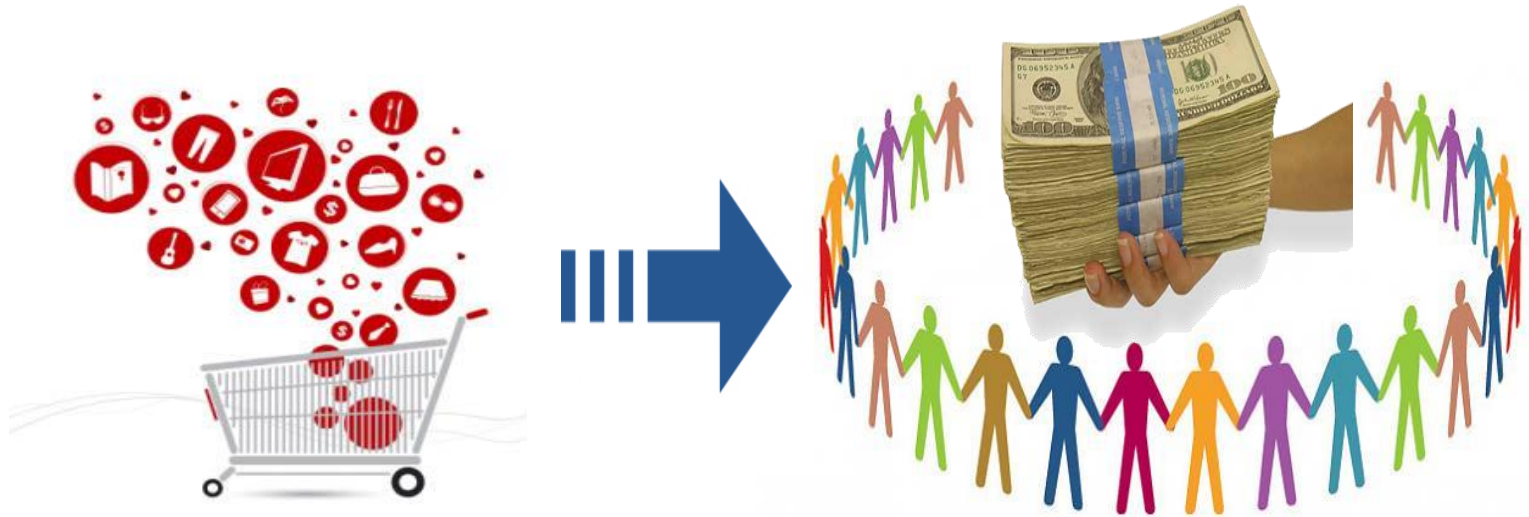



Efficiency gains?



x = Income (hourly rate, salary band, household income controlling for size, etc.)

Living Wages often calculated *Econometrically*



- 
- **Why not ASK people directly?**
 - about their quality of life, and work life
 - **And map those onto monetary incomes?**

= A *People development* approach that will

- (1) estimate a Living Wage value +
- (2) chart its benefits with/for people, and possibly,
- (3) organizations (higher labour productivity/profits?)

Hence: Project G.L.O.W.... <http://www.massey.ac.nz/project-glow>



Submitted to UN Social Commission (2016)



**THANK
YOU!**